



Mary Taylor, CPA
Auditor of State

**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

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LAWRENCE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of South Point
Lawrence County
408 2nd Street West
South Point, Ohio 45680

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio, as of December 31, 2007 and 2006, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General, Street, and Fire Department Funds for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2007 and 2006, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 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 and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

May 2, 2008

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Village of South Point's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$113,315 or 22 percent, a significant change from the prior year. The reasons for the increase were: an increase in inheritance tax, interest, gasoline tax received and the Fire Truck Bond Fund.

The Village's general receipts are primarily property taxes, local government revenue assistance, court fines, franchise fees and interest. Voters within the Village renewed a 3 mill operating levy for General Fund current expenses including the Police Department, street lighting, park improvements for tax years 2004 through 2008. The Fire Department receives a 2 mill operating levy that was passed by voters in 1994 and the levy runs for a continuing period of time. An additional 4 mill Police Department operating levy to operate a full time department was rejected by voters in 2007 on both the May and November ballots with 60% voting against the levy.

The Street Department receives money from gasoline tax and motor registration fees and is used for constructing and maintaining village streets. The Village also has a \$5 Street Permissive Vehicle Tax that is used for street maintenance.

The Water Operating, Sewer Operating and Sanitation Funds are the Village's lone business-type activities. Enough money is transferred each month from these accounts to bond fund accounts to make the necessary payments on the bonds when they are due. Reserve accounts are also set up for the water and sewer funds for emergencies or for major expenses. Sanitation fees are collected with the water and sewer bill for residents within the Village and paid to the sanitation contractor every month which is handled through the sanitation fund.

The Sewer Improvements Project Fund was established in 2005 to increase the sewer plants capacity from 1.2 MGD to 1.8 MGD. Funding for the project is being supplied by the Ohio Public Works Commission and the Appalachian Regional Commission and the Village. The \$1,172,000 project plans were created in 2006 and construction should begin in early 2008. The Boat Ramp Improvement Project was established in 2005 for the purpose of replacing the retaining wall at the boat ramp. The project was awarded a \$62,000 grant from the Ohio Department of Natural Resources and was completed in 2006.

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$64,903 or 14 percent, a significant change from the prior year. The main reason for the decrease was the payment of the \$62,000 boat ramp improvement note which was received in 2005 and paid off in 2006.

The Village's general receipts are primarily property taxes, local government revenue assistance, court fines, franchise fees and interest. Property taxes changed very little when compared to prior years.

Using the Basic Financial Statements

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

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. Property taxes, gasoline taxes, vehicle registrations, local government revenue assistance, licenses & permits and state & federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Business-type activity. The Village has three business-type activities: the provision of water, sewer and sanitation. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Fund, Fire Department Fund, Fire Truck Bond Fund and Boat Ramp Improvement Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has the following major enterprise funds: Water Operating Fund, Sewer Operating Fund, and Sanitation Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 compared to 2005.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Assets									
Cash and Cash Equivalents	\$509,118	\$395,803	\$460,706	\$612,442	\$608,109	\$604,081	\$1,121,560	\$1,003,912	\$1,064,787
Total Assets	<u>\$509,118</u>	<u>\$395,803</u>	<u>\$460,706</u>	<u>\$612,442</u>	<u>\$608,109</u>	<u>\$604,081</u>	<u>\$1,121,560</u>	<u>\$1,003,912</u>	<u>\$1,064,787</u>
Net Assets									
Restricted for:									
Debt Service	\$29,330	\$14,667	\$14,599				\$29,330	\$14,667	\$14,599
Capital Projects			62,000						62,000
Other Purposes	293,447	265,506	301,011				293,447	265,506	301,011
Unrestricted	186,341	115,630	83,096	\$612,442	\$608,109	\$604,081	798,783	723,739	687,177
Total Net Assets	<u>\$509,118</u>	<u>\$395,803</u>	<u>\$460,706</u>	<u>\$612,442</u>	<u>\$608,109</u>	<u>\$604,081</u>	<u>\$1,121,560</u>	<u>\$1,003,912</u>	<u>\$1,064,787</u>

As mentioned previously, net assets of governmental activities increased \$113,315 or 22 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- An increase in inheritance tax received from \$22,019 in 2006 to \$57,859 in 2007.
- An increase in interest rates on investments in 2007.
- An increase in gasoline tax received.
- The addition of the Fire Truck Bond Fund which received \$170,938 in interim financing funds in 2007.

Table 2 reflects the changes in net assets in 2007 and 2006 and the comparisons to fiscal year 2005.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

