



Mary Taylor, CPA
Auditor of State

Village of Russells Point
Logan County

Fiscal Emergency Termination

Local Government Services

Village of Russells Point, Logan County

Fiscal Emergency Termination

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Village of Russells Point Financial Forecast
For the Years Ending December 31, 2007, through December 31, 2011

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Mary Taylor, CPA

Auditor of State

CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the Village of Russells Point, the Auditor of State performed an analysis of the Village of Russells Point to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies that the Village of Russells Point no longer meets the fiscal emergency conditions set forth in Section 118.27(A)(1), (2), (3), and (4) of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code is in the process of being implemented and it is reasonably expected that this implementation will be completed within two years, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the Village of Russells Point and its role in the operation of the Village of Russells Point is terminated as of December 18, 2007.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Greg Iiams, Mayor of the Village of Russells Point; Dave Leonard, President Pro-Tempore of Village Council; Ted Strickland, Governor; J. Pari Sabety, Director of the Office of Budget and Management; Richard Cordray, Treasurer of State; Jennifer Brunner, Secretary of State; and Michael Yoder, Logan County Auditor.

At the time of termination of the Commission, an effective financial accounting and reporting system has not been fully implemented. Section 118.27(A)(2) of the Revised Code requires the Auditor of State to monitor the progress of implementation and exercise authority under this section and Chapter 117 of the Revised Code to secure full implementation within two years.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2007

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Village of Russells Point, Logan County

Report on the Termination of the Village of Russells Point
Financial Planning and Supervision Commission

Report on the Termination of the Russells Point Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission of the Village of Russells Point (the Commission), Logan County, Ohio, as provided by section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated.

Guidelines for performing such an analysis are set forth in section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to section 118.04 of the Revised Code, and no new emergency conditions have occurred...; (3) met the objectives of the financial plan described in section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under section 118.27(A) of the Revised Code are as follows:

Pages four through eleven of the report indicate that the Village has effectively implemented or is in the process of implementing corrections to its financial accounting and reporting system in accordance with section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under section 118.04 of the Revised Code. This analysis can be found beginning on page eleven.

We have reviewed the objectives of the financial plan and determined that the Village has met the objectives in accordance with section 118.06 of the Revised Code. Specific conclusions can be found on page sixteen.

We examined and issued a non-adverse report on the five-year forecast prepared by the Village. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated. The Village has not completed its implementation of an effective financial accounting and reporting system; therefore, the Auditor of State will monitor the Village to insure full implementation of the remaining items within two years.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the Village of Russells Point, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the Village of Russells Point, and others as designated by the Auditor of State, and is not to be used for any other purpose. Our procedures and findings follow.

Village of Russells Point, Logan County

Report on the Termination of the Village of Russells Point
Financial Planning and Supervision Commission

Section 1 - Financial Accounting and Reporting System

When a Village is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Village's financial accounting and reporting system. The Auditor of State, in accordance with section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of Russells Point (the Village) and issued a Report on Accounting Methods, dated November 9, 2006. The report identified areas where the Village's financial accounting and reporting system were not in compliance with section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report of Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

Budgetary System

Auditor of State Comment from Report on Accounting Methods

Section 5705.39 of the Revised Code requires that total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure, as certified by the Budget Commission. The Clerk Treasurer should document the comparison of appropriations to estimated resources. This comparison should be presented to the Village Council upon request for supplemental appropriations demonstrating the effect of the supplemental appropriations and compliance with budgetary requirements, if adopted.

Implemented

The appropriations, by fund, for 2007 were established within the estimated resources. The Clerk Treasurer presents to Village Council a comparison of appropriations to estimated resources for the funds affected by supplemental appropriations.

Auditor of State Comment from Report on Accounting Methods

The Village Council approves appropriations at the fund and department level for the General Fund, the Mortgage Debt Service Fund, and the Water Operating Fund, and at the fund level for all other funds. Section 5705.38(C) of the Revised Code requires that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. The Village Council should set the legal level of appropriation at the level required by statute or at the major object level for each department/activity within each fund.

Implemented

The Village Council sets the legal level of appropriation at the major object level for each department/activity within each fund.

Village of Russells Point, Logan County

Report on the Termination of the Village of Russells Point
Financial Planning and Supervision Commission

Auditor of State Comment from Report on Accounting Methods

The Village does not prepare a tax budget or tax ordinance as required by State statute. The County Budget Commission has waived the requirement for the filing of the tax budget; however, the requirement for the tax ordinance cannot be waived by the County Budget Commission. The Mayor is required to prepare a tax ordinance to determine the amount of the tax levy. This ordinance is not currently being completed.

Not Implemented

The Mayor does not prepare a tax ordinance to determine the amount of the tax levy.

Chart of Fund and Account Codes

Auditor of State Comment from Report on Accounting Methods

Village staff members that code their own purchase requisitions use the alpha-numeric account codes. The Clerk Treasurer needs to compile a new chart of accounts and provide it to staff members.

In Process

The Clerk Treasurer has developed the new chart of accounts and has provided the chart, with descriptions, to staff members. The majority of the time, staff members are not entering the account number on the requisition. They rely on the Clerk Treasurer to fill in the number.

Revenue Transactions

Auditor of State Comment from Report on Accounting Methods

The date reflected on the deposit slip by the Utility Clerk is not always the day that the deposit is actually made. The actual date of deposit can be up to two days later. This generally occurs for those deposits prepared on Tuesday afternoon. Because the Village office is closed on Wednesday, it may not be deposited until late Thursday and marked by the bank for the next day's business, which is Friday. Section 9.38 of the Revised Code requires the deposit of all public monies the next business day next following the day of receipt or, if the amount is less than \$1,000, the legislative authority may adopt a policy permitting a different time period, not to exceed three business days next following the day of receipt for making such deposits. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

Implemented

The Mayor has established, and Village Council has approved, a policy for the deposit of funds. All receipts are to be deposited within the next business day. A night deposit drop has been established for utility payments and, occasionally, traffic fines and zoning application payments after normal business hours. Due to the Village office being closed on Wednesday, monies received on Tuesday will reflect a Thursday or Friday deposit date if the bank receives the deposit after 4 p.m. on Thursday. Any monies received before a holiday will be deposited the next business day after the holiday. Until monies are deposited at the bank, they are secured in the Village municipal building.

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Auditor of State Comment from Report on Accounting Methods

The billing stubs received with the utility payments are destroyed after the payments are posted. The billing stubs should not be disposed of prior to the completion of an audit.

Implemented

The Clerk Treasurer has been keeping the billing stubs beginning January 1, 2007.

Purchasing Process

Auditor of State Comment from Report on Accounting Methods

The Clerk Treasurer does not utilize a Then and Now Certificate when employees acquire goods without prior approval and certification.

Implemented

Then and Now Certificates are issued when necessary.

Auditor of State Comment from Report on Accounting Methods

Super blanket purchase orders are used for all purchases rather than those for goods or services defined in State statute.

Implemented

The Village is using regular purchase orders for all purchases.

