

***VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Russells Point, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Russells Point is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

November 24, 2008

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**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2007 & 2006**

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Russells Point
Logan County
433 State Route 708
Russells Point, Ohio 43348

To Village Council:

We have audited the accompanying financial statements of the Village of Russells Point, Logan County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or its cash flows the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Russells Point, Logan County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2008, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

September 15, 2008

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property Taxes	\$ 68,967	\$ 71,534	\$ -	\$ -	\$ 140,501
Municipal Income Tax	223,248	-	-	-	223,248
Intergovernmental	60,968	241,262	-	-	302,230
Special Assessments	-	-	-	16,934	16,934
Fines, Licenses and Permits	28,506	3,281	-	-	31,787
Interest	17,684	8,332	-	-	26,016
Other	78,738	4,000	-	-	82,738
Total Receipts	478,111	328,409	-	16,934	823,454
Disbursements:					
Security of Persons & Property	35,098	85,218	-	-	120,316
Community Environment	24,617	38,909	-	-	63,526
Transportation	-	25,994	-	-	25,994
General Government	136,879	-	-	831	137,710
Capital Outlay	-	151,111	-	-	151,111
Debt Service:					
Principal Retirement	738	-	-	104,725	105,463
Interest	-	-	-	37,093	37,093
Total Disbursements	197,332	301,232	-	142,649	641,213
Total Receipts Over/(Under) Disbursements	280,779	27,177	-	(125,715)	182,241
Other Financing Sources/(Uses):					
Transfers In	-	7,500	34,691	208,966	251,157
Transfers Out	(251,157)	-	-	-	(251,157)
Total Other Financing Sources/(Uses)	(251,157)	7,500	34,691	208,966	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	29,622	34,677	34,691	83,251	182,241
Fund Cash Balance, January 1, 2007	352,199	164,898	(34,691)	(71,757)	410,649
Fund Cash Balance, December 31, 2007	\$ 381,821	\$ 199,575	\$ -	\$ 11,494	\$ 592,890
Reserve for Encumbrances, December 31, 2007	\$ 279	\$ 285	\$ -	\$ -	\$ 564

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
For the Year Ended December 31, 2007

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 414,570	\$ -	\$ 414,570
Total Receipts	<u>414,570</u>	<u>-</u>	<u>414,570</u>
Disbursements:			
Personal Services	88,587	-	88,587
Employee Fringe Benefits	50,988	-	50,988
Contractual Services	105,475	-	105,475
Material and Supplies	38,235	-	38,235
Capital Outlay	9,690	-	9,690
Total Disbursements	<u>292,975</u>	<u>-</u>	<u>292,975</u>
Excess of Receipts Over/(Under) Disbursements	<u>121,595</u>	<u>-</u>	<u>121,595</u>
Non-Operating Receipts:			
Fines and Forfeitures	-	13,879	13,879
Total Non-Operating Receipts	<u>-</u>	<u>13,879</u>	<u>13,879</u>
Non-Operating Disbursements:			
Debt Service			
Principal Retirement	(50,287)	-	(50,287)
Interest and Fiscal Charges	(56,570)	-	(56,570)
Distribution of Fines and Forfeitures	-	(13,879)	(13,879)
Total Nonoperating Disbursements	<u>(106,857)</u>	<u>(13,879)</u>	<u>(120,736)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	<u>14,738</u>	<u>-</u>	<u>14,738</u>
Transfers In	94,321	-	94,321
Transfers Out	(94,321)	-	(94,321)
Net Receipts Over/(Under) Disbursements	<u>14,738</u>	<u>-</u>	<u>14,738</u>
Fund Cash Balance, January 1, 2007	<u>255,056</u>	<u>-</u>	<u>255,056</u>
Fund Cash Balance, December 31, 2007	<u>\$ 269,794</u>	<u>\$ -</u>	<u>\$ 269,794</u>
Reserve for Encumbrances, December 31, 2007	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 500</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
 LOGAN COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2006

