



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of South Point
Lawrence County
415 Solida Road
South Point, Ohio 45680

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of South Point, Lawrence County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
July 31, 2024

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Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$344,690	\$299,039			\$643,729
Intergovernmental	56,811	665,217		\$554,107	1,276,135
Special Assessments		5,928			5,928
Charges for Services	2,534	7,090			9,624
Fines, Licenses and Permits	259,545	45,835			305,380
Earnings on Investments	29,467	7,341			36,808
Miscellaneous	38,927	39,931			78,858
<i>Total Cash Receipts</i>	<u>731,974</u>	<u>1,070,381</u>	<u>0</u>	<u>554,107</u>	<u>2,356,462</u>
Cash Disbursements					
Current:					
Security of Persons and Property	11,205	957,961			969,166
Transportation		788,825			788,825
General Government	242,211	6,357			248,568
Capital Outlay	42,908	357,518		651,961	1,052,387
Debt Service:					
Principal Retirement			77,007	129,699	206,706
Interest and Fiscal Charges			16,609		16,609
<i>Total Cash Disbursements</i>	<u>296,324</u>	<u>2,110,661</u>	<u>93,616</u>	<u>781,660</u>	<u>3,282,261</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>435,650</u>	<u>(1,040,280)</u>	<u>(93,616)</u>	<u>(227,553)</u>	<u>(925,799)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds		413,271			413,271
Loans Issued				108,694	108,694
Transfers In		653,031	171,294		824,325
Transfers Out	(606,679)	(78,506)			(685,185)
Other Financing Uses	(2,842)				(2,842)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(609,521)</u>	<u>987,796</u>	<u>171,294</u>	<u>108,694</u>	<u>658,263</u>
<i>Net Change in Fund Cash Balances</i>	(173,871)	(52,484)	77,678	(118,859)	(267,536)
<i>Fund Cash Balances, January 1</i>	<u>441,316</u>	<u>1,159,626</u>	<u>61,643</u>	<u>130,675</u>	<u>1,793,260</u>
<i>Fund Cash Balances, December 31</i>	<u>\$267,445</u>	<u>\$1,107,142</u>	<u>\$139,321</u>	<u>\$11,816</u>	<u>\$1,525,724</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,530,778
Miscellaneous	388
<i>Total Operating Cash Receipts</i>	<u>2,531,166</u>
Operating Cash Disbursements	
Personal Services	615,130
Employee Fringe Benefits	541,222
Contractual Services	756,846
Supplies and Materials	318,046
<i>Total Operating Cash Disbursements</i>	<u>2,231,244</u>
<i>Operating Income (Loss)</i>	<u>299,922</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	35,912
Capital Outlay	(452,855)
Principal Retirement	(109,699)
Interest and Other Fiscal Charges	(33,624)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(560,266)</u>
<i>Income (Loss) before Transfers</i>	(260,344)
Transfers In	218,724
Transfers Out	(357,864)
<i>Net Change in Fund Cash Balances</i>	(399,484)
<i>Fund Cash Balances, January 1</i>	<u>1,483,513</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,084,029</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	Custodial
	Mayor's Court
Additions	
Fines, Licenses, and Permits for Distribution	\$274,866
<i>Total Additions</i>	<u>274,866</u>
Deductions	
Distributions to Governments	274,866
<i>Total Deductions</i>	<u>274,866</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of South Point (the Village), Lawrence County, 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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, maintenance of Village roads, water and sewer utilities, park operations, and police services. The Village appropriates special revenue money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Fund The street construction fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Fund The Police Fund receives operating money from a 3 mill property tax levy approved by the voters on November 4, 2014 to run for a continuing period of time and supplemental revenue from the General Fund. The fund pays for personnel expenses, fuel, utilities, supplies, and capital improvements such as equipment.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

2015 Street Paving Bond Fund The street paving bond fund was established for repayment of general obligation bonds related to street paving construction project. The monies transferred into the fund are restricted for debt payments.

Fire Truck Loan 2020 The fire truck loan 2020 fund was established for repayment of a loan given by PNC Equipment Finance LLC. The loan was used to purchase a new Pierce Ford 4 door mini pumper truck for the fire department. The monies transferred into the fund are restricted for debt service payments.