Auditor of State Comment from Report on Accounting Methods

All purchase orders are approved by Village Council. The approval by Village Council is unnecessary. The appropriate approval, which is taking place, is the Mayor's approval of the requisition and the Clerk Treasurer's certification of the availability of funds and appropriations.

Implemented

The Village Council passed a motion on January 2, 2007, to discontinue signing all purchase orders. The Board of Public Affairs still requires all utility related purchase orders to be approved by the Board.

Auditor of State Comment from Report on Accounting Methods

The Clerk Treasurer's certification of purchase obligations indicates that sufficient appropriations exist and funds for payment are in the process of collection when payment is due. Because the Village has deficit fund balances, the software safeguard preventing the issuance of a purchase order when there are insufficient appropriations has been turned off. The Clerk Treasurer must verify prior to the issuance of each purchase order that there are sufficient appropriations for the purchase obligation that is being certified.

Village of Russells Point, Logan County

Report on the Termination of the Village of Russells Point
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Implemented

All of the Village's funds have positive fund balances and all software safeguards preventing the issuance of a purchase order when there are insufficient appropriations have been restored.

Auditor of State Comment from Report on Accounting Methods

The Village does not use the Auditor of State Findings for Recovery Database when entering into contracts. Section 9.24 of the Revised Code prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State if that finding is unresolved.

Implemented

Management is aware of the requirement that contracts over \$25,000 will include verification. To date, the Village has not entered into any contracts that require verification of any unresolved findings for recovery by use of the Auditor of State Findings for Recovery Database.

Auditor of State Comment from Report on Accounting Methods

A copy of the purchase order should be sent to every vendor.

Implemented

A copy of the purchase order is sent to a vendor upon request.

Auditor of State Comment from Report on Accounting Methods

The Village does not require new vendors to submit information before a purchase order is completed. The Village should not issue purchase orders to a vendor until all appropriate information about the vendor is received, including an IRS Form W-9.

In Process

The Clerk Treasurer has prepared a letter to send to all current vendors for the appropriate information to prepare an IRS Form 1099. Upon receipt of a purchase order request form with a new vendor, the Clerk Treasurer will send out the necessary forms to acquire the required information.

Cash Disbursements

Auditor of State Comment from Report on Accounting Methods

Invoices that exceed the amount of the purchase order, generally caused by shipping or freight, are processed for payment without proper authorization. When a difference occurs, a then and now certificate should be prepared.

Implemented

The Clerk Treasurer cancels the existing purchase order for invoices exceeding the value of that purchase order and issues a Then and Now certificate for the entire amount.

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Auditor of State Comment from Report on Accounting Methods

The Clerk Treasurer takes the vouchers to the Village Council and the Board of Public Affairs meetings for approval before the checks are printed, signed, and mailed. There is no legal requirement for Village Council or the Board of Public Affairs to approve the issuance of a check or payment of a bill. This is an internal control procedure that may need to be changed so that bills can be paid timely. We suggest that regular routine bills be paid when due and that the Village Council and the Board of Public Affairs approve all other bills before payment is made. A check register reflecting the regular routine bills paid can be presented at each meeting.

Implemented

The Clerk Treasurer pays bills when due. The Clerk Treasurer prepares a list of checks that have been written for each Village Council and Board of Public Affairs meeting.

Payroll Processing

Auditor of State Comment from Report on Accounting Methods

Timesheets need to be updated to correspond to the new computer software. The Mayor's Court Clerk is in the process of updating these sheets.

In Process

Timesheets have not been updated to correspond to the new computer software. The information provided on the timesheets is considered adequate for inputting the information into the software system. Modifications may be made as time permits.

Auditor of State Comment from Report on Accounting Methods

The Mayor should periodically review the actual time employees work in various departments to ensure the amount of time allocated to the various funds and departments is reasonable.

Implemented

The Mayor is presented with the payroll register which includes the number of actual hours charged to each fund and department for approval.

Auditor of State Comment from Report on Accounting Methods

The Village has an employee leave benefits policy. The policy does not address the maximum accumulation of compensatory time or the payment when there is a large accumulated balance. Village Council should develop a policy for compensatory time.

In Process

The Mayor is in the process of modifying the compensatory time policy to incorporate maximum accumulations, time limitations, or payoff prior to termination.

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Inventory of Capital Assets

Auditor of State Comment from Report on Accounting Methods

The Village does not maintain any records of its capital assets. Without a inventory of capital assets, the Village is unable to determine if there is adequate insurance coverage, whether assets have been lost or stolen, whether idle assets exist that can be sold to generate additional revenue, and whether assets are used in the most efficient manner. The Village should adopt policies and procedures to account for capital assets and develop an inventory of all capital assets.

Not Implemented

The Village has not adopted policies and procedures to account for capital assets and has not developed an inventory of capital assets.

Cash Management and Investing

Auditor of State Comment from Report on Accounting Methods

The Village does not have a current depository agreement. A depository agreement covers items such as maximum dollar amount on deposit and collateralization.

Implemented

The Village entered into a depository agreement with Sky Bank for the period June 1, 2007, through May 31, 2012.

Financial Reporting

Auditor of State Comment from Report on Accounting Methods

The Mayor presents the monthly financial information to Village Council. The Clerk Treasurer is responsible for maintaining the financial information of the Village and should present the information to the Village Council. The Clerk Treasurer's financial report should highlight significant items for the last month and identify issues that may/will require action by Village Council.

Implemented

The Clerk Treasurer prepares a financial report that includes the bank reconciliation, outstanding checks, bank statements, cash summary by fund, and payment register each month. The financial report is presented to Village Council by the Mayor, with concurrence of the Clerk Treasurer.

Auditor of State Comment from Report on Accounting Methods

Currently, the Village Council only receives and reviews the monthly cash position report which provides the beginning of the year fund balance, month-to-date and year-to-date receipts and disbursements, and ending fund balance. The Clerk Treasurer should also provide summary data for estimated and actual receipts and appropriations and disbursements for each fund, department/activity, and object. The Village Council should set by ordinance the type and frequency of financial information to be reported to the Village Council.

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In Process

At the end of each quarter, the Village Council is presented the Appropriation Status and Revenue Status reports. The Appropriation Status report reflects the appropriations for each line item account and the amounts expended and encumbered, as well as the percentage of total appropriations used year to date. The Revenue Status report reflects the estimated revenues from each revenue source and the amounts received, as well as the percentage of revenues received year to date. Village Council has not yet established by ordinance the frequency of receiving this financial information.

Auditor of State Comment from Report on Accounting Methods

The Clerk Treasurer should provide monthly a detailed report of disbursements by fund, department/activity, and object to all department heads for their review and verification of the monthly activity.

Implemented

The Clerk Treasurer prepares an appropriation report for each department by line item account for their review and verification of monthly activity. The Police Chief is provided with an additional expenditure detail report.

Recording Official Proceedings

Auditor of State Comment from Report on Accounting Methods

The Village has not established a records commission as required by section 149.39 of the Revised Code.

Implemented

A records commission has been established but has not met yet.

Audit Report and Management Letters

The Village Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The letters that accompanied the December 31, 2004, and 2005 audit included several noncompliance issues and recommendations. The noncompliance issues included violations of Ohio budgetary law and deficit cash balances. The Village has implemented budgetary controls to eliminate the Ohio budgetary law violations and transferred the necessary funds to cover deficit cash balances.