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Receipts:					
Property Taxes	\$ 118,245	\$ 75,461	\$ -	\$ -	\$ 193,706
Municipal Income Tax	208,576	-	-	-	208,576
Intergovernmental	63,316	68,837	-	-	132,153
Special Assessments	-	-	-	17,375	17,375
Fines, Licenses and Permits	30,960	7,160	-	-	38,120
Interest	10,795	3,881	-	-	14,676
Other	30,422	1,496	-	-	31,918
Total Receipts	462,314	156,835	-	17,375	636,524
Disbursements:					
Security of Persons & Property	34,591	76,836	-	-	111,427
Community Environment	17,950	-	-	-	17,950
Transportation	-	32,389	-	-	32,389
General Government	92,481	-	-	827	93,308
Debt Service:					
Principal Retirement	775	-	-	28,290	29,065
Interest	-	-	-	38,112	38,112
Total Disbursements	145,797	109,225	-	67,229	322,251
Total Receipts Over/(Under) Disbursements	316,517	47,610	-	(49,854)	314,273
Other Financing Sources/(Uses):					
Transfers In	-	14,500	34,400	97,000	145,900
Transfers Out	(145,900)	-	-	-	(145,900)
Total Other Financing Sources/(Uses)	(145,900)	14,500	34,400	97,000	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	170,617	62,110	34,400	47,146	314,273
Fund Cash Balance, January 1, 2006	181,582	102,788	(69,091)	(118,903)	96,376
Fund Cash Balance, December 31, 2006	\$ 352,199	\$ 164,898	\$ (34,691)	\$ (71,757)	\$ 410,649
Reserve for Encumbrances, December 31, 2006	\$ 1,225	\$ 1,154	\$ -	\$ -	\$ 2,379

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
For the Year Ended December 31, 2006

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
Receipts:			
Charges for Services	\$ 385,224	\$ -	\$ 385,224
Total Receipts	<u>385,224</u>	<u>-</u>	<u>385,224</u>
Disbursements:			
Personal Services	83,177	-	83,177
Employee Fringe Benefits	53,974	-	53,974
Contractual Services	73,936	-	73,936
Material and Supplies	37,905	-	37,905
Capital Outlay	1,530	-	1,530
Total Disbursements	<u>250,522</u>	<u>-</u>	<u>250,522</u>
Excess of Receipts Over/(Under) Disbursements	<u>134,702</u>	<u>-</u>	<u>134,702</u>
Non-Operating Receipts:			
Fines and Forfeitures	-	11,717	11,717
Total Non-Operating Receipts	<u>-</u>	<u>11,717</u>	<u>11,717</u>
Non-Operating Disbursements:			
Debt Service			
Principal Retirement	(64,050)	-	(64,050)
Interest and Fiscal Charges	(57,877)	-	(57,877)
Distribution of Fines and Forfeitures	-	(11,717)	(11,717)
Total Nonoperating Disbursements	<u>(121,927)</u>	<u>(11,717)</u>	<u>(133,644)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	<u>12,775</u>	<u>-</u>	<u>12,775</u>
Transfers In	90,914	-	90,914
Transfers Out	(90,914)	-	(90,914)
Net Receipts Over/(Under) Disbursements	<u>12,775</u>	<u>-</u>	<u>12,775</u>
Fund Cash Balance, January 1, 2006	<u>242,281</u>	<u>-</u>	<u>242,281</u>
Fund Cash Balance, December 31, 2006	<u>\$ 255,056</u>	<u>\$ -</u>	<u>\$ 255,056</u>
Reserve for Encumbrances, December 31, 2006	<u>\$ 3,243</u>	<u>\$ -</u>	<u>\$ 3,243</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Russells Point, Logan County (the Village) is a body corporate and politic established for the purpose of exercising 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 utilities and police protection. The Village contracts with the Indian Joint Fire District to provide fire protection services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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 recording of

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction, Maintenance and Repair Fund—Receives gasoline and motor vehicle excise taxes for constructing, maintaining and repairing Village roads.
- Police Levy Fund—Receives property taxes for the provision of police services.

Debt Service Fund: This fund is used to accumulate resources for the payment of Village note indebtedness.

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 Funds:

- Main Street Fund—This fund receives special assessments to repair streets in the Village.
- Municipal Building Fund—This fund receives the proceeds from the sale of fixed assets and from the sale of bonds to renovate the new administration building.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Water Operating Fund- Receives user fees and provides for the operations of the water department.
- Mortgage Debt Service Fund-This fund receives water operating money to pay debt for water system improvements.