Vacuum Truck Loan 2021 The vacuum truck loan 2021 was established for repayment of a loan given by U.S. Bancorp Government Leasing and Finance, Inc. The loan was used to purchase a new 2021 Vactor 2110 Combination Sewer Cleaner Vacuum Truck for the sewer department. The monies transferred into the fund are restricted for debt payments.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project funds:

Waterline Replacement Solida, 9th & Park Fund The Waterline Replacement Solida, 9th & Park Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

Waterline Replacement 4th Street Fund The Waterline Replacement 4th Street Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

Waterline Replacement 4th Street Phase 3 Fund The Waterline Replacement Phase 3 Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village had no trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for its Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, the Village did not receive any payments (they were not received until 2024) and as such, there is nothing reflected in the accompanying financial statements.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$707,728	\$731,974	\$24,246
Special Revenue	3,115,064	2,136,683	(978,381)
Debt Service	93,650	171,294	77,644
Capital Projects	1,880,127	662,801	(1,217,326)
Enterprise	2,654,994	2,785,802	130,808
Total	\$8,451,563	\$6,488,554	(\$1,963,009)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$836,578	\$906,240	(\$69,662)
Special Revenue	1,788,680	2,194,098	(405,418)
Debt Service	93,631	93,616	15
Capital Projects	835,876	835,876	0
Enterprise	3,052,262	3,190,359	(138,097)
Total	\$6,607,027	\$7,220,189	(\$613,162)

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2023
Demand deposits	\$1,954,519
STAR Ohio	655,234
Total carrying amount of deposits and investments held in the Pool	2,609,753

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management

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

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2023, retention levels are \$100,000 for property and casualty coverages, respectively. The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus /deficit at March 31, 2023.

Assets \$ 841,929

Liabilities (1,029,623)

Accumulated Surplus/(Deficit) \$ (187,694)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Solida Sewer Bond	\$504,000	2.80%
OPWC Sewer Improvement Bond	\$223,025	0.00%
WWTP Clarifiers Rehab Bond - OWDA	\$636,754	2.63%
Ohio Water Development Authority Loan 9464	\$1,157,521	0.34%
Ohio Water Development Authority Loan 9960	\$78,651	0.00%
Ohio Water Development Authority Loan 9634	\$1,591,337	0.39%
Lawrence County Bonds - Tiffany Lane	\$413,271	3.51%
OPWC Loan - Tiffany Lane	\$97,856	0.00%
Total	<u>\$4,702,415</u>	

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Solida Sewer General Obligation Bond was issued at \$914,000 in 2002 for the purpose of paying a portion of cost related to the construction of sanitary sewer system improvements. The outstanding principal of \$720,000 was refinanced with the Lawrence County Neighborhood Investment Program in 2017. It is currently scheduled to mature in 2037.

The Sewer (issued in 2009 at \$811,000) Improvement Bonds were issued through Ohio Public Works Commission for construction loans related to the Village’s infrastructure in these areas. The Sewer Improvement Bonds will mature in 2037.

The Waste Water Treatment Plant Clarifiers Rehab loan with Ohio Water Development Authority was issued in 2018 at 2.63% interest for the purpose of rebuilding 4 of the waste water plants clarifiers. The 20-year loan will mature in 2038.

The Ohio Water Development Authority Loan 9464 is the construction loan related to a waterline replacement project on Solida, 9th and Park Streets. The 30-year loan will mature in 2053.

The Ohio Water Development Authority Loan 9960 above was a planning loan that was related to a waterline replacement project for 4th Street. This loan did not have amortization schedule, as it will be rolled into a new construction loan that will be created when project starts.

The Ohio Water Development Authority Loan 9634 is the construction loan related to a waterline replacement project on 4th Street (Phase 3). The 30-year loan will mature in 2053.

The Lawrence County Tiffany Lane Bond was issued at \$413,271 in 2023 for the purpose of paying a portion of cost related to a street project. The bonds will mature in 2028.

The OPWC Loan for Tiffany Lane was issued at \$97,856 in 2023 and has the potential to be issued at \$328,396 for the purpose of sewer replacements and street repair of Tiffany Lane. The loans will mature in 2053. This loan does not yet have an amortization schedule because it was not yet finalized at year end.

The Village’s taxing authority collateralized the bonds with the exception of the Water and Sewer system related bonds which are secured by their respective utility receipts.