The management letter included that the transactions of the Mayor's Court be recorded at gross in the Village's accounting records. The Village is recording the activity of the Mayor's Court at gross in an agency fund for inclusion in the year end financial statements.

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Financial Planning and Supervision Commission

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village's outstanding debt as of September 30, 2007, is as follows:

<u>Debt Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>
<u>Building Acquisition Bonds</u>			
Municipal Building Bond A	06/05/02	6.00%	\$133,190
Municipal Building Bond B	06/05/02	8.00	232,127
Municipal Building Bond	05/29/02	4.75	215,000
<u>Revenue Bonds</u>			
USDA Bonds A and B	06/27/97	5.00	1,245,000
<u>Loans Payable</u>			
OPWC Water System Improvements	10/01/98	0.00	426,000
OPWC Water Softener Replacement	01/01/00	0.00	123,063
OPWC Water Line Replacement	07/01/00	0.00	88,313
OPWC Water Line Improvement	07/01/00	0.00	43,200

We reviewed the outstanding indebtedness as of September 30, 2007. The Village has \$2,008,732 in outstanding debt at September 30, 2007, and has made all debt payments due as of that date.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(1) of the Revised Code as of September 30, 2007. The Village has not defaulted on any debt obligations.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

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We obtained an understanding of the payroll process through various discussions with the Clerk Treasurer. We obtained payroll reports with a list of employees, pay rate legislation, and bank statements. We then verified that payroll checks were issued to employees for the pay period ended September 21, 2007, by comparing the payroll reports with the bank statements to ascertain whether Village employees had been paid within the time specified by sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(2) of the Revised Code as of September 30, 2007. All employees have been paid in amounts and at the times required by ordinance.

Condition Three - Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Logan County Budget Commission whether there had been an increase, pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the Village for 2005 or 2006, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Logan County Budget Commission indicated that the Commission had not taken any action for tax year 2005 or 2006 to increase the inside millage of the Village.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(3) of the Revised Code as of September 30, 2007.

Condition Four - Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that had either been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

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We prepared a schedule of accounts payable as of December 31, 2006, for all funds that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2006, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. There were no payables over thirty days past due in any fund.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(4) of the Revised Code as of December 31, 2006. There were no payables over thirty days past due.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year end balance in the general fund and in any special fund that may be transferred as provided in section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2006, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the revenues lawfully available to those deficit funds. We then identified funds that may be transferred, as provided in section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule I

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2006

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds with Deficit Balances	Less One-Sixth of the Receipts Lawfully Available	Unprovided Portion of Aggregate Deficit
Note Retirement	(\$34,690)	\$0	(\$34,690)	\$0	(\$34,690)
Municipal Building	(75,904)	0	(75,904)	0	(75,904)
Subtotal	<u>(\$110,594)</u>	<u>\$0</u>	<u>(\$110,594)</u>	<u>\$0</u>	<u>(110,594)</u>
One-Sixth of General Fund Budget					56,274
Funds Available for Transfer from the General Fund					348,914
Total					<u>\$294,594</u>

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Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(5) of the Revised Code. There were deficit fund balances at December 31, 2006; however, the deficits did not exceed one-sixth of the general fund budget plus funds that may be transferred to meet such deficits. In April, 2007, the general fund transferred \$34,690 to the note retirement fund and \$75,904 to the municipal building fund to eliminate the deficits.

Condition Six - Treasury Balances

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balance to its statement of cash position for all funds as of December 31, 2006, and as of September 30, 2007, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2006 and the estimated amount to be received into the treasury during 2007 to determine if a treasury deficiency exists.

Schedule II

Treasury Balance
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2006

	<u>Amounts at December 31, 2006</u>
Bank Cash Balance	
Sky Bank	\$681,932
Less Reconciling Factors for	
Outstanding Checks	<u>(18,040)</u>
Total Treasury Balance	<u>663,892</u>
	(continued)

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Schedule II

Treasury Balance
Ohio Revised Code Section 118.03(A)(6)
As of December 31, 2006
(continued)

	<u>Amounts at December 31, 2006</u>
Positive Fund Balances	
General	\$352,199
Street Maintenance	118,567
State Highway	7,084
Recreation	100
Police 3 Mill	10,170
Auto Permissive	25,050
Drug Enforcement	2,114
Main Street	4,146
Municipal Building	0
Water	63,687
Mortgage Debt Service	12,853
Debt Service Reserve	66,054
Utility Improvement	<u>112,462</u>
Total Positive Fund Balances	<u>774,486</u>
Treasury Deficit	(110,594)
One-Sixth of Treasury Receipts	<u>170,959</u>
Treasury Deficiency in Excess of One- Sixth of Treasury Receipts	<u><u>\$60,365</u></u>

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(6) of the Revised Code as of December 31, 2006. The treasury balance less the positive fund cash balances as of December 31, 2006, did not exceed one-sixth of the treasury receipts for the year.

Section 3 - Financial Plan Objectives

We obtained a copy of the financial plan of the Village and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and

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- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

Section 4 - Financial Forecast

Financial forecasting is an important management tool to assist the Village in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under section 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

APPENDIX A

**Village of Russells Point
Logan County**

Financial Forecast

For the Years Ending December 31, 2007, Through December 31, 2011

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Village of Russells Point, Logan County

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Mary Taylor, CPA

Auditor of State

Village Council
Village of Russells Point
433 State Route 708
Russells Point, Ohio 43348

Based upon the requirement set forth in section 118.27(A)(4) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures, and changes in fund balance of the various funds of the Village of Russells Point, for the five years ending December 31, 2011. These statements are presented on the budget basis of accounting used by the Village of Russells Point rather than on generally accepted accounting principles. The Village of Russells Point's management is responsible for the forecast. Our responsibility is to determine whether the Village has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the Village of Russells Point and the Financial Planning and Supervision Commission of Russells Point and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 10, 2007

Local Government Services Section
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Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted

General Fund				
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
<u>Revenues</u>				
Property Taxes	\$103,282	\$119,898	\$122,589	\$75,800
Income Taxes	0	61,067	208,576	210,000
Intergovernmental	69,662	59,709	58,972	65,300
Licenses and Permits	19,828	14,815	22,593	17,000
Fines and Forfeitures	14,687	14,951	8,367	7,700
Interest	384	2,322	10,795	13,500
Contributions and Donations	100	500	0	0
Other Revenues	11,861	46,248	30,421	72,000
Total Revenues	219,804	319,510	462,313	461,300
<u>Expenditures</u>				
Transportation				
Streets				
Capital Outlay	432	0	0	0
Security of Persons and Property				
Police				
Contractual Services	3,604	4,410	0	0
Supplies and Materials	123	507	0	0
Total Police	3,727	4,917	0	0
Street Lighting				
Contractual Services	34,482	34,482	34,591	35,100
Total Security of Persons and Property	38,209	39,399	34,591	35,100
Community Development				
Zoning				
Personal Services	15,034	14,061	15,019	25,000
Contractual Services	1,351	1,655	2,566	8,000
Supplies and Materials	189	299	365	2,500
Total Community Development	16,574	16,015	17,950	35,500
General Government				
Mayor				
Personal Services	2,487	2,450	2,536	2,600
Contractual Services	983	739	173	300
Total Mayor	3,470	3,189	2,709	2,900