Fiduciary Fund Types: These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the Village's fiduciary fund type:

Mayor's Court- This agency fund accounts for receipts and disbursements of the Mayor's Court.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate, which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2006 and 2007. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay 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 CASH EQUIVALENTS

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 at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$849,441	\$653,012
Certificates of Deposit	<u>13,243</u>	<u>12,693</u>
Total Deposits	<u>\$862,684</u>	<u>\$665,705</u>

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

<u>Fund:</u>	<u>2007 Budgeted vs Actual Receipts</u>		
	Budgeted	Actual	Variance
	<u>Receipts</u>	<u>Receipts</u>	
General Fund	\$ 445,751	\$ 478,111	\$ 32,360
Special Revenue Funds	331,392	335,909	4,517
Debt Service Funds	34,691	34,691	-
Capital Projects Funds	216,135	225,900	9,765
Enterprise Funds	566,271	508,891	(57,380)

<u>Fund:</u>	<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	Appropriation	Budgetary	Variance
	<u>Authority</u>	<u>Expenditures</u>	
General Fund	\$ 506,195	\$ 448,768	\$ 57,427
Special Revenue Funds	309,066	301,517	7,549
Debt Service Funds	-	-	-
Capital Projects Funds	143,800	142,649	1,151
Enterprise Funds	590,420	494,653	95,767

<u>Fund:</u>	<u>2006 Budgeted vs Actual Receipts</u>		
	Budgeted	Actual	Variance
	<u>Receipts</u>	<u>Receipts</u>	
General Fund	\$ 319,755	\$ 462,314	\$ 142,559
Special Revenue Funds	110,300	171,335	61,035
Debt Service Funds	-	34,400	34,400
Capital Projects Funds	65,903	114,375	48,472
Enterprise Funds	477,199	476,138	(1,061)

<u>Fund:</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	Appropriation	Budgetary	Variance
	<u>Authority</u>	<u>Expenditures</u>	
General Fund	\$ 337,936	\$ 292,922	\$ 45,014
Special Revenue Funds	119,239	110,379	8,860
Debt Service Funds	-	-	-
Capital Projects Funds	68,834	67,229	1,605
Enterprise Funds	518,901	466,606	52,295

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

4. BUDGETARY ACTIVITY – (Continued)

The Village was in violation of Ohio Revised Code Section 5705.10 in 2006.

The Village did not properly amend its estimated resources for several funds in 2006 and 2007 in violation of Ohio Revised Code Section 5705.36.

During 2006 the Village had appropriations which exceeded available resources for the Enterprise Water Fund, and the Capital Projects Municipal Building Fund, in violation of Ohio Revised Code Section 5705.39.

At the end of 2007 and during the year, the Village had expenditures plus encumbrances which exceeded appropriations for the Special Revenue FEMA Fund and the Special Revenue Miscellaneous Fund. This is a violation of Ohio Revised Code Section 5705.41 (B).

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, 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 prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5%. OPERS members contributed 9.0% in 2006 and 9.5% in 2007 of their gross pay while the Village contributed an amount equal to 13.70% in 2006 and 13.85% in 2007 of covered payroll. The Village paid all required contributions through 2007.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

6. RISK MANAGEMENT - (Continued)

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible. The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>3,329,620</u>	<u>2,748,639</u>
Member's Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for the Ohio Government Risk Management at the Plan's website, www.ohioplan.org.

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the Village did not reduce its insurance coverages significantly during the year.

7. DEBT

Debt outstanding at December 31, 2007 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 322,721	0.00%
USDA Mortgage Revenue Bonds	1,115,300	5.00%
Building Acquisition Bonds-Schouten	341,701	6.00-8.00%
Building Acquisition Bonds-Sky Bank	161,250	4.75%
Administration Bldg. Loan	1,687	0.00%
Total	<u>\$1,942,659</u>	

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

7. DEBT – (Continued)

The Ohio Public Works Commission loans relate to water system improvements. The loans were issued during 1997 and 2000 in the amount of \$721,733. The loans will be repaid in semiannual installments with no interest and mature beginning the year 2012 through July 1, 2019. The loans are collateralized by water receipts and the debt is being paid through the Enterprise Debt Service Fund.

The Mortgage Revenue Bonds relate to a water tower, water plant, and water line project and were issued in the amount of \$1,245,000. The debt is being repaid in semi-annual installments with interest at the rate of 5%, maturing in the year 2037. The bonds are collateralized by water receipts and debt is paid through the Enterprise Debt Service Fund. These bonds have the following requirements: the Village must set user rates sufficient to cover all expenses; the Clerk/Treasurer's bond must be set at not less than \$73,200; the water plant must be adequately insured; and the Village must establish a water system revenue fund, an operation and maintenance fund, a mortgage revenue and sinking fund, and a reserve fund; annual financial reports must be submitted to the USDA, and interest revenue must be credited to the reserve fund.