Financed Purchases

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease - PNC	\$161,531	3.17%
Vacuum Truck Lease - US bank	\$297,543	2.275%
Total	<u>\$459,074</u>	

The Fire Truck Lease was financed through PNC Bank. It was entered into to purchase a new 2020 Pierce 4 door mini rescue pumper for the fire department. The Lease will end in 2029.

The Vacuum Truck Lease was financed through U.S. Bancorp Government Leasing and Finance Inc. The loan is for a new 2021 Vactor 2110 Combination Sewer Cleaner Vacuum Truck for the sewer department. The loan is scheduled to mature in 2028.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

Year Ending December 31:	WWTP Clarifier Rehab OWDA	OPWC	Solida Sewer Bond	Fire Truck Financed Purchase	OWDA Loan # 9464	Vacuum Truck Financed Purchase	Lawrence County Bond- Tiffany Lane	OWDA Loan # 9634
2024	\$51,648	\$40,550	\$50,150	\$29,985	\$40,618	\$63,631	\$67,057	\$66,037
2025	\$51,648	\$40,550	\$49,104	\$29,985	\$40,618	\$63,631	\$67,613	\$66,037
2026	\$51,648	\$40,550	\$48,096	\$29,985	\$40,618	\$63,631	\$67,613	\$66,037
2027	\$51,648	\$40,550	\$47,088	\$29,985	\$40,618	\$63,631	\$67,613	\$66,037
2028	\$51,648	\$40,550	\$46,108	\$29,985	\$40,618	\$63,631	\$196,058	\$66,037
2029-2033	\$258,238	\$20,275	\$215,297	\$29,985	\$203,090			\$330,185
2034-2038	\$258,238		\$154,086		\$203,090			\$330,185
2039-2043					\$203,090			\$330,185
2044-2048					\$203,090			\$330,185
2049-2053					\$203,090			\$330,185
Total	<u>\$774,716</u>	<u>\$223,025</u>	<u>\$609,929</u>	<u>\$179,910</u>	<u>\$1,218,540</u>	<u>\$318,155</u>	<u>\$465,954</u>	<u>\$1,981,110</u>

Note 10 – Contingent Liabilities

The Village is involved in pending lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Outstanding Encumbrances	395	4,931	0	0	5,073	10,399

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12– Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 2023.

Fund	Appropriations	Budgetary Expenditures	Variance
General Fund	\$836,578	\$906,240	(\$69,662)
Tiffany Lane Street Project Fund	\$0	\$413,271	(\$413,271)
Fire Fund	\$117,250	\$406,924	(\$289,674)
Police Fund	\$846,737	\$905,534	(\$58,797)
Sewer Fund	\$1,688,020	\$1,750,705	(\$62,685)
Sanitation Fund	\$195,000	\$230,467	(\$35,467)
Sewer Reserve Fund	\$100,000	\$184,876	(\$84,876)

Also, contrary to Ohio law, the Village did not properly encumber funds in the amount of \$54,216 for Capital Project Fund 4902.