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$74,400	\$74,900	\$73,900	\$69,300
214,200	218,500	223,000	227,500
65,300	65,300	65,300	65,300
17,000	17,000	17,000	17,000
8,000	8,500	9,000	9,600
14,000	14,500	15,000	15,500
0	0	0	0
72,000	2,000	2,000	2,000
<u>464,900</u>	<u>400,700</u>	<u>405,200</u>	<u>406,200</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>56,900</u>	<u>38,700</u>	<u>40,700</u>	<u>42,700</u>
<u>56,900</u>	<u>38,700</u>	<u>40,700</u>	<u>42,700</u>
26,000	26,900	28,000	29,000
8,100	8,500	8,800	9,200
2,700	2,800	2,900	3,100
<u>36,800</u>	<u>38,200</u>	<u>39,700</u>	<u>41,300</u>
3,600	4,800	6,000	6,000
300	300	300	300
<u>3,900</u>	<u>5,100</u>	<u>6,300</u>	<u>6,300</u>

(continued)

Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted
(continued)

General Fund				
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
Council				
Personal Services	\$6,324	\$6,117	\$6,046	\$6,300
Contractual Services	1,007	1,804	2,172	3,800
Total Council	7,331	7,921	8,218	10,100
Mayor's Court				
Personal Services	6,697	5,828	5,961	6,700
Contractual Services	174	231	0	200
Supplies and Materials	357	393	247	400
Total Mayor's Court	7,228	6,452	6,208	7,300
Clerk/Treasurer				
Personal Services	17,029	19,347	20,307	25,700
Contractual Services	18,091	10,754	12,192	15,000
Supplies and Materials	516	499	926	1,200
Total Clerk/Treasurer	35,636	30,600	33,425	41,900
Lands/Buildings				
Personal Services	22,361	8,179	8,504	5,300
Contractual Services	19,020	15,185	10,784	44,400
Supplies and Materials	6,534	10,634	4,651	6,000
Capital Outlay	0	0	2,480	2,500
Total Lands/Buildings	47,915	33,998	26,419	58,200
Property Tax Collection Fees				
Contractual Services	3,645	4,089	4,321	3,500
State Auditor Fees				
Contractual Services	10,628	0	200	13,000
Solicitor				
Personal Services	2,038	1,136	3,769	7,300
Contractual Services	11	95	102	500
Total Solicitor	2,049	1,231	3,871	7,800
Income Tax				
Contractual Services	0	1,470	7,885	12,000
Total General Government	117,902	88,950	93,256	156,700
Total Expenditures	173,117	144,364	145,797	227,300
Excess of Revenues Over Expenditures	46,687	175,146	316,516	234,000

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$6,300	\$6,300	\$6,300	\$6,300
4,000	4,100	4,300	4,400
10,300	10,400	10,600	10,700
7,000	7,200	7,400	7,600
200	200	200	200
400	500	500	500
7,600	7,900	8,100	8,300
26,500	27,500	28,700	30,000
15,900	16,800	17,800	18,900
1,300	1,400	1,400	1,500
43,700	45,700	47,900	50,400
11,000	11,400	12,000	12,400
15,100	17,600	20,600	24,200
6,300	6,700	7,000	7,300
0	22,500	0	0
32,400	58,200	39,600	43,900
3,500	3,600	3,700	3,700
200	15,000	300	17,200
7,300	7,300	7,300	7,300
500	600	600	600
7,800	7,900	7,900	7,900
12,300	12,600	12,900	13,200
121,700	166,400	137,300	161,600
215,400	243,300	217,700	245,600
249,500	157,400	187,500	160,600

(continued)

Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted
(continued)

	General Fund			
	2004	2005	2006	2007
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecasted</u>
<u>Other Financing Uses</u>				
Transfers Out	\$0	\$0	(\$145,900)	(\$261,800)
Changes in Fund Balance	46,687	175,146	316,516	234,000
Fund Balance (Deficit) Beginning of Year	<u>(40,250)</u>	<u>6,437</u>	<u>181,583</u>	<u>352,199</u>
Fund Balance End of Year	<u><u>\$6,437</u></u>	<u><u>\$181,583</u></u>	<u><u>\$498,099</u></u>	<u><u>\$586,199</u></u>

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
(\$128,600)	(\$98,100)	(\$97,500)	(\$102,000)
249,500	157,400	187,500	160,600
586,199	835,699	993,099	1,180,599
<u>\$835,699</u>	<u>\$993,099</u>	<u>\$1,180,599</u>	<u>\$1,341,199</u>

Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted

Street Maintenance Fund				
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
<u>Revenues</u>				
Intergovernmental	\$55,455	\$62,662	\$61,315	\$59,300
Charges for Services	230	4,613	6,798	2,900
Interest	55	718	3,515	4,300
Other Revenues	6,402	18	496	0
Total Revenues	62,142	68,011	72,124	66,500
<u>Expenditures</u>				
<u>Transportation</u>				
Personal Services	39,835	20,271	15,140	9,000
Contractual Services	13,174	2,839	4,780	4,700
Supplies and Materials	4,022	1,844	8,839	10,500
Capital Outlay	0	0	0	0
Total Expenditures	57,031	24,954	28,759	24,200
Excess of Revenues Over (Under) Expenditures	5,111	43,057	43,365	42,300
<u>Other Financing Sources</u>				
Transfers In	0	16,222	0	0
Changes in Fund Balance	5,111	59,279	43,365	42,300
Fund Balance Beginning of Year	10,812	15,923	75,202	118,567
Fund Balance End of Year	\$15,923	\$75,202	\$118,567	\$160,867

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$59,300	\$59,300	\$59,300	\$59,300
4,800	5,000	5,000	5,000
4,400	4,500	4,500	4,800
0	0	0	0
<u>68,500</u>	<u>68,800</u>	<u>68,800</u>	<u>69,100</u>
18,600	19,300	20,200	21,000
5,400	6,100	6,900	7,800
11,100	11,600	12,200	12,800
0	25,000	40,000	0
<u>35,100</u>	<u>62,000</u>	<u>79,300</u>	<u>41,600</u>
33,400	6,800	(10,500)	27,500
0	0	0	0
<u>33,400</u>	<u>6,800</u>	<u>(10,500)</u>	<u>27,500</u>
<u>160,867</u>	<u>194,267</u>	<u>201,067</u>	<u>190,567</u>
<u>\$194,267</u>	<u>\$201,067</u>	<u>\$190,567</u>	<u>\$218,067</u>

Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted

	Auto Permissive Fund			
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
<u>Revenues</u>				
Intergovernmental	\$8,232	\$7,557	\$6,876	\$69,100
Interest	33	68	164	900
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	8,265	7,625	7,040	70,000
<u>Expenditures</u>				
Capital Outlay	0	0	0	68,500
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in Fund Balance	8,265	7,625	7,040	1,500
Fund Balance Beginning of Year	2,120	10,385	18,010	25,050
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$10,385</u>	<u>\$18,010</u>	<u>\$25,050</u>	<u>\$26,550</u>