(Table 2)
Changes in Net Assets

	Business			Business			Business		
	Governmental Activities 2007	Type Activities 2007	Total 2007	Governmental Activities 2006	Type Activities 2006	Total 2006	Governmental Activities 2005	Type Activities 2005	Total 2005
Receipts:									
Program Receipts:									
Charges for Services and Sales	\$31,523	\$1,446,790	\$1,478,313	\$35,079	\$1,427,002	\$1,462,081	\$40,548	\$1,410,374	\$1,450,922
Operating Grants and Contributions	246,339		246,339	249,024		249,024	231,016		231,016
Capital Grants and Contributions		25,545	25,545	46,941		46,941		635	635
Total Program Receipts	277,862	1,472,335	1,750,197	331,044	1,427,002	1,758,046	271,564	1,411,009	1,682,573
General Receipts:									
Property and Other Local Taxes	162,964		162,964	166,017		166,017	156,133		156,133
Grants and Entitlements Not Restricted to Specific Programs	114,032		114,032	77,380		77,380	78,490		78,490
Bonds Issued	170,938	57,552	228,490			0			0
Sale of Capital Assets	4,630	11,885	16,515	2,375	5,465	7,840			0
Interest	40,702		40,702	39,440		39,440	18,496		18,496
Miscellaneous	4,644	6,900	11,544	1,982	6,900	8,882	75,433	13,395	88,828
Total General Receipts	497,910	76,337	574,247	287,194	12,365	299,559	328,552	13,395	341,947
Total Receipts	775,772	1,548,672	2,324,444	618,238	1,439,367	2,057,605	600,116	1,424,404	2,024,520
Disbursements:									
General Government	54,211		54,211	56,088		56,088	58,187		58,187
Security of Persons and Property	195,921		195,921	196,415		196,415	178,691		178,691
Transportation	177,971		177,971	240,736		240,736	168,403		168,403
Capital Outlay	194,513		194,513	88,131		88,131	6,118		6,118
Principal Payments	31,600		31,600	92,100		92,100	58,618		58,618
Interest and Fiscal Charges	8,241		8,241	9,671		9,671	11,902		11,902
Water		391,043	391,043		367,881	367,881		367,829	367,829
Sewer		1,012,407	1,012,407		933,557	933,557		882,378	882,378
Sanitation		140,889	140,889		133,901	133,901		129,004	129,004
Total Disbursements	662,457	1,544,339	2,206,796	683,141	1,435,339	2,118,480	481,919	1,379,211	1,861,130
Increase (Decrease) in Net Assets	113,315	4,333	117,648	(64,903)	4,028	(60,875)	118,197	45,193	163,390
Net Assets, January 1	395,803	608,109	1,003,912	460,706	604,081	1,064,787	342,509	558,888	901,397
Net Assets, December 31	\$509,118	\$612,442	\$1,121,560	\$395,803	\$608,109	\$1,003,912	\$460,706	\$604,081	\$1,064,787

In 2007, governmental activities program receipts represent 36% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2006, governmental activities program receipts represent 54% of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2007, governmental activities general receipts represent 64% of the Village's total governmental receipts, and of this amount, 33% are property and local taxes. Other receipts such as inheritance tax, court fines and interest are somewhat unpredictable revenue sources.

In 2006, governmental activities general receipts represent 46% of the Village's total governmental receipts, and of this amount, 59% are property and local taxes. Other receipts such as court fines and interest are somewhat unpredictable revenue sources.

In 2007 and 2006, disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include all or a portion of the costs of council, mayor, clerk, treasurer, audit expense, spring & fall cleanups and park improvements and maintenance. Since these do not represent direct services to residents, we try to limit these costs to 18% of governmental activities unrestricted receipts.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

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

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. In 2007, the major program disbursements for governmental activities are for transportation, capital outlay and security of persons and property, which account for 27, 29 and 30 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 8 percent. In 2006, the major program disbursements for governmental activities are for transportation and security of persons and property which account for 35 and 29 percent of all governmental disbursements respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006	2005	2005
General Government	\$54,211	\$27,043	\$56,088	\$25,464	\$58,187	\$25,778
Security of Persons & Property	195,921	192,861	196,415	195,615	178,691	177,412
Community Environment		(300)		(435)		815
Basic Utility Services		(4,055)		(4,020)		3,825
Transportation	177,971	(65,308)	240,736	(7,773)	168,403	64,833
Capital outlay	194,513	194,513	88,131	41,475	6,118	(6,118)
Principal Payments	31,600	31,600	92,100	92,100	58,618	(58,618)
Interest and Fiscal Charges	8,241	8,241	9,671	9,671	11,902	(11,902)
Total Expenses	\$662,457	\$384,595	\$683,141	\$352,097	\$481,919	\$196,025

Business-type Activities

The Village operates a municipal water system with approximately 2,150 customers, a sanitary sewer system with approximately 4,650 customers and we bill for garbage pickup along with the water bills for village residents. The water system was improved with a new well, new storage tank and 2 new filters which was completed in 2003 at a cost of \$680,000. The sewer system improvement project funding has been established and will begin in 2008. The budget for the project is \$1,172,000 and will increase the sewer plant capacity from 1.2 MGD to 1.8 MGD.

The Village's Funds

In 2007, total governmental funds had receipts including sale of capital assets and bonds issued of \$775,772 and disbursements of \$662,457. The General Fund increased \$70,711 and the Street fund increased \$33,999 in 2007 due to receipts of inheritance tax, increased interest receipts and increased gasoline taxes received. Also, the Fire Truck Bond Fund received \$170,938 from a fire truck general obligation bond which accounts for the increase in governmental funds.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

In 2006, total governmental funds had receipts including sale of capital assets of \$618,238 and disbursements of \$683,141. The General Fund increased \$32,534 which was mainly due to increase in interest received.

General Fund receipts and expenditures are closely monitored as the receipts are limited and somewhat unpredictable such as inheritance tax, court fines and interest. The Police Department accounts for about 68% of the total General Fund budget.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2007, the Village amended the General Fund expense appropriation one time for the purchase of another police cruiser. Final actual receipts were above original budgeted receipts due to unexpected receipt of inheritance tax and increased interest receipts.

Final disbursements were budgeted at \$225,174 while actual disbursements were \$214,544. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an increase in fund balance of \$63,278 for 2007.

During 2006, the amended the General Fund expense appropriation one time for salary reasons. Final budgeted receipts were above original budgeted receipts due to unexpected receipt of inheritance tax and increased interest receipts.

Final disbursements were budgeted at \$224,570 while actual disbursements were \$212,960. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an increase in fund balance of \$32,031 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure other than taking an inventory of what is on hand in January of each year. The current liability and property insurance policy keeps an accurate record of Village property, equipment and vehicles.

Debt

At December 31, 2007, the Village's outstanding debt included \$1,169,438 in general obligation bonds including interest issued for improvements to streets and sewers and for the purchase of fire truck, and \$862,209 in mortgage revenue and improvement bonds for various water and sewer loans. The Village also had \$155,449 in Ohio Public Works Commission bonds outstanding. For further information regarding the Village's debt, refer to the basic financial statements, Note 10.