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Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$337,362	\$300,357			\$637,719
Intergovernmental	56,587	575,102		\$360,847	992,536
Special Assessments		66			66
Charges for Services	4,112	4,549			8,661
Fines, Licenses and Permits	253,642	16,876			270,518
Earnings on Investments	8,982	1,839			10,821
Miscellaneous	19,614	24,167		129,699	173,480
<i>Total Cash Receipts</i>	<u>680,299</u>	<u>922,956</u>	<u>0</u>	<u>490,546</u>	<u>2,093,801</u>
Cash Disbursements					
Current:					
Security of Persons and Property	33,584	838,693			872,277
Public Health Services		627			627
Basic Utility Services				74,930	74,930
Transportation		228,990			228,990
General Government	203,854	6,463			210,317
Capital Outlay	45,000	285,590		2,256,865	2,587,455
Debt Service:					
Principal Retirement			130,579	55,254	185,833
Interest and Fiscal Charges			17,198		17,198
<i>Total Cash Disbursements</i>	<u>282,438</u>	<u>1,360,363</u>	<u>147,777</u>	<u>2,387,049</u>	<u>4,177,627</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>397,861</u>	<u>(437,407)</u>	<u>(147,777)</u>	<u>(1,896,503)</u>	<u>(2,083,826)</u>
Other Financing Receipts (Disbursements)					
Loans Issued				2,038,402	2,038,402
Transfers In		697,497	168,873		866,370
Transfers Out	(650,575)	(86,050)			(736,625)
Other Financing Uses	(2,661)			(11,224)	(13,885)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(653,236)</u>	<u>611,447</u>	<u>168,873</u>	<u>2,027,178</u>	<u>2,154,262</u>
<i>Net Change in Fund Cash Balances</i>	<u>(255,375)</u>	<u>174,040</u>	<u>21,096</u>	<u>130,675</u>	<u>70,436</u>
<i>Fund Cash Balances, January 1</i>	<u>696,691</u>	<u>985,586</u>	<u>40,547</u>		<u>1,722,824</u>
<i>Fund Cash Balances, December 31</i>	<u>\$441,316</u>	<u>\$1,159,626</u>	<u>\$61,643</u>	<u>\$130,675</u>	<u>\$1,793,260</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,475,401
Miscellaneous	1,264
	2,476,665
<i>Total Operating Cash Receipts</i>	<i>2,476,665</i>
Operating Cash Disbursements	
Personal Services	576,649
Employee Fringe Benefits	467,408
Contractual Services	563,182
Supplies and Materials	277,151
	1,884,390
<i>Total Operating Cash Disbursements</i>	<i>1,884,390</i>
<i>Operating Income (Loss)</i>	<i>592,275</i>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	10,655
Capital Outlay	(154,993)
Principal Retirement	(109,700)
Interest and Other Fiscal Charges	(34,626)
	(288,664)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(288,664)</i>
<i>Income (Loss) before Transfers</i>	<i>303,611</i>
Transfers In	218,555
Transfers Out	(348,300)
<i>Net Change in Fund Cash Balances</i>	<i>173,866</i>
<i>Fund Cash Balances, January 1</i>	<i>1,309,647</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,483,513</i>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Custodial
	Mayor's Court
Additions	
Fines, Licenses, and Permits for Distribution	\$249,422
<i>Total Additions</i>	<u>249,422</u>
Deductions	
Distributions to Governments	249,422
<i>Total Deductions</i>	<u>249,422</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of South Point (the Village), Lawrence County, 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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, maintenance of Village roads, water and sewer utilities, park operations, and police services. The Village appropriates special revenue money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Fund The street construction fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Police Fund The Police Fund receives operating money from a 3 mill property tax levy approved by the voters on November 4, 2014 to run for a continuing period of time and supplemental revenue from the General Fund. The fund pays for personnel expenses, fuel, utilities, supplies, and capital improvements such as equipment.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

2015 Street Paving Bond Fund The street paving bond fund was established for repayment of general obligation bonds related to street paving construction project. The monies transferred into the fund are restricted for debt payments.

Fire Truck Loan 2020 The fire truck loan 2020 fund was established for repayment of a loan given by PNC Equipment Finance LLC. The loan was used to purchase a new Pierce Ford 4 door mini pumper truck for the fire department. The monies transferred into the fund are restricted for debt service payments.

Vacuum Truck Loan 2021 The vacuum truck loan 2021 was established for repayment of a loan given by U.S. Bancorp Government Leasing and Finance, Inc. The loan was used to purchase a new 2021 Vactor 2110 Combination Sewer Cleaner Vacuum Truck for the sewer department. The monies transferred into the fund are restricted for debt payments.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project funds:

Waterline Replacement Solida, 9th & Park Fund The Waterline Replacement Solida, 9th & Park Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

Waterline Replacement 4th Street Fund The Waterline Replacement 4th Street Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

Waterline Replacement 4th Street Phase 3 Fund The Waterline Replacement Phase 3 Fund accounts for and reports proceeds of a loan. The proceeds are restricted for the purpose of replacing waterlines in the designated area.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village had no trust funds.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for its Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$694,592	\$680,299	(\$14,293)
Special Revenue	1,237,800	1,620,453	382,653
Debt Service	148,400	168,873	20,473
Capital Projects	3,099,149	2,528,948	(570,201)
Enterprise	2,649,373	2,705,875	56,502
Total	\$7,829,314	\$7,704,448	(\$124,866)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,006,690	\$936,252	\$70,438
Special Revenue	1,914,635	1,454,571	460,064
Debt Service	147,791	147,777	14
Capital Projects	3,001,392	2,527,972	473,420
Enterprise	2,966,383	2,539,520	426,863
Total	\$9,036,891	\$7,606,092	\$1,430,799

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Demand deposits	\$2,654,841
STAR Ohio	621,932
Total Deposits and Investments	<u>\$3,276,773</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Risk Management

Workers' Compensation

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2022, retention levels are \$100,000 for property and casualty coverages, respectively.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2022.