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$6,800	\$6,800	\$6,800	\$6,800
1,000	1,100	1,200	1,300
7,800	7,900	8,000	8,100
0	0	0	0
7,800	7,900	8,000	8,100
26,550	34,350	42,250	50,250
<u>\$34,350</u>	<u>\$42,250</u>	<u>\$50,250</u>	<u>\$58,350</u>

Village of Russells Point, Logan County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted

Police 3 Mill Fund				
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
<u>Revenues</u>				
Property Taxes	\$69,404	\$69,649	\$71,136	\$70,000
Interest	0	22	0	0
Contributions and Donations	0	1,000	1,000	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	69,404	70,671	72,136	70,000
<u>Expenditures</u>				
<u>Security of Persons and Property</u>				
Personal Services	73,575	73,972	61,484	65,700
Contractual Services	8,366	4,134	6,676	7,000
Supplies and Materials	7,147	7,550	8,409	9,000
Capital Outlay	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	89,088	85,656	76,569	81,700
Excess of Revenues Under Expenditures	(19,684)	(14,985)	(4,433)	(11,700)
<u>Other Financing Sources</u>				
Transfers In	0	0	14,500	30,000
Changes in Fund Balance	(19,684)	(14,985)	10,067	18,300
Fund Balance Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	34,771	15,087	102	10,170
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	\$15,087	\$102	\$10,169	\$28,470

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$67,700	\$68,000	\$67,400	\$63,400
0	0	0	0
0	0	0	0
<u>67,700</u>	<u>68,000</u>	<u>67,400</u>	<u>63,400</u>
94,000	97,000	100,000	103,100
7,500	8,100	8,700	9,400
9,500	10,000	10,500	11,000
35,000	0	0	0
<u>146,000</u>	<u>115,100</u>	<u>119,200</u>	<u>123,500</u>
(78,300)	(47,100)	(51,800)	(60,100)
<u>80,000</u>	<u>50,000</u>	<u>50,000</u>	<u>55,000</u>
1,700	2,900	(1,800)	(5,100)
<u>28,470</u>	<u>30,170</u>	<u>33,070</u>	<u>31,270</u>
<u>\$30,170</u>	<u>\$33,070</u>	<u>\$31,270</u>	<u>\$26,170</u>

Village of Russells Point, Logan County
Statement of Revenues, Expenses, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted

Water Operating Fund				
	2004	2005	2006	2007
	Actual	Actual	Actual	Forecasted
<u>Revenues</u>				
Charges for Services	\$376,770	\$383,172	\$376,724	\$405,000
Other Revenues	12,480	9,220	8,506	8,500
Total Revenues	389,250	392,392	385,230	413,500
<u>Expenses</u>				
<u>Office</u>				
Personal Services	105,329	108,156	142,456	156,500
Contractual Services	31,795	32,823	37,398	42,700
Supplies and Materials	2,235	3,219	9,032	7,000
Capital Outlay	1,765	0	0	0
Total Office	141,124	144,198	188,886	206,200
<u>Billing</u>				
Contractual Services	3,720	5,554	5,831	7,000
Supplies and Materials	479	1,113	0	100
Capital Outlay	4,830	5,308	208	5,500
Total Billing	9,029	11,975	6,039	12,600
<u>Filtration</u>				
Contractual Services	4,794	7,294	5,906	10,700
Supplies and Materials	17,528	26,968	22,010	28,100
Capital Outlay	62,157	0	1,425	6,000
Total Filtration	84,479	34,262	29,341	44,800
<u>Pumping</u>				
Personal Services	212	244	208	0
Contractual Services	20,601	23,281	22,110	26,600
Supplies and Materials	0	8,732	4,136	5,000
Total Pumping	20,813	32,257	26,454	31,600
<u>Distribution</u>				
Contractual Services	5,653	10,278	5,754	11,000
Supplies and Materials	3,732	6,380	4,258	11,000
Capital Outlay	0	0	0	10,500
Total Distribution	9,385	16,658	10,012	32,500
Total Expenses	264,830	239,350	260,732	327,700
Operating Income	124,420	153,042	124,498	85,800

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$472,700	\$543,600	\$597,900	\$657,700
8,500	8,500	8,500	8,500
<u>481,200</u>	<u>552,100</u>	<u>606,400</u>	<u>666,200</u>
199,000	207,000	215,500	223,900
37,000	32,900	38,600	45,200
7,400	7,800	8,100	8,500
0	0	0	0
<u>243,400</u>	<u>247,700</u>	<u>262,200</u>	<u>277,600</u>
7,300	7,700	8,100	8,400
100	100	100	100
0	0	0	0
<u>7,400</u>	<u>7,800</u>	<u>8,200</u>	<u>8,500</u>
8,400	8,800	9,300	9,700
24,200	25,400	26,700	28,100
0	0	0	0
<u>32,600</u>	<u>34,200</u>	<u>36,000</u>	<u>37,800</u>
0	0	0	0
31,900	38,200	45,900	55,100
5,300	5,600	5,800	6,100
<u>37,200</u>	<u>43,800</u>	<u>51,700</u>	<u>61,200</u>
6,000	6,300	6,700	7,000
6,700	7,000	7,500	7,700
0	32,500	0	0
<u>12,700</u>	<u>45,800</u>	<u>14,200</u>	<u>14,700</u>
<u>333,300</u>	<u>379,300</u>	<u>372,300</u>	<u>399,800</u>
<u>147,900</u>	<u>172,800</u>	<u>234,100</u>	<u>266,400</u>

(continued)

Village of Russells Point, Logan County
Statement of Revenues, Expenses, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2004 Through 2006, Actual
and Ending December 31, 2007, Through 2011, Forecasted
(continued)

Water Operating Fund				
	2004 Actual	2005 Actual	2006 Actual	2007 Forecasted
<u>Nonoperating Revenues (Expenses)</u>				
Loans Issued	\$63,000	\$0	\$0	\$0
Sale of Fixed Assets	0	25,773	0	0
Interest	0	511	0	0
	63,000	26,284	0	0
Total Nonoperating Revenues (Expenses)				
Income Before Transfers	187,420	179,326	124,498	85,800
Transfers Out	(165,564)	(165,571)	(90,914)	(117,800)
Changes in Fund Balance	21,856	13,755	33,584	(32,000)
Fund Balance (Deficit) Beginning of Year	(5,508)	16,348	30,103	63,686
Fund Balance End of Year	\$16,348	\$30,103	\$63,687	\$31,686

2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	0
0	0	0	0
147,900	172,800	234,100	266,400
(121,700)	(121,800)	(121,800)	(121,900)
26,200	51,000	112,300	144,500
31,686	57,886	108,886	221,186
<u>\$57,886</u>	<u>\$108,886</u>	<u>\$221,186</u>	<u>\$365,686</u>

Village of Russells Point, Logan County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2007, through 2011

Note 1 - The Village

The Village of Russells Point is located in west central Ohio in Logan 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. Operating as a statutory village, Russells Point must comply with all State laws regulating village government. The decision making process is directed by an elected Village Council and Mayor. The Village Council is the legislative authority of the Village and consists of six members who are elected at large and serve terms of four years. The Mayor is the chief executive officer of the Village and serves a term of four years.