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry at this time to support the tax base. The development of the Point Industrial Park within the Village will hopefully increase the Village's tax base considerably. Council is considering putting another Police Department operating levy on the ballot for voters to consider so we can increase our police protection. Voters have defeated a Police Department levy four times over the past few years. The Village has never imposed an income tax on its residents to this point.

Village of South Point, Lawrence County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The water system was upgraded in 2004 with a new 300,000 gallon water tank, 2 – 500 gallon/minute filter tanks, expanded water filter building, new 6" 750 gallon GPM gravel pack well and various water line extensions. The sewer system is in the process of upgrading the treatment plant by replacing the existing influent lift station, replacing the sludge press, adding 2 new 45' diameter primary and secondary clarifiers and various other upgrades at an estimated cost of \$1,172,000. The water and sewer rates were each raised approximately \$1.00 per month in 2005.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to: Scott Thomas, Village Fiscal Officer, 408 2nd St. W., South Point OH 45680. Phone 740-377-4838; e-mail: southpoint@zoominternet.net ; web: www.villageofsouthpoint.com.

Village of South Point, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2007

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$509,118</u>	<u>\$612,442</u>	<u>\$1,121,560</u>
<i>Total Assets</i>	<u><u>\$509,118</u></u>	<u><u>\$612,442</u></u>	<u><u>\$1,121,560</u></u>
Net Assets			
Restricted for:			
Debt Service	\$29,330		\$29,330
Other Purposes	293,447		293,447
Unrestricted	<u>186,341</u>	<u>\$612,442</u>	<u>798,783</u>
<i>Total Net Assets</i>	<u><u>\$509,118</u></u>	<u><u>\$612,442</u></u>	<u><u>\$1,121,560</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$54,211	\$27,168			(\$27,043)		(\$27,043)
Security of Persons and Property	195,921		\$3,060		(192,861)		(192,861)
Community Environment		300			300		300
Basic Utility Services		4,055			4,055		4,055
Transportation	177,971		243,279		65,308		65,308
Capital Outlay	194,513				(194,513)		(194,513)
Principal Payments	31,600				(31,600)		(31,600)
Interest and Fiscal Charges	8,241				(8,241)		(8,241)
<i>Total Governmental Activities</i>	<u>662,457</u>	<u>31,523</u>	<u>246,339</u>	<u>\$0</u>	<u>(384,595)</u>	<u>\$0</u>	<u>(384,595)</u>
Business Type Activities							
Water	391,043	411,074				20,031	20,031
Sewer	1,012,407	892,327		25,545		(94,535)	(94,535)
Sanitation	140,889	143,389				2,500	2,500
<i>Total Business-Type Activities</i>	<u>1,544,339</u>	<u>1,446,790</u>	<u>0</u>	<u>25,545</u>	<u>0</u>	<u>(72,004)</u>	<u>(72,004)</u>
Total	<u><u>\$2,206,796</u></u>	<u><u>\$1,478,313</u></u>	<u><u>\$246,339</u></u>	<u><u>\$25,545</u></u>	<u><u>(384,595)</u></u>	<u><u>(72,004)</u></u>	<u><u>(456,599)</u></u>
General Receipts							
Property Taxes Levied for:							
General Purposes							
					159,168		159,168
Other Taxes							
					3,796		3,796
Grants and Entitlements not Restricted to Specific Programs							
					114,032		114,032
Bonds Issued							
					170,938	57,552	228,490
Sale of Capital Assets							
					4,630	11,885	16,515
Interest							
					40,702		40,702
Miscellaneous							
					4,644	6,900	11,544
<i>Total General Receipts</i>					<u>497,910</u>	<u>76,337</u>	<u>574,247</u>
Change in Net Assets					113,315	4,333	117,648
<i>Net Assets Beginning of Year</i>					<u>395,803</u>	<u>608,109</u>	<u>1,003,912</u>
<i>Net Assets End of Year</i>					<u><u>\$509,118</u></u>	<u><u>\$612,442</u></u>	<u><u>\$1,121,560</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2007