Assets \$ 909,464

Liabilities (1,109,394)

Accumulated Surplus \$ (199,930)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

Four of the Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Social Security

Two of the Village’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Solida Sewer Bond	\$540,000	2.80%
OPWC Sewer Improvement Bond	\$263,575	0.00%
WWTP Clarifiers Rehab Bond - OWDA	\$670,978	2.63%
Ohio Water Development Authority Loan 9464	\$1,155,579	0.34%
Ohio Water Development Authority Loan 9960	\$78,651	0.00%
Ohio Water Development Authority Loan 9634	\$1,707,103	0.00%
Total	<u>\$4,415,886</u>	

The Solida Sewer General Obligation Bond was issued at \$914,000 in 2002 for the purpose of paying a portion of cost related to the construction of sanitary sewer system improvements. The outstanding principal of \$720,000 was refinanced with the Lawrence County Neighborhood Investment Program in 2017. It is currently scheduled to mature in 2037.

The Sewer (issued in 2009 at \$811,000) Improvement Bonds were issued through Ohio Public Works Commission for construction loans related to the Village’s infrastructure in these areas. The Sewer Improvement Bonds will mature in 2037.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Waste Water Treatment Plant Clarifiers Rehab loan with Ohio Water Development Authority was issued in 2018 at 2.63% interest for the purpose of rebuilding 4 of the waste water plants clarifiers. The 20-year loan will mature in 2038.

The Ohio Water Development Authority Loan 9464 is the construction loan related to a waterline replacement project on Solida, 9th and Park Streets. The 30-year loan will mature in 2053.

The Ohio Water Development Authority Loan 9960 above was a planning loan that was related to a waterline replacement project for 4th Street. This loan did not have amortization schedule, as it will be rolled into a new construction loan that will be created when project starts.

The Ohio Water Development Authority Loan 9634 is the construction loan related to a waterline replacement project on 4th Street (Phase 3). This loan does not yet have an amortization schedule because it was not yet finalized at year end.

The Village’s taxing authority collateralized the bonds with the exception of the Water and Sewer system related bonds which are secured by their respective utility receipts.

Financed Purchases

	Principal	Interest Rate
Fire Truck Lease - PNC	\$185,634	3.17%
Vacuum Truck Lease - US bank	\$353,140	2.275%
Total	\$538,774	

The Fire Truck Lease was financed through PNC Bank. It was entered into to purchase a new 2020 Pierce 4 door mini rescue pumper for the fire department. The Lease will end in 2029.

The Vacuum Truck Lease was financed through U.S. Bancorp Government Leasing and Finance Inc. The loan is for a new 2021 Vactor 2110 Combination Sewer Cleaner Vacuum Truck for the sewer department. The loan is scheduled to mature in 2028.

Amortization

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Year Ending December 31:	WWTP Clarifier Rehab		Solida Sewer Bond	Fire Truck Financed Purchase	OWDA Loan # 9464	Vacuum Truck Financed Purchase
	OWDA	OPWC				
2023	\$51,648	\$40,550	\$51,120	\$29,985	\$0	\$63,631
2024	\$51,648	\$40,550	\$50,150	\$29,985	\$40,618	\$63,631
2025	\$51,648	\$40,550	\$49,104	\$29,985	\$40,618	\$63,631
2026	\$51,648	\$40,550	\$48,096	\$29,985	\$40,618	\$63,631
2027	\$51,648	\$40,550	\$47,088	\$29,985	\$40,618	\$63,631
2028-2032	\$258,238	\$60,825	\$220,364	\$59,969	\$203,090	\$63,631
2033-2037	\$258,238		\$195,126		\$203,090	
2038-2042	\$51,648				\$203,090	
2043-2047					\$203,090	
2048-2052					\$203,090	
2053-2057					40,618	
Total	\$826,364	\$263,575	\$661,048	\$209,894	\$1,218,540	\$381,786

Note 10 – Contingent Liabilities

The Village is involved in pending lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Outstanding Encumbrances	578	8,158	0	0	7,511	16,247
Total	\$578	\$8,158	\$0	\$0	\$7,511	\$16,247

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – NONCOMPLIANCE

Contrary to Ohio law, the Village did not properly encumber funds in the amount of \$129,699 for Capital Project Fund 4902.