On May 12, 2005, the Auditor of State's Office declared the Village of Russells Point to be in a state of fiscal emergency in accordance with section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor, President Pro Tempore of Village Council, three individuals whose residency or principal place of business is within the Village, and a designee from both the State Treasurer's Office and the Office of Budget and Management. This Commission is required to adopt a financial recovery plan for the Village. Once the plan has been adopted, the Village's discretion is limited in that all financial activity of the Village must be in accordance with the plan.

The Village of Russells Point provides general governmental services including street lighting, zoning, and Mayor's Court, as well as police protection, street maintenance and repair, and water distribution and filtration. The operation of each of these activities is directly controlled by the Village Council through the budgetary process. The administration includes the Mayor and the Clerk Treasurer.

Note 2 - Nature of Presentation

This financial forecast presents, to the best of the Village's knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Village's judgment, as of December 10, 2007, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the Village. These funds include:

General Fund - This fund accounts for all financial resources, except those required to be accounted for in another fund. The general fund is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Maintenance Fund - This fund accounts for financial resources (including gas taxes and motor vehicle license fees) and expenditures associated with the planning, constructing, improving, maintaining, and repairing of streets within the Village.

Auto Permissive Fund - This fund accounts for financial resources (consisting of an additional motor vehicle license fee) and expenditures associated with the planning, constructing, improving, and repairing of streets within the Village.

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Police 3 Mill Fund - This fund accounts for the revenues received from a three mill levy for police department operations as well as transfers from the general fund.

Water Operating Fund - This fund accounts for the provision of water distribution and filtration services to residential and commercial users within the Village.

Note 3 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The Village maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund - The general fund is the operating fund of the Village and is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to disbursements for specified purposes.

Proprietary 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.

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C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by Village Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 - General Revenue Assumptions - All Funds

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property and tangible personal property taxes. The Village may request advances from the Logan County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Village are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues. The Village uses property tax levies to finance General Fund activities and police operations through the Police 3 Mill Fund.

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State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the Village for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account "intergovernmental revenue". Beginning in 2006, the State eliminated the ten percent rollback on commercial and industrial real property. This change increased real property taxes collected against commercial and industrial property.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2006 for taxes collected in 2007. The next triennial update will take place in 2009 for taxes collected in 2010. Based on past years, the Village anticipates increases in real property assessed valuations, although real property assessed values decreased in 2006 from the razing of commercial property buildings. The Village's assessed values upon which property tax receipts were based for the last four years are as follows:

Class of Property	2004	2005	2006	2007
Real Property				
Residential and Agriculture	\$15,817,050	\$17,574,250	\$17,725,530	\$17,758,520
Commercial and Industrial	7,454,060	8,035,190	7,809,490	7,875,880
Public Utility Personal Property	780,240	714,750	692,480	664,280
Tangible Personal Property	1,236,620	1,271,100	954,918	734,610
Total Assessed Value	<u>\$25,287,970</u>	<u>\$27,595,290</u>	<u>\$27,182,418</u>	<u>\$27,033,290</u>

The property tax revenues are generated from several levies. The levy type, the fund in which the proceeds are received, the original year approved, the latest renewal year, the first and last year of collection, and the full tax rate are as follows:

Levy Type	Fund	Original Year Approved	Latest Year Renewed	First Year of Collection	Last Year of Collection	Total Rate (Per \$1,000 of Assessed Valuation)
Inside Millage	General	n/a	n/a	n/a	n/a	\$2.60
Operating	General	1991	2000	1992	2006	2.00
Operating	Police Levy	1987	n/a	1988	n/a	3.00
Total						<u>\$7.60</u>

The general operating levy was not renewed by the voters. The levy generated \$37,700 per year including state property tax credits. The police levy is a continuing levy.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies, except debt levies, increases in revenues are restricted to amounts generated from new construction. Debt levies are intended to generate a set revenue amount annually. The revenue generated by debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) or to tangible personal or public utility personal property levy rates.

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Public utility real and personal property taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio reimburses the Village for the loss of tangible personal property taxes as a result of these changes within certain limitations.

The effective residential and agricultural real property tax rates and the effective commercial and industrial real property tax rates for the last four years are as follows:

Levy Type	Full Tax Rate	Effective Rates for Collection Years							
		Residential and Agricultural				Commercial and Industrial			
		2004	2005	2006	2007	2004	2005	2006	2007
Inside Millage									
General Operating	\$2.6000	\$2.6000	\$2.6000	\$2.6000	\$2.6000	\$2.6000	\$2.6000	\$2.6000	\$2.6000
Outside Millage									
General Operating	2.0000	1.7715	1.6259	1.6259	0.0000	1.7046	1.4793	1.5793	0.0000
Police	3.0000	2.6572	2.4388	2.4388	2.4388	2.5569	2.3690	2.3690	2.3690
Total	<u>\$7.6000</u>	<u>\$7.0287</u>	<u>\$6.6647</u>	<u>\$6.6647</u>	<u>\$5.0388</u>	<u>\$6.8615</u>	<u>\$6.4483</u>	<u>\$6.5483</u>	<u>\$4.9690</u>

Real Property - Real property taxes have increased slightly each year and are forecasted to remain relatively the same until the triennial update to be collected in 2010. A 3 percent increase is projected within the General Fund for the triennial update; however, no change is anticipated in the Police 3 Mill Fund.

Tangible Personal Property - Tangible personal property taxes have had a number of changes in the past several years. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Effective for tax years 2005 and 2006, the assessment rate on inventory was to be reduced by 2 percent if the total statewide collections of personal property taxes for the second preceding year exceeded the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by 2 percent per year until completely phased out, regardless of the growth in collections.

Beginning in 2006, House Bill 66 will phase out, by 25 percent each year, tangible personal property tax on most businesses' inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase-out periods addressed above. Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The State of Ohio will reimburse the Village for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations. Taxes for telephone property will be collected until 2010. Collection of all other tangible personal property taxes ends after 2007.

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B. Municipal Income Taxes

The Village levies a municipal income tax of 1 percent on all income earned within the Village as well as on income of residents earned outside the Village. The Village does not allow a credit for income taxes paid to another municipality. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a final return annually.

All income tax revenue is credited to the general fund and used to pay the cost of administering the tax and for general governmental operations. Income tax revenues are expected to increase approximately 2 percent each year based on an increase in business and individual earnings. Due to geographic limitations, no growth is expected in the Village.

C. Intergovernmental Revenues

Intergovernmental revenues include local government monies, local government revenue assistance, and property tax allocations for rollback, homestead, and tangible personal property. The local government and local government revenue assistance funds are distributed monthly by the State to the Village and by the County Auditor to the Village. The property tax allocations for rollback, homestead, and tangible personal property are received from the State and are based on information provided by the County Auditor.

Beginning in 2006, the State reimbursed the Village for lost revenue due to the phase-out of tangible personal property tax. In the first five years, the Village will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. Over the next seven years, the reimbursements are phased-out. The reimbursement will be made for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the Village is only reimbursed for the difference between the amounts that would have been received under the prior law and amounts actually received as the phase-outs in House Bill 66 are implemented.

State law grants tax relief in the form of a 10 percent reduction in real property tax bills. In addition, a 2.5 percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the Village for the loss of real property taxes caused by the homestead and rollback tax relief programs. In 2006, the State eliminated the 10 percent rollback on commercial and industrial real property.

Beginning in tax collection year 2008, the State granted an additional homestead and rollback exemption for the first \$25,000 in market value. This new exemption will increase property tax allocation receipts and decrease general property tax receipts by an equal amount. No increase or decrease has been included in general property taxes because the amount cannot yet be determined.

The State exempts the first \$10,000 in tangible personal property from taxation. The State reimburses the Village for the lost revenue. In 2004, the State began to phase-out the reimbursement by 10 percent each year. Under House Bill 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

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Section 503.12(B) of House Bill 66 established a Task Force to study potential sources of State funding for the local government and the local government revenue assistance programs that have the capacity for growth and stability in the funding levels and that considers the changes to the Ohio tax code. In December 2006, the Task Force submitted a report to the Governor and to the General Assembly setting forth its recommendations. The State Budget bill for fiscal years 2008 and 2009 replaced the percentage of tax methodology with a percentage of tax receipts formula. In general, the formula proposes that the three local government funds at the State level receive a percentage of the general revenue fund tax receipts in total collected by the State. Revenue received from the local government and the local government revenue assistance programs are expected to remain at the same level as has been received in prior years.

Note 5 - Specific Fund Revenue Assumptions

A. General Fund

Licenses and Permits - Licenses and permits receipts represent zoning permits, electrical permits, building permits, solicitation permits, and contractor registration fees. The Village does not anticipate any growth; therefore, this revenue source is expected to remain constant.

Fines and Forfeitures - Fines and forfeitures represent revenues received from the Mayor's Court. Fines and forfeitures revenues have decreased in the past two years due to fewer police officers. The forecast includes a slight increase in 2008 through 2011 based on the Village employing two full-time and one part-time officer.

The Mayor's Court is anticipated to continue to exist for the forecast period. A bill has been introduced in the Ohio General Assembly that would abolish mayor's courts and replace them with a community court in municipalities with a population of 1,600 or more and in municipalities with a population of less than 1,600, the mayor's court would transfer proceedings to a municipal or county court. The effect this change would have on the revenues from fines and forfeitures has not been determined.

Interest - Interest receipts are expected to increase due to the increase in resources available to be invested.

Other Revenues - The Village offices are housed in a former car dealership. The Village rents the automobile bays to Honda of America. For 2005 and 2006, the Village received \$36,000 per year in rental income. For 2007, the amount was increased to \$72,000. The contract with Honda of America is approved annually. The Village has been notified that Honda will continue to rent the automobile bays for 2008. No rental income is forecasted for 2009 through 2011 as further contracts with Honda are uncertain.

B. Street Maintenance Fund

Intergovernmental - Intergovernmental receipts consist of gasoline taxes and motor vehicle license tax fees. Although in prior years, the State has had four two cent increases in gas taxes, for the Village this revenue source has remained fairly constant and this is expected to continue due to limited growth expectations for the Village.

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Charges for Services - Charges for services consist of weed cutting charged to property owners. In prior years, the Village had not provided this service on a consistent basis and had made significant progress in clearing weeds during 2005 and 2006. In 2007, the Village continued with weed and debris removal. The amount submitted to the County Auditor for collection for weed and debris cleanup in 2007 for collection in 2008 is \$4,770. For 2008 through 2011, a slight increase is anticipated.

Interest - Interest receipts are expected to increase due to the increase in resources available to be invested.

C. Auto Permissive Fund

Intergovernmental - Intergovernmental receipts include permissive motor vehicle license fees and are based on the number of motor vehicle tags issued for residents of the Village. These revenues are collected and distributed by the State directly to the Village. The Village receives a \$5 permissive motor vehicle license fee under Ohio Revised Code Section 4504.06. Due to no growth anticipated in the Village, revenues are expected to remain constant. In 2007, the Village received Issue I funding for street improvements.

Interest - Interest receipts are expected to increase due to the increase in resources available to be invested.

D. Water Operating Fund

Charges for Services - In January 2007, water rates increased 10 percent with an additional \$4 increase in the base rate in October 2007. Village Council has also approved an additional usage rate increase of 15 percent in 2008, usage and base rate increases of 15 percent in 2009, and 10 percent in 2010 and 2011.

Note 6 - General Expenditure Assumptions - All Funds

A. Personal Services

Personal services include the salaries and wages paid to the employees and elected officials of the Village, including fringes benefits. All employees receive their compensation on a bi-weekly basis, except the Village Council, Board of Public Affairs, Mayor, Solicitor, and Clerk of Courts who are paid monthly. Village Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave, for employees.

The Village Council consists of six members with an annual salary of \$900. The Board of Public Affairs consists of three members with an annual salary of \$900. Village Council is paid from the General Fund and the Board of Public Affairs is paid from the Water Operating Fund.

The Mayor's current annual salary is \$2,100, the Clerk of Courts is paid \$12.50 per hour, the Solicitor receives an annual salary of \$2,400 plus \$90 per hour for any services performed over two hours per month (estimated at approximately fifty-four hours annually), and the Clerk Treasurer's current annual salary is \$26,240. With the exception of the Clerk Treasurer, these individuals are paid from the General Fund. The Clerk Treasurer is paid 40 percent from the General Fund and 60 percent from the Water Operating Fund.

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The Police Department is currently staffed by a Chief and one part-time officer. The Chief's current compensation is \$16.00 per hour. The part-time officer earns \$9 per hour. The Village is currently advertising to hire one full-time officer. All police salaries are paid from the Police 3 Mill Fund.

The Village employs one full-time employee whose payroll is split between the General Fund, Street Maintenance Fund, and the Water Operating Fund for zoning, lands and buildings, street, and water operations. Another full-time employee is paid fully from the Water Operating Fund. Part-time employees consist of a utility clerk paid from the Water Operating Fund, an operations employee whose payroll is split between the General Fund, Street Maintenance Fund, State Highway Fund, and the Water Operating Fund, and a zoning officer paid from the General Fund.

The Village currently contracts for services to operate the water distribution system. The current contract is \$19,000. The Village anticipates hiring a Class II operator in 2008 in lieu of this contract. The Village anticipates a salary for the position of \$35,000 plus benefits.

The salaries and wages for all employees, except for elected officials, are anticipated to increase 3 percent per year. Based on an ordinance approved by Village Council prior to the last election, the Mayor's salary will increase to \$3,000 in 2008, \$4,000 in 2009, and \$5,000 in 2010. The Clerk Treasurer will receive a 4 percent increase per year. No increases are expected for Village Council or the Board of Public Affairs within the forecast period.

Fringe benefits include employer contributions to the State pension system, health care benefits (including medical, dental, and vision), life insurance, workers' compensation, and Medicare.