	General	Street Fund	Fire Truck Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$186,341	\$198,008	\$14,664	\$110,105	\$509,118
<i>Total Assets</i>	<u>\$186,341</u>	<u>\$198,008</u>	<u>\$14,664</u>	<u>\$110,105</u>	<u>\$509,118</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$7,433	\$349		\$68	\$7,850
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	178,908				178,908
Special Revenue Funds		197,659		95,371	293,030
Debt Service Fund			\$14,664	14,666	29,330
<i>Total Fund Balances</i>	<u>\$186,341</u>	<u>\$198,008</u>	<u>\$14,664</u>	<u>\$110,105</u>	<u>\$509,118</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Street Fund	Fire Truck Bond Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$106,454			\$56,510	\$162,964
Charges for Services	4,055				4,055
Fines, Licenses and Permits	27,468				27,468
Intergovernmental	104,030	\$220,627		35,714	360,371
Interest	32,110	7,155		1,437	40,702
Miscellaneous	2,875	308		1,461	4,644
<i>Total Receipts</i>	<u>276,992</u>	<u>228,090</u>	<u>\$0</u>	<u>95,122</u>	<u>600,204</u>
Disbursements					
Current:					
General Government	54,211				54,211
Security of Persons and Property	147,825			48,096	195,921
Transportation		177,971			177,971
Capital Outlay	5,075		170,938	18,500	194,513
Debt Service:					
Principal Retirement				31,600	31,600
Interest and Fiscal Charges				8,241	8,241
<i>Total Disbursements</i>	<u>207,111</u>	<u>177,971</u>	<u>170,938</u>	<u>106,437</u>	<u>662,457</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>69,881</u>	<u>50,119</u>	<u>(170,938)</u>	<u>(11,315)</u>	<u>(62,253)</u>
Other Financing Sources (Uses)					
Bonds Issued			170,938		170,938
Sale of Capital Assets	830	3,800			4,630
Transfers In			14,664	39,840	54,504
Transfers Out		(19,920)		(34,584)	(54,504)
<i>Total Other Financing Sources (Uses)</i>	<u>830</u>	<u>(16,120)</u>	<u>185,602</u>	<u>5,256</u>	<u>175,568</u>
<i>Net Change in Fund Balances</i>	70,711	33,999	14,664	(6,059)	113,315
<i>Fund Balances Beginning of Year</i>	<u>115,630</u>	<u>164,009</u>		<u>116,164</u>	<u>395,803</u>
<i>Fund Balances End of Year</i>	<u>\$186,341</u>	<u>\$198,008</u>	<u>\$14,664</u>	<u>\$110,105</u>	<u>\$509,118</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$107,500	\$107,500	\$106,454	(\$1,046)
Charges for Services	3,000	3,000	4,055	1,055
Fines, Licenses and Permits	32,500	32,500	27,468	(5,032)
Intergovernmental	59,000	59,000	104,030	45,030
Interest	15,000	15,000	32,110	17,110
Miscellaneous	3,000	3,000	2,875	(125)
<i>Total Receipts</i>	<u>220,000</u>	<u>220,000</u>	<u>276,992</u>	<u>56,992</u>
Disbursements				
Current:				
General Government	56,040	60,040	54,538	5,502
Security of Persons and Property	154,634	154,559	149,431	5,128
Capital Outlay	6,000	10,575	10,575	0
<i>Total Disbursements</i>	<u>216,674</u>	<u>225,174</u>	<u>214,544</u>	<u>10,630</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,326</u>	<u>(5,174)</u>	<u>62,448</u>	<u>67,622</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			830	830
Other Financing Uses	(3,000)			0
<i>Total Other Financing Sources (Uses)</i>	<u>(3,000)</u>	<u>0</u>	<u>830</u>	<u>830</u>
<i>Net Change in Fund Balance</i>	326	(5,174)	63,278	68,452
<i>Fund Balance Beginning of Year</i>	115,126	115,126	115,126	0
Prior Year Encumbrances Appropriated	504	504	504	0
<i>Fund Balance End of Year</i>	<u>\$115,956</u>	<u>\$110,456</u>	<u>\$178,908</u>	<u>\$68,452</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$211,500	\$211,500	\$220,627	\$9,127
Interest	3,500	3,500	7,155	3,655
Miscellaneous	5,000	5,000	308	(4,692)
<i>Total Receipts</i>	220,000	220,000	228,090	8,090
Disbursements				
Current:				
Transportation	196,035	196,035	178,320	17,715
<i>Total Disbursements</i>	196,035	196,035	178,320	17,715
<i>Excess of Receipts Over (Under) Disbursements</i>	23,965	23,965	49,770	25,805
Other Financing Sources (Uses)				
Sale of Capital Assets			3,800	3,800
Transfers Out	(20,000)	(20,000)	(19,920)	80
<i>Total Other Financing Sources (Uses)</i>	(20,000)	(20,000)	(16,120)	3,880
<i>Net Change in Fund Balance</i>	3,965	3,965	33,650	29,685
<i>Fund Balance Beginning of Year</i>	163,224	163,224	163,224	0
Prior Year Encumbrances Appropriated	785	785	785	0
<i>Fund Balance End of Year</i>	\$167,974	\$167,974	\$197,659	\$29,685

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2007

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$226,107	\$382,604	\$3,731	\$612,442
<i>Total Assets</i>	<u>\$226,107</u>	<u>\$382,604</u>	<u>\$3,731</u>	<u>\$612,442</u>
Net Assets				
Unrestricted	<u>\$226,107</u>	<u>\$382,604</u>	<u>\$3,731</u>	<u>\$612,442</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-Type Activities			
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$411,074	\$892,327	\$143,389	\$1,446,790
<i>Total Operating Receipts</i>	<u>411,074</u>	<u>892,327</u>	<u>143,389</u>	<u>1,446,790</u>
Operating Disbursements				
Personal Services	128,740	277,536		406,276
Fringe Benefits	75,632	232,651		308,283
Contractual Services	76,404	230,439	140,889	447,732
Materials and Supplies	43,998	88,359		132,357
<i>Total Operating Disbursements</i>	<u>324,774</u>	<u>828,985</u>	<u>140,889</u>	<u>1,294,648</u>
<i>Operating Income (Loss)</i>	86,300	63,342	2,500	152,142
Non-Operating Receipts (Disbursements)				
Intergovernmental		25,545		25,545
Sale of Capital Assets		11,885		11,885
Bonds Issued		57,552		57,552
Miscellaneous Receipts	6,900			6,900
Capital Outlay	(19,989)	(17,503)		(37,492)
Principal Payments	(29,025)	(77,487)		(106,512)
Interest and Fiscal Charges	(17,255)	(88,432)		(105,687)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(59,369)</u>	<u>(88,440)</u>	<u>0</u>	<u>(147,809)</u>
<i>Income (Loss) before Transfers and Advances</i>	26,931	(25,098)	2,500	4,333
Transfers In		1,500		1,500
Transfers Out			(1,500)	(1,500)
<i>Change in Net Assets</i>	26,931	(23,598)	1,000	4,333
<i>Net Assets Beginning of Year</i>	<u>199,176</u>	<u>406,202</u>	<u>2,731</u>	<u>608,109</u>
<i>Net Assets End of Year</i>	<u>\$226,107</u>	<u>\$382,604</u>	<u>\$3,731</u>	<u>\$612,442</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$115</u>
<i>Total Assets</i>	<u><u>\$115</u></u>
Net Assets	
Unrestricted	<u><u>\$115</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County