During 2002, the Village entered into two separate agreements authorizing the sale of building acquisition bonds to Cornelius Schouten for the purchase and renovation of the building currently used as the Village Administration Building, in the amounts of \$133,190 at 6% interest and \$232,127 at 8% interest, both payable semi-annually on the first day of June and December commencing December 1, 2002, until the principal sum is paid. The debt is being paid from the Capital Projects Fund. Said bonds are not transferable, except to the Purchaser's current spouse, Wilhelminia J. Schouten, and the obligation to make principal and/or interest payments on the bonds shall terminate upon the death of both the Purchaser and Wilhelminia J. Schouten. In addition to the sale bonds to Cornelius Schouten, the Village authorized the issuance and sale of bonds in the amount of \$215,000 to Sky Bank to help fund the purchase and renovation of this building. The Sky Bank bonds have an interest rate of 4.75% per annum, payable in semi-annual installments beginning January 2003.

During calendar year 2000, the Village received the proceeds of a promissory note in the amount of \$192,469 with interest at the rate of 5.65% to pay for reconstruction of Main Street. The loan was renegotiated in 2003 at a new rate of 3.95%. The loan was paid off in 2007.

The Village entered into an agreement with Logan County Board of Commissioners during 1988 for the purchase of property. The building currently is not being used by the Village. The cost of the building was \$20,000 and will be paid by crediting the water account of the Logan County Board of Commissioners. The Village's General Fund accounts for the payments.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

7. DEBT – (Continued)

The Village obtained a bank loan from Sky Bank in 2004 in the amount of \$63,000 with interest at the rate of 3.35% to finance improvements to its water system. The loan was paid off in 2006.

Principal and interest requirements for debt outstanding at December 31, 2007 is as follows:

<u>Year</u> <u>Ended</u>	OPWC	USDA	Bonds- Schouten	Bonds- Sky	Administration Building Loan
2008	\$ 34,187	\$ 72,465	\$ 30,146	\$ 18,408	\$ 844
2009	34,187	72,465	30,146	17,870	843
2010	34,187	72,465	30,146	17,352	-
2011	34,187	72,465	30,146	16,834	-
2012	34,187	72,465	30,146	16,331	-
2013-2017	118,915	362,125	150,730	73,826	-
2018-2022	32,871	362,125	150,730	60,887	-
2023-2027	-	362,125	150,730	-	-
Subsequent	-	728,290	135,657	-	-
Total	\$322,721	\$2,176,990	\$738,577	\$221,508	\$1,687

8. INCOME TAX

Effective January 1, 2005, the Village implemented an income tax of 1.00 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The tax is administered by the Central Collection Agency of Cleveland, Ohio.

9. INTERFUND TRANSFERS/ADVANCES

The general fund transfers monies to special revenue and capital projects funds in accordance with budgetary authorizations. Monies also are transferred from enterprise operating funds to enterprise debt service funds in accordance with loan covenants. All requirements of the Ohio Revised Code were followed.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006**

10. NEGATIVE FUND BALANCES

At December 31, 2006 the Village had negative fund balances in the Debt Service Fund and the Capital Projects Municipal Building Fund in the amount of \$34,691 and \$75,904, respectively. The Village implemented measures to correct these deficits and all funds had positive balances by December 31, 2007.

11. FISCAL EMERGENCY

The Village was declared to be in fiscal emergency in May 2005 as defined in Section 118.03(A)(5) and (6) of the Ohio Revised Code. The Village implemented corrective financial measures, including implementing an income tax, and emerged from fiscal emergency in December 2007.

12. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Russells Point
Logan County
433 State Route 708
Russells Point, Ohio 43348

To Village Council:

We have audited the financial statements of the Village of Russells Point, Logan County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 15, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings as item 2007-RUSPT-05 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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, grant agreements and other matters, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-RUSPT-01 through 05.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain other matters that we have reported to management of the Village in a separate letter dated September 15, 2008.

This report is intended solely for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates, Inc.

September 15, 2008

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2007-RUSPT-01-Noncompliance Citation

Ohio Revised Code Section 5705.10 states that money paid into a fund must be used only for the purpose for which such fund has been established. The existence of negative fund balances indicates that money from one fund has been used to cover expenses of another fund.

The following funds had negative fund balances as of December 31, 2006:

	Fund Balance
Debt Service Fund	\$(34,691)
Capital-Municipal Building	\$(75,904)

Management corrected this violation in 2007 and all funds had positive fund balances as of December 31, 2007.

Finding Number 2007-RUSPT-02-Noncompliance Citation

Ohio Revised Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

Although the Village amended its estimated resources throughout the year, the Village was not in compliance with the above requirement for several funds.

The following funds had actual revenues which were (less) than budgeted revenues and the deficiency reduced available resources below the level of appropriation at December 31:

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2007-RUSPT-02-Noncompliance Citation – Continued

Fund	2007		2006	
	Revenue Deficiency	Variance Est Resources vs Appropriations	Revenue Deficiency	Variance Est Resources vs Appropriations
Special-Police Levy	\$(24,232)	\$(20,775)	\$(10,931)	\$(347)
Enterprise-Mortgage Debt	\$(22,569)	\$(1,826)	\$(60,858)	\$(4,928)
Special-Recreation	\$(10,000)	\$(9,900)	-	-
Enterprise-Water Operating	\$(13,195)	\$(3,163)	-	-

The following funds had actual revenues which were greater than budgeted revenues and the Village appropriated and spent at least part of the excess without obtaining an increase amended certificate at December 31:

Fund	2006	
	Revenue Excess	Variance Est Resources vs Appropriations
Enterprise-Water Operating	\$37,525	\$(11,599)

By not amending its certificate of estimated resources, the Village cannot make reasonable decisions regarding the monies it has available for appropriation and expenditure. The Village Council should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

Management indicated they would monitor their estimated resources more closely.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2007-RUSPT-03-Noncompliance Citation

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission..." This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following funds had total appropriations in excess of estimated resources plus carryover balances:

<u>2006</u>			
<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Enterprise-Water	\$377,302	\$388,901	\$(11,599)
Capital-Municipal Building	\$(73,766)	\$50,000	\$(123,766)

Management indicated that it will monitor appropriations more closely.

Finding Number 2007-RUSPT-04-Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been appropriated as provided in such chapter. Furthermore, Ohio Administrative Code 117-2-02 states that all local public offices should integrate the budgetary accounts, at the legal level of control which is the object level for all funds. The following funds had total expenditures plus encumbrances in excess of appropriations:

<u>2007</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Special-FEMA	-	\$34,909	\$(34,909)
Special-Misc	-	\$4,000	\$(4,000)

Since these funds were over appropriated at the fund level, the legal level of control violations were not disclosed.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2007 and 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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We recommend Council and the Fiscal Officer compare expenditures to appropriations periodically. If additional appropriations are needed, then the Council and the Fiscal Officer should take the necessary steps to adopt supplemental appropriations, if possible to prevent expenditures from exceeding appropriations.

Management agrees and will monitor expenditures compared to appropriations.

Finding Number 2007-RUSPT-05-Noncompliance Citation and Material Weakness

Ohio rev. Code Sections 733.28 and 733.43 state that the Fiscal Officer shall keep the books of the Village, exhibit accurate statements of all monies received and expended, of all property owned by the Village and the income derived therefrom, and of all taxes and assessments. Contrary to this requirement, there were transactions which were not reflected on the books of the Village:

- 1) The Village received \$41,111 from OEMA and \$4,000 in insurance reimbursements in 2007. Although the money was properly spent, neither the receipt of the money nor the subsequent expenditures and the remaining cash balance of \$8,015 were reflected in the Village's financial statements.

- 2) The gross receipts and disbursements of the Mayor's Court were understated by \$9,717 in 2007 and \$8,219 in 2006. Only the amounts due to the Village were reflected in the Village's financial statements.

Each month the Village Clerk receives the monthly report from the Mayor's Court to support the distribution to the Village. The total revenue collected by the court should be posted as revenue to an agency fund and the distributions to the Village and the State of Ohio and others should be posted as disbursements in the agency fund.

In addition to misstating the financial statements and the reports presented to Council, these omissions could also allow for fraud or misuse of Village funds.

We recommend that the Fiscal Officer record all financial activity of the Village in accordance with the requirements of the Ohio Revised Code.

The accompanying financial statements have been adjusted to properly reflect the activity of the special revenue funds and Mayor's Court.

Management concurs with this citation and has implemented procedures to properly record all transactions.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2007 and 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-RUSPT-01	ORC 5705.10- Negative fund balances	No	Not corrected; Repeated as Finding 2007-RUSPT-01
2005-RUSPT-02	ORC 5705.39 – Appropriations exceeded available resources	No	Not corrected; Repeated as Finding 2007-RUSPT-03
2005-RUSPT-03	ORC 5705.41(B)- Expenditures exceeded appropriations	No	Not corrected; Repeated as Finding 2007-RUSPT-04



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 9, 2008