All employees, except full-time police officers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 9.5 percent of their annual salary and the Village is required to contribute 13.85 percent of their annual salary for 2007. In 2008, both the employee and employer contribution rates will increase. The employee share will be 10 percent (the maximum) thereafter. The employer rate will be 14 percent (the maximum) thereafter.

Full-time police officers participate in the Ohio Police and Fire Pension Fund (OPF). OPF provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual salary and the Village is required to contribute 19.5 percent of their annual salary.

The Village provides health care coverage (including medical, dental, and vision) for all full-time employees and for some part-time employees. The employee contributes 20 percent of the premium. Health premiums are based on age and claim history of both the employee and their dependents. Monthly premiums range from \$958 to \$2,182 per employee. Health insurance costs are expected to increase 6 percent per year based on increase notices received in the last two years. Life insurance is estimated to stay approximately the same.

The Village participates in the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Program (Program), a group rating pool for workers' compensation. By participating in this pool, the Village is able to receive a discount on their worker's compensation premium.

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Village employees earn vacation based upon years of service. Employees may carry two weeks of vacation into the subsequent year. Employees earn thirteen sick days per year which can be carried forward without limit. No severance payments are anticipated throughout the forecast period.

B. Contractual Services

Contractual services include street lighting, property and liability insurance, utility charges (telephone, internet, electricity, natural gas, and sewer), postage, printing, advertising, professional dues, rent, auditor and treasurer fees, accounting and auditing services, and water treatment professional services.

The Village has a four year contract for street lighting beginning in 2008 which establishes the rate for the four year period. Costs are anticipated to increase 5 percent annually. In addition, in 2008, the Village will be installing an additional eight street lights at a cost of \$20,000.

In 2005, the Village sold the old water office and the old municipal building. As a result, there was a reduction in property and liability insurance. For 2008 through 2011, property and liability insurance is anticipated to increase 3 percent annually based upon estimates provided by the insurance provider.

In 2007, the Village razed a building and removed fuel tanks which resulted in an increase in contractual services.

Increases in various utility costs are projected to increase between 6 percent and 12 percent based upon historical trends.

C. Materials and Supplies

Materials and supplies expenditures include office supplies, operating supplies (chemicals, salt, and gasoline), and repair and maintenance costs. Materials and supplies are anticipated to increase 5 percent per year due to inflation.

D. Capital Outlay

In 2008, the Village plans to construct a new well and purchase a police cruiser, in the amount \$85,000 and \$35,000, respectively. The new well will be paid from the Water Improvement fund which is not included in the forecast. In 2009, the Village plans to purchase a dump truck as well as a new heating and air conditioning unit for the municipal building, in the amount of \$50,000 and \$30,000, respectively. In 2010, the Village plans to purchase a street sweeper, in the amount of \$40,000.

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E. Debt Service

The original issue date, interest rate, original issue amount, and maturity date for the Village's long-term obligations as of December 31, 2007, were as follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Maturity Date
General Obligation Bonds				
Municipal Building Bond A	6/5/2002	6%	\$133,191	6/1/2032
Municipal Building Bond B	6/5/2002	8	232,127	6/1/2032
Municipal Building Bond	5/29/2002	4.75	215,000	7/17/2022
Revenue Bonds				
USDA Bond A	6/27/1997	5	914,000	6/1/2037
USDA Bond B	6/27/1997	5	331,000	6/1/2037
Ohio Public Works Commission Loans				
OPWC Water System Improvements	10/1/1998	0	426,000	7/1/2016
OPWC Water Softener Replacement	1/1/2000	0	126,218	1/1/2020
OPWC Water Line Replacement	7/1/2000	0	88,313	7/1/2012
OPWC Water Line Improvement	7/1/2000	0	43,200	7/1/2013

General Obligation Bonds - All general obligation bonds pledge the full faith and credit and taxing ability of the Village for repayment. The Village has issued general obligation bonds to provide funds for the acquisition of and improvements to the municipal building. The bonds are paid with transfers to the debt service fund from the General Fund.

Revenue Bonds - The Village issued USDA revenue bonds for improvements to the water filtration system. The bonds are paid with transfers to the debt service fund from the Water Operating fund.

OPWC Loans - The Village obtained interest free loans from the Ohio Public Works Commission for improvements to the water filtration and distribution systems. The loans are paid with transfers to the debt service fund from the Water Operating fund.

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Principal and interest requirements to retire the Village's debt are:

Year	General Obligation Bonds		USDA Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2007	\$104,736	\$36,736	\$16,100	\$56,570	\$34,187
2008	16,109	32,446	16,700	55,765	34,187
2009	16,499	31,518	17,600	54,930	34,187
2010	16,918	30,581	18,500	54,050	34,187
2011	17,366	29,614	19,500	53,125	34,187
2012-2016	94,840	132,317	112,800	250,025	146,788
2017-2021	112,338	101,858	143,800	218,870	22,088
2022-2025	94,466	67,403	183,700	179,120	0
2026-2031	119,875	30,853	234,400	128,375	0
2032-2036	14,538	535	299,200	63,610	0
2037	0	0	69,100	3,455	0
	<u>\$607,685</u>	<u>\$493,861</u>	<u>\$1,131,400</u>	<u>\$1,117,895</u>	<u>\$339,811</u>

Note 7 - Transfers - All Funds

Transfers out from the General Fund include annual operating subsidies for the police department and the payment of principal and interest on general obligation bonds. The Village anticipates an annual subsidy for police operations from 2008 through 2011, in the amount of \$80,000, \$50,000, \$50,000, and \$55,000, respectively. Principal and interest payments for 2008 through 2011 are \$48,600, \$48,100, \$47,500, and \$47,000, respectively.

Transfers out from the Water Operating Fund include principal and interest payments for 2008 through 2011, in the amount of \$106,700, \$106,800, \$106,800, and \$106,900, respectively. Transfers out also include amounts required by debt covenants for system improvements, in the amount of \$15,000 per year.

Note 8 - Other Funds

The Village has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

In addition, there are certain funds that annually rely upon a subsidy from the General Fund to meet their obligations. These subsidies are reported as transfers out and have been addressed in Note 7.

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Note 9 - Pending Litigation

The Village currently has no pending litigation.

Note 10 - Financial Planning and Supervision Commission

On May 12, 2005, the Village was declared to be in a state of “Fiscal Emergency” by the Auditor of State. Legislation effective September 1996 permitted this declaration due to the Village’s declining financial condition. In accordance with the law, a seven-member Financial Planning and Supervision Commission has been established to oversee the financial affairs of the Village. The Commission is comprised of the Mayor, President Pro Tempore of Village Council, a designee from both the State Treasurer’s Office and the Office of Budget and Management, and three appointed members. The appointments are made by the Governor of the State of Ohio and the Mayor of the Village of Russells Point. The Commission’s primary charge is to develop, adopt, and implement a financial recovery plan. Once the plan has been adopted, the Village Council’s discretion is limited in that all financial activity of the Village must in accordance with the plan. Based on this report, the operation of the Commission will be terminated.



Mary Taylor, CPA
Auditor of State

VILLAGE OF RUSSELLS POINT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2007**