Also, At December 31, 2022 the Village's appropriations exceeded the amount certified as available by the budget commission in the ARPA and Police Special Revenue funds by \$100,000 and, \$44,096, respectively.

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of South Point
Lawrence County
415 Solida Road
South Point, Ohio 45680

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of South Point, Lawrence County, (the Village) and have issued our report thereon dated July 31, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 through 2023-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-004 through 2023-006.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
July 31, 2024

**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In order to achieve proper financial reporting, all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the Village Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

Due to deficiencies in internal control related to financial reporting, the Village misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2023 and 2022. Some of these errors were not material and as such, are not listed below and were not adjusted on the financial statements. However, the following misstatements occurred and had to be adjusted on the financial statements:

As of December 31, 2023:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$274,866.
- Bond Proceeds from the Lawrence County Treasurer's office in the amount of \$413,271 was misposted as Special Assessments Receipts in Fund 2012 (Tiffany Lane Project) instead of as Sale of Bonds.
- ODOT on behalf of payments in the amount of \$54,107 was not recorded, thus understating Intergovernmental Receipts and understating Capital Outlay for the Capital Projects Fund.
- OPWC on behalf of payments in the amount of \$597,856 was not recorded, thus understating Intergovernmental Receipts by \$500,000, Loans Issued by \$97,856, and \$597,856 Capital Outlay Disbursements for the Capital Projects Fund.
- OWDA payments in the amount of \$77,500 and \$9,100 were posted in 2023 when they should have been posted in 2022. Thus, misstating Capital Outlay for both years in the Capital Projects Fund.
- In Fund 4902, 4th Street Project, \$129,699 of Principal Payments were misposted as Capital Outlay.

FINDING NUMBER 2023-001
(Continued)

As of December 31, 2022:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$249,422.
- State issued Real Property Tax in the amount of \$17,876 was recorded as Taxes in the General Fund, thus overstating taxes and understating Intergovernmental Revenue in the General Fund for \$9,821, Fire Fund for \$4,138, and Police Fund for \$3,917.
- ODOT on behalf of payments in the amount of \$110,848 was not recorded, thus understating Intergovernmental Receipts and understating Capital Outlay for the Capital Projects Fund.
- OPWC on behalf of payments in the amount of \$249,999 was not recorded, thus understating Intergovernmental Receipts and understating Capital Outlay for the Capital Projects Fund.
- OWDA payments in the amount of \$77,500 and \$9,100 were posted in 2023 when they should have been posted in 2022. Thus, misstating Capital Outlay for both years in the Capital Projects Fund.
- In Fund 4902, 4th Street Project, \$1,549,969 of Loan Proceeds and Capital Outlay were unrecorded.
- In Fund 4902, 4th Street Project, \$55,254 of Loan Proceeds and Principal Payments were unrecorded.
- In Fund 4902, 4th Street Project, \$129,699 of Miscellaneous Revenue was misposted as Loan Proceeds.

This resulted in audit adjustments and reclassifications to the financial statements. Any fund balance adjustments have been posted to the Village's accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and footnotes by the Village Fiscal Officer and Village Council to identify and correct errors and omissions.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-002

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of Mayor's Court cash (bank) balances to Mayor's Court system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Mayor's Court Clerk and Assistant Police Chief are responsible for reconciling the book balance to the total bank balance on a monthly basis, and remitting monies to the appropriate agencies timely. The Council, Mayor, and Fiscal Officer are responsible for reviewing the reconciliations and related support.

FINDING NUMBER 2023-002
(Continued)

Monthly bank to book reconciliations were not prepared timely, correctly or reviewed each month in 2023 and three months in 2022. Failure to reconcile monthly increases the possibility that the Mayor's Court will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to remit monies to all agencies each month. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting on the financial statements.