Statement of Net Assets - Cash Basis

December 31, 2006

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$395,803</u>	<u>\$608,109</u>	<u>\$1,003,912</u>
<i>Total Assets</i>	<u><u>\$395,803</u></u>	<u><u>\$608,109</u></u>	<u><u>\$1,003,912</u></u>
Net Assets			
Restricted for:			
Debt Service	\$14,667		\$14,667
Other Purposes	265,506		265,506
Unrestricted	<u>115,630</u>	<u>\$608,109</u>	<u>723,739</u>
<i>Total Net Assets</i>	<u><u>\$395,803</u></u>	<u><u>\$608,109</u></u>	<u><u>\$1,003,912</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$56,088	\$30,624			(\$25,464)		(\$25,464)
Security of Persons and Property	196,415		\$800		(195,615)		(195,615)
Community Environment		435			435		435
Basic Utility Services		4,020			4,020		4,020
Transportation	240,736		248,224	\$285	7,773		7,773
Capital Outlay	88,131			46,656	(41,475)		(41,475)
Principal Payments	92,100				(92,100)		(92,100)
Interest and Fiscal Charges	9,671				(9,671)		(9,671)
<i>Total Governmental Activities</i>	<u>683,141</u>	<u>35,079</u>	<u>249,024</u>	<u>46,941</u>	<u>(352,097)</u>	<u>\$0</u>	<u>(352,097)</u>
Business Type Activities							
Water	367,881	401,981				34,100	34,100
Sewer	933,557	889,514				(44,043)	(44,043)
Sanitation	133,901	135,507				1,606	1,606
<i>Total Business-Type Activities</i>	<u>1,435,339</u>	<u>1,427,002</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,337)</u>	<u>(8,337)</u>
Total	<u>\$2,118,480</u>	<u>\$1,462,081</u>	<u>\$249,024</u>	<u>\$46,941</u>	<u>(352,097)</u>	<u>(8,337)</u>	<u>(360,434)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes							
					162,560		162,560
Other Taxes							
					3,456		3,456
Grants and Entitlements not Restricted to Specific Programs							
					77,380		77,380
Sale of Capital Assets							
					2,375	5,465	7,840
Interest							
					39,441		39,441
Miscellaneous							
					1,982	6,900	8,882
<i>Total General Receipts</i>					<u>287,194</u>	<u>12,365</u>	<u>299,559</u>
Change in Net Assets					(64,903)	4,028	(60,875)
<i>Net Assets Beginning of Year</i>					<u>460,706</u>	<u>604,081</u>	<u>1,064,787</u>
<i>Net Assets End of Year</i>					<u>\$395,803</u>	<u>\$608,109</u>	<u>\$1,003,912</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2006

	General	Street Fund	Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$115,630	\$164,009	\$66,079	\$50,085	\$395,803
<i>Total Assets</i>	<u>\$115,630</u>	<u>\$164,009</u>	<u>\$66,079</u>	<u>\$50,085</u>	<u>\$395,803</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$504	\$785	\$731		\$2,020
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	115,126				115,126
Special Revenue Funds		163,224	65,348	\$35,418	263,990
Debt Service Fund				14,667	14,667
<i>Total Fund Balances</i>	<u>\$115,630</u>	<u>\$164,009</u>	<u>\$66,079</u>	<u>\$50,085</u>	<u>\$395,803</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006

	General	Street Fund	Fire Department Fund	Boat Ramp Improvement Project Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$108,756		\$57,260			\$166,016
Special Assessments		\$285				285
Charges for Services	4,020					4,020
Fines, Licenses and Permits	31,059					31,059
Intergovernmental	67,548	225,904	10,632	\$46,656	\$22,320	373,060
Interest	31,238	6,627			1,576	39,441
Miscellaneous	1,170	310	502			1,982
<i>Total Receipts</i>	<u>243,791</u>	<u>233,126</u>	<u>68,394</u>	<u>46,656</u>	<u>23,896</u>	<u>615,863</u>
Disbursements						
Current:						
General Government	56,088					56,088
Security of Persons and Property	153,369		43,046			196,415
Transportation		240,736				240,736
Capital Outlay	3,000		19,475	46,656	19,000	88,131
Debt Service:						
Principal Retirement				62,000	30,100	92,100
Interest and Fiscal Charges					9,671	9,671
<i>Total Disbursements</i>	<u>212,457</u>	<u>240,736</u>	<u>62,521</u>	<u>108,656</u>	<u>58,771</u>	<u>683,141</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,334</u>	<u>(7,610)</u>	<u>5,873</u>	<u>(62,000)</u>	<u>(34,875)</u>	<u>(67,278)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	1,200	1,175				2,375
Transfers In					39,840	39,840
Transfers Out		(19,920)			(19,920)	(39,840)
<i>Total Other Financing Sources (Uses)</i>	<u>1,200</u>	<u>(18,745)</u>	<u>0</u>	<u>0</u>	<u>19,920</u>	<u>2,375</u>
<i>Net Change in Fund Balances</i>	32,534	(26,355)	5,873	(62,000)	(14,955)	(64,903)
<i>Fund Balances Beginning of Year</i>	<u>83,096</u>	<u>190,364</u>	<u>60,206</u>	<u>62,000</u>	<u>65,040</u>	<u>460,706</u>
<i>Fund Balances End of Year</i>	<u>\$115,630</u>	<u>\$164,009</u>	<u>\$66,079</u>	<u>\$0</u>	<u>\$50,085</u>	<u>\$395,803</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$105,000	\$105,000	\$108,756	\$3,756
Charges for Services	3,000	3,000	4,020	1,020
Fines, Licenses and Permits	48,250	48,250	31,059	(17,191)
Intergovernmental	48,000	48,000	67,548	19,548
Interest	10,000	10,000	31,238	21,238
Miscellaneous	3,000	3,000	1,170	(1,830)
<i>Total Receipts</i>	217,250	217,250	243,791	26,541
Disbursements				
Current:				
General Government	57,309	61,509	56,359	5,150
Security of Persons and Property	152,811	160,062	153,602	6,460
Capital Outlay	6,000	3,000	3,000	0
<i>Total Disbursements</i>	216,120	224,571	212,961	11,610
<i>Excess of Receipts Over (Under) Disbursements</i>	1,130	(7,321)	30,830	38,151
Other Financing Sources (Uses)				
Sale of Capital Assets			1,200	1,200
Other Financing Uses	(200)			0
<i>Total Other Financing Sources (Uses)</i>	(200)	0	1,200	1,200
<i>Net Change in Fund Balance</i>	930	(7,321)	32,030	39,351
<i>Fund Balance Beginning of Year</i>	82,847	82,847	82,847	0
Prior Year Encumbrances Appropriated	249	249	249	0
<i>Fund Balance End of Year</i>	\$84,026	\$75,775	\$115,126	\$39,351

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments			\$285	\$285
Intergovernmental	\$195,000	\$195,000	225,904	30,904
Interest	2,500	2,500	6,627	4,127
Miscellaneous	1,000	1,000	310	(690)
<i>Total Receipts</i>	<u>198,500</u>	<u>198,500</u>	<u>233,126</u>	<u>34,626</u>
Disbursements				
Current:				
Transportation	178,967	251,467	241,521	9,946
<i>Total Disbursements</i>	<u>178,967</u>	<u>251,467</u>	<u>241,521</u>	<u>9,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,533</u>	<u>(52,967)</u>	<u>(8,395)</u>	<u>44,572</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			1,175	1,175
Transfers Out	(20,000)	(20,000)	(19,920)	80
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,745)</u>	<u>1,255</u>
<i>Net Change in Fund Balance</i>	(467)	(72,967)	(27,140)	45,827
<i>Fund Balance Beginning of Year</i>	189,847	189,847	189,847	0
Prior Year Encumbrances Appropriated	517	517	517	0
<i>Fund Balance End of Year</i>	<u>\$189,897</u>	<u>\$117,397</u>	<u>\$163,224</u>	<u>\$45,827</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Department Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$62,000	\$62,000	\$57,260	(\$4,740)
Intergovernmental	7,000	7,000	10,632	3,632
Miscellaneous	1,000	1,000	502	(498)
<i>Total Receipts</i>	70,000	70,000	68,394	(1,606)
Disbursements				
Current:				
Security of Persons and Property	37,570	45,595	43,777	1,818
Capital Outlay	5,000	19,475	19,475	0
<i>Total Disbursements</i>	42,570	65,070	63,252	1,818
<i>Excess of Receipts Over (Under) Disbursements</i>	27,430	4,930	5,142	212
<i>Fund Balance Beginning of Year</i>	60,206	60,206	60,206	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$87,636	\$65,136	\$65,348	\$212

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$199,176	\$406,202	\$2,731	\$608,109
<i>Total Assets</i>	<u>\$199,176</u>	<u>\$406,202</u>	<u>\$2,731</u>	<u>\$608,109</u>
Net Assets				
Unrestricted	\$199,176	\$406,202	\$2,731	\$608,109

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-Type Activities			
	Water Operating Fund	Sewer Operating Fund	Sanitation Fund	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$401,981	\$889,514	\$135,507	\$1,427,002
<i>Total Operating Receipts</i>	<u>401,981</u>	<u>889,514</u>	<u>135,507</u>	<u>1,427,002</u>
Operating Disbursements				
Personal Services	121,165	269,828		390,993
Fringe Benefits	65,537	191,729		257,266
Contractual Services	71,021	159,743	133,901	364,665
Materials and Supplies	39,235	101,160		140,395
<i>Total Operating Disbursements</i>	<u>296,958</u>	<u>722,460</u>	<u>133,901</u>	<u>1,153,319</u>
<i>Operating Income (Loss)</i>	105,023	167,054	1,606	273,683
Non-Operating Receipts (Disbursements)				
Sale of Capital Assets	2,000	3,465		5,465
Miscellaneous Receipts	6,900			6,900
Capital Outlay	(24,836)	(45,784)		(70,620)
Principal Payments	(27,323)	(72,090)		(99,413)
Interest and Fiscal Charges	(18,764)	(93,223)		(111,987)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(62,023)</u>	<u>(207,632)</u>	<u>0</u>	<u>(269,655)</u>
<i>Income (Loss) before Transfers and Advances</i>	43,000	(40,578)	1,606	4,028
Transfers In		1,500		1,500
Transfers Out			(1,500)	(1,500)
<i>Change in Net Assets</i>	43,000	(39,078)	106	4,028
<i>Net Assets Beginning of Year</i>	<u>156,176</u>	<u>445,280</u>	<u>2,625</u>	<u>604,081</u>
<i>Net Assets End of Year</i>	<u>\$199,176</u>	<u>\$406,202</u>	<u>\$2,731</u>	<u>\$608,109</u>

See accompanying notes to the basic financial statements

Village of South Point, Lawrence County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$767</u>
<i>Total Assets</i>	<u><u>\$767</u></u>
Net Assets	
Unrestricted	<u><u>\$767</u></u>

See accompanying notes to the basic financial statements

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Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

The Village of South Point, Lawrence County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village volunteer fire department fund receives money from a 2 mill property tax operating levy.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village of South Point has no component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in one public entity risk pool. This organization is the Ohio Municipal Joint Self-Insurance Pool. It is an unincorporated nonprofit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles. Note 6 to the financial statements provides additional information for the entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, Fire Department Fund, Fire Truck Bond Fund, and the Boat Ramp. The General Fund 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 expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer and sanitation funds.

Water Operating Fund - The Water Operating Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and within our sewer district.

Sanitation Fund - The Sanitation Fund accounts for the provision of garbage removal services to residents of the Village.

Internal Service Fund - Internal service funds account for services provided by one department of the Village to another on a cost-reimbursement basis. The Village has no internal service funds.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has one agency fund, the Mayor's Court. This fund pays into the Village and the State of Ohio each month all receipts received through the issuance of various fines.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2006 and 2007, the Village only invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$32,110 and \$31,238, respectively, and \$8,592 and \$8,203, respectively, was credited to other Village funds.

F. Inventory and Prepaid Items

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

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

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

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for Street Fund, Permissive Motor Vehicle License Fund, Fire Department Fund and Street Repaving Fund.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Street Fund, and Fire Department Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). In 2007, the encumbrances outstanding at year end (budgetary basis) amounted to \$7,433 for the General Fund, \$349 for the Street Fund and \$68 for Other Governmental Funds. In 2006, the encumbrances outstanding at year end (budgetary basis) amounted to \$504 for the General Fund, \$785 for the Street Fund and \$731 for the Fire Department Fund.

Note 4 – Deposits

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18 and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, the carrying amount of the Village's deposits was \$1,121,560 and the bank balance was \$1,161,964. Of the bank balance, \$1,161,964 was covered by the Federal Depository Insurance Corporation or collateralized. At December 31, 2006, the carrying amount of the Village's deposits was \$1,003,912 and the bank balance was \$1,024,399. Of the bank balance, \$1,024,399 was covered by the Federal Depository Insurance Corporation or collateralized. Although all State Statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the Federal Depository Insurance Corporation

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2003, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

The full tax rate for all Village operations for the years ended December 31, 2007 and 2006, was 6.1 mills. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential/Agriculture	\$38,551,750	\$37,744,500
Public Utility Property	6,033,340	6,034,850
Tangible Personal Property	3,554,800	3,820,910
Total Assessed Value	<u>\$48,139,890</u>	<u>\$47,600,260</u>

Note 6 – Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool"), an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and is administered and operated by JWF Specialty Company. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

General liability coverage and automobile coverage at December 31, 2007 and 2006 protected against individual losses up to \$1,000,000.

Property coverage for buildings protects against losses, subject to a deductible of \$1,000, limited to an annual aggregate loss of approximately \$1,000,000.

The Village entered into a participation agreement with the Pool which provides for additional assessments to its members if contributions are insufficient to meet its obligations.

Note 7 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 was 13.85 percent. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$68,875, \$65,933, and \$59,793 respectively. The full amount has been contributed for 2007, 2006 and 2005.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$10,999, \$10,721, and \$11,157. The full amount has been contributed for 2007, 2006 and 2005.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 to 8 percent annually for the next eight years and 4 percent annually beyond that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$17,702. The actual contributions for 2007 and 2006 which were used to fund postemployment benefits were \$19,573 and \$19,000, respectively. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) was \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 6.75% in 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 and 2006 that were used to fund post employment benefits were \$4,371 and \$4,261, respectively, for police. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 14,120 for police.

Note 9 - Notes Payable

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance at December 31, 2005	Additions	Reductions	Balance at December 31, 2006
Retaining Wall Improvements Bond Anticipation Note	3.52%	\$62,000	\$0	\$62,000	\$0

The Retaining Wall Improvement Note was issued to fund improvements for the retaining wall at the boat ramp on 2nd and Ferry Street. Note proceeds had not been spent by year end. The bond anticipation note was backed by the full faith and credit of the Village and matured within one year.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
General Obligation Bonds:					
Fire Truck Bond (2007)	4.76%	\$0	\$170,938		\$170,938
Street Repaving Bond (2002)	4.75%	173,500		\$31,600	141,900
Total General Obligation Bonds		173,500	170,938	31,600	312,838
<u>Business Type Activities</u>					
Solida Sewer G.O. Bond (2002)	4.50%	867,300		10,700	856,600
<u>OWDA Mortgage Revenue Bonds</u>					
Step 3 Sewer Bond (1989)	8.47%	25,991		2,625	23,366
SubWaterworks Bond (1990)	7.89%	246,497		23,266	223,231
1st Mortgage Sewer Bond (1990)	7.89%	679,774		64,162	615,612
Total Mortgage Revenue Bonds		952,262	0	90,053	862,209
<u>OPWC Bonds</u>					
OPWC Water Improvement Bond (2004)	0%	103,657		5,759	97,898
OPWC Sewer Improvement Bond (2007)	0%	0	57,552	0	57,552
Total OPWC Bonds		103,657	57,552	5,759	155,450
Total Business Type Activities		1,923,219	57,552	106,512	1,874,259
Total		\$2,096,719	\$228,490	\$138,112	\$2,187,097

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
General Obligation Bonds					
Street Repaving Bond (2002)	4.75%	\$203,600		\$30,100	\$173,500
Total General Obligation Bonds		203,600	\$0	30,100	173,500
<u>Business Type Activities</u>					
Solida Sewer G.O. Bond (2002)					
	4.50%	877,500		10,200	867,300
<u>OWDA Mortgage Revenue Bonds</u>					
Step 3 Sewer Bond (1989)	8.47%	28,412		2,421	25,991
SubWaterworks Bond (1990)	7.89%	268,062		21,565	246,497
1st Mortgage Sewer Bond (1990)	7.89%	739,244		59,470	679,774
Total Mortgage Revenue Bonds		1,035,718	0	83,456	952,262
OPWC Water Improvement Bond (2004)	0%	109,416		5,759	103,657
Total Business Type Activities		2,022,634	0	99,415	1,923,219
Total		\$2,226,234	\$0	\$129,515	\$2,096,719

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The business-type loans were obtained to make improvements to the water and sewer systems and are secured by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The following is a summary of the Village's future annual debt service requirements:

<u>Governmental Type Activity Debt</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$46,743	\$14,877	\$61,620
2009	49,098	12,655	61,753
2010	51,283	10,322	61,605
2011	53,801	7,884	61,685
2012	16,553	5,327	21,880
2013-2015	95,360	14,039	109,399
Total	\$312,838	\$65,104	\$377,942

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Business Type Activity Debt

Total OWDA Mortgage Revenue Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$97,175	\$60,355	\$157,530
2009	104,858	53,553	158,411
2010	113,149	46,212	159,361
2011	122,097	38,293	160,390
2012	131,751	29,745	161,496
2013-2015	293,179	31,077	324,256
Total	<u>\$862,209</u>	<u>\$259,235</u>	<u>\$1,121,444</u>

Total OPWC Water System Improvement Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$5,759	\$0	\$5,759
2009	5,759	0	5,759
2010	5,759	0	5,759
2011	5,759	0	5,759
2012	5,759	0	5,759
2013-2017	28,794	0	28,794
2018-2022	28,794	0	28,794
2023-2024	11,514	0	11,514
Total	<u>\$97,897</u>	<u>\$0</u>	<u>\$97,897</u>

Solida Sewer General Obligation Bond

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$11,100	\$38,547	\$49,647
2009	11,600	38,048	49,648
2010	12,100	37,526	49,626
2011	12,700	36,981	49,681
2012	13,300	36,410	49,710
2013-2017	75,800	172,530	248,330
2018-2022	94,500	153,869	248,369
2023-2027	117,700	130,608	248,308
2028-2032	146,800	101,619	248,419
2033-2037	182,800	65,497	248,297
2038-2041	178,200	20,484	198,684
Total	<u>\$856,600</u>	<u>\$832,119</u>	<u>\$1,688,719</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007 and 2006 respectively were an overall debt margin of \$3,885,250 and \$3,957,227 and an unvoted debt margin of \$1,478,256 and \$1,577,214.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 11 – Interfund Transfers

The following transfers were made:

From:	To:	2007 Amount	2006 Amount
Street Fund	Street Repaving Bond Fund	\$19,920	\$19,920
Permissive Motor Vehicle Tax Fund	Street Repaving Bond Fund	19,920	19,920
Sanitation Fund	Sewer Fund	1,500	1,500
Fire Department Fund	Fire Truck Bond Fund	14,664	0
	Total Transfers	<u>\$56,004</u>	<u>\$41,340</u>

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

Note 12 – Contingent Liabilities

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

Note 13 – Construction and Contractual Commitments

The Village is currently involved in a sewer improvement project totaling \$1,172,000. This project is being financed by a \$811,000 loan from Ohio Public Works Commission. This is a 0% interest loan for 20 years. The Village also received an Appalachian Regional Commission grant totaling \$300,000. There is also a \$61,000 local contribution. The project will increase the plant capacity from 1.2 million gallons per day to 1.8 million gallons per day. Construction is scheduled to begin and be completed in 2008.

Note 14 – Subsequent Events

On January 8, 2008, Council approved the following bids for materials for the Sewer Improvement Project:

<u>Vendor</u>	<u>Material</u>	<u>Bid</u>
Service Pump, Huntinton, WV	Shelter, Washwater pump, control panel	\$15,169
JWC Environmental, Santa Ana, CA	headwork's screen, grinder, conveyor	111,200
Walker Process Equipment, Aurora, Il	clarifier equipment	128,470
Serpentix, Westminster, Co	conveyor belt equipment	39,965
Service Pump, Huntinton, WV	air compressor	2,783
Service Pump, Huntinton, WV	sludge feed pump	9,215
Siemens, Vineland, NJ	polymer feed system	9,938
Total		<u>\$316,740</u>

On March 4, 2008, Council received bids and approved the purchase of a backhoe from Leslie Equipment in the amount of \$68,000. After trade-ins totaling \$27,000, Village will pay \$20,000 and will finance \$21,000 for 2 years at a low interest rate.

Village of South Point, Lawrence County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

On March 4, 2008, Council approved the following bids for the Sewer Improvement Project, as follows:

<u>Vendor</u>	<u>Purpose</u>	<u>Bid</u>
Kenny, Inc., Mt. Sterling, KY	General Contractor	\$393,654
Dixon Electrical Systems, Huntington, WV	Electrical Contractor	115,000
ITT Flygt Cincinnati, Cincinnati, OH	Sewage Pumps	65,519
Fee Corp, Canal Winchester, OH	Relining Existing Wet Wall	47,408
American Building Sys. Inc., Scott Depot, WV	Metal Sludge Press Building	47,280
Total		<u>\$668,861</u>

On April 1, 2008, Council approved the issuance of \$300,000 in Bond Anticipation Notes for the purpose of payment of the costs of certain sewer plant improvements in the Village.

On April 1, 2008, Council received bids and awarded a contract to McDaniel's Construction, in the amount of \$49,942, for piping and fittings related to the Sewer Improvement Project.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of South Point
Lawrence County
408 2nd Street West
South Point, Ohio 45690

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Point, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 2, 2008, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated May 2, 2008.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated May 2, 2008.

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



Mary Taylor, CPA
Auditor of State

May 2, 2008

**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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; <i>Explain</i>
2005-001	A citation was issued under Ohio Rev. Code Section 2949.091, since the Village Mayor's Court did not increase court costs effective September 26, 2003.	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF SOUTH POINT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 20, 2008**