As a result of the lack of reconciliation, the Village Court did not properly remit in a timely fashion several of its state payments and two of its Village payments. These payments were subsequently made in 2024, but the lack of reconciliation did result in payments not being properly made in a timely fashion. At the end of 2023, the following balances remained in the Mayor's Court Account that should have been remitted to the following agencies by the end of 2023:

\$9,546 - Due to the Village of South Point for a portion of monies collected in October and November 2023.
\$12,758 - Due to the State of Ohio for collections for February 2023 and then August thru November 2023. The Mayor's Court Clerk and Assistant Police Chief should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all balances. Any variances should be investigated, documented and corrected. In addition, the Council, Mayor, and Fiscal Officer should review the monthly reconciliation including the related support and document reviews. The Village Court should ensure that all monies are remitted to the appropriate agencies in a timely manner.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Village Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

For 2023 and 2022, the budgetary footnote information filed through the Hinkle System was incorrectly reported due to the fact the Uniform Accounting Network (UAN) system was not properly updated. The following variances were noted:

Variances between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2023 were as follows:

FINDING NUMBER 2023-003
(Continued)

Fund	Estimated Receipts from Amended Certificate of Estimated Resources	Estimated Receipts in UAN System	Difference
Fire Fund	\$126,376	\$377,419	(\$251,043)
Police Fund	\$738,981	\$812,126	(\$73,145)
Water Fund	\$807,147	\$814,947	(\$7,800)
Sewer Fund	\$1,432,638	\$1,473,817	(\$41,179)
Sanitation Fund	\$196,500	\$271,495	(\$74,995)

Variations between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2022 were as follows:

Fund	Estimated Receipts from Amended Certificate of Estimated Resources	Estimated Receipts in UAN System	Difference
General	\$694,592	\$740,650	(\$46,058)
Police Fund	\$730,364	\$817,134	(\$86,770)
ARPA Fund	\$0	\$202,675	(\$202,675)

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2023 were as follows:

Fund - Line item	Approved Appropriations	Appropriations in UAN system	Difference
General Fund	\$836,000	\$934,435	(\$98,435)
Tiffany Lane Street Project Fund	\$0	\$825,000	(\$825,000)
Fire Fund	\$117,050	\$457,613	(\$340,563)
Police Fund	\$839,603	\$920,748	(\$81,145)
Waterline Replacement, 4th Street Area Fund	\$0	\$1,793,726	(\$1,793,726)
Waterline Replacement, Phase 3 Fund	\$0	\$86,401	(\$86,401)
Water Fund	\$871,800	\$933,126	(\$61,326)
Sewer Fund	\$1,683,246	\$1,817,007	(\$133,761)
Sanitation Fund	\$195,000	\$243,433	(\$48,433)
Sewer Reserve Fund	\$100,000	\$200,000	(\$100,000)
ARPA Fund	\$201,070	\$194,272	\$6,798

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2022 were as follows:

Fund - Line item	Approved Appropriations	Appropriations in UAN system	Difference
General Fund	\$1,006,690	\$1,009,190	(\$2,500)
ARPA Fund	\$301,070	\$402,942	(\$101,872)
Police Fund	\$866,606	\$885,361	(\$18,755)

FINDING NUMBER 2023-003
(Continued)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The original appropriations approved by Village Council were posted to the accounting system, but then amendments were made to those appropriations in the system that were not properly updated. There were also several adjustments noted that were posted to the UAN system that were never approved by Village Council. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system accurately at all times throughout the year. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and only appropriations approved by the Village Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-004

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

"Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Governing Board can authorize the drawing of a warrant for the payment of the amount due. The Governing Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor.

FINDING NUMBER 2023-004
(Continued)

Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Governing Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, in 2023 and 2022 respectively, 16% (\$54,216) and 57% (\$129,699) of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-005

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022 the Village's appropriations exceeded the amount certified as available by the budget commission in the ARPA and Police Special Revenue funds by \$100,000 and \$44,096, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

**FINDING NUMBER 2023-005
 (Continued)**

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2023-006

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's following funds had expenditures in excess of appropriations as of December 31, 2023:

Fund	Appropriations	Budgetary Expenditures	Variance
General Fund	\$836,578	\$906,240	(\$69,662)
Tiffany Lane Street Project Fund	\$0	\$413,271	(\$413,271)
Fire Fund	\$117,250	\$406,924	(\$289,674)
Police Fund	\$846,737	\$905,534	(\$58,797)
Sewer Fund	\$1,688,020	\$1,750,705	(\$62,685)
Sanitation Fund	\$195,000	\$230,467	(\$35,467)
Sewer Reserve Fund	\$100,000	\$184,876	(\$84,876)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Village Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

We will strive to correct this in the future.

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VILLAGE OF SOUTH POINT
LAWRENCE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness - Sound Financial Reporting	Not Corrected.	Errors in posting to the system were identified. Reissued as Finding Number 2023-001.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SOUTH POINT

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/15/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov