

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

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



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Russells Point, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 18, 2011

This Page is Intentionally Left Blank.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 & 2008**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Type and Similar Fiduciary Fund- For the Year Ended December 31, 2009	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Type and Similar Fiduciary Fund - For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7-18
Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19-20
Schedule of Audit Findings	21
Schedule of Prior Audit Findings	22

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306

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

Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

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

To Village Council:

We have audited the accompanying financial statements of the Village of Russells Point, Logan County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or its cash flows the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Russells Point, Logan County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

December 29, 2010

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2009

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 84,422	\$ 71,449	\$ -	\$ 155,871
Municipal Income Tax	203,043	-	-	203,043
Intergovernmental	64,332	77,967	-	142,299
Special Assessments	-	-	950	950
Fines, Licenses and Permits	27,107	2,953	-	30,060
Interest	930	296	-	1,226
Other	114,065	425	-	114,490
Total Receipts	493,899	153,090	950	647,939
Disbursements:				
Security of Persons & Property	36,239	141,943	-	178,182
Community Environment	28,597	741	-	29,338
Leisure Time Activities	-	2,325	-	2,325
Transportation	-	51,962	-	51,962
General Government	140,680	-	93	140,773
Capital Outlay	-	20,762	-	20,762
Debt Service:				
Principal Retirement	903	-	16,498	17,401
Interest	-	-	31,323	31,323
Total Disbursements	206,419	217,733	47,914	472,066
Total Receipts Over/(Under) Disbursements	287,480	(64,643)	(46,964)	175,873
Other Financing Sources/(Uses):				
Return Grant Proceeds	-	(1,163)	-	(1,163)
Transfers In	-	78,000	50,000	128,000
Transfers Out	(128,000)	-	-	(128,000)
Total Other Financing Sources/(Uses)	(128,000)	76,837	50,000	(1,163)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	159,480	12,194	3,036	174,710
Fund Cash Balance, January 1, 2009	490,945	234,047	21,343	746,335
Fund Cash Balance, December 31, 2009	\$ 650,425	\$ 246,241	\$ 24,379	\$ 921,045

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
For the Year Ended December 31, 2009

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Totals- (Memorandum Only) <u>Only</u>
Receipts:			
Charges for Services	\$ 537,227	\$ -	\$ 537,227
Total Receipts	<u>537,227</u>	<u>-</u>	<u>537,227</u>
Disbursements:			
Personal Services	111,187	-	111,187
Employee Fringe Benefits	62,804	-	62,804
Contractual Services	158,048	-	158,048
Material and Supplies	44,243	-	44,243
Total Disbursements	<u>376,282</u>	<u>-</u>	<u>376,282</u>
Excess of Receipts Over/(Under) Disbursements	160,945	-	160,945
Non-Operating Receipts:			
Fines and Forfeitures	-	11,854	11,854
Loan Proceeds	5,853	-	5,853
Miscellaneous	118	-	118
Total Non-Operating Receipts	5,971	11,854	17,825
Non-Operating Disbursements:			
Capital Outlay	(17,312)	-	(17,312)
Debt Service			
Principal Retirement	(55,245)	-	(55,245)
Interest and Fiscal Charges	(59,078)	-	(59,078)
Other Financing Uses	(11,530)	-	(11,530)
Distribution of Fines and Forfeitures	-	(11,854)	(11,854)
Total Nonoperating Disbursements	<u>(143,165)</u>	<u>(11,854)</u>	<u>(155,019)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	23,751	-	23,751
Transfers In	189,200	-	189,200
Transfers Out	(189,200)	-	(189,200)
Net Receipts Over/(Under) Disbursements	23,751	-	23,751
Fund Cash Balance, January 1, 2009	<u>279,602</u>	<u>-</u>	<u>279,602</u>
Fund Cash Balance, December 31, 2009	<u>\$ 303,353</u>	<u>\$ -</u>	<u>\$ 303,353</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 82,166	\$ 69,549	\$ -	\$ 151,715
Municipal Income Tax	200,816	-	-	200,816
Intergovernmental	122,513	78,296	-	200,809
Special Assessments	-	-	637	637
Fines, Licenses and Permits	40,682	3,358	-	44,040
Interest	6,590	3,430	-	10,020
Other	39,009	1,000	-	40,009
Total Receipts	491,776	155,633	637	648,046
Disbursements:				
Security of Persons & Property	35,098	121,816	-	156,914
Community Environment	26,858	6,111	-	32,969
Transportation	-	33,515	-	33,515
General Government	171,815	-	83	171,898
Capital Outlay	-	49,719	-	49,719
Debt Service:				
Principal Retirement	784	-	16,108	16,892
Interest	-	-	32,694	32,694
Total Disbursements	234,555	211,161	48,885	494,601
Total Receipts Over/(Under) Disbursements	257,221	(55,528)	(48,248)	153,445
Other Financing Sources/(Uses):				
Transfers In	-	90,000	58,097	148,097
Transfers Out	(148,097)	-	-	(148,097)
Total Other Financing Sources/(Uses)	(148,097)	90,000	58,097	-
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	109,124	34,472	9,849	153,445
Fund Cash Balance, January 1, 2008	381,821	199,575	11,494	592,890
Fund Cash Balance, December 31, 2008	\$ 490,945	\$ 234,047	\$ 21,343	\$ 746,335
Reserve for Encumbrances, December 31, 2008	\$ 345	\$ 339	\$ -	\$ 684

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
For the Year Ended December 31, 2008

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Totals- (Memorandum Only) <u>Only</u>
Receipts:			
Charges for Services	\$ 483,833	\$ -	\$ 483,833
Miscellaneous	1,650	-	1,650
Total Receipts	<u>485,483</u>	<u>-</u>	<u>485,483</u>
Disbursements:			
Personal Services	100,208	-	100,208
Employee Fringe Benefits	57,630	-	57,630
Contractual Services	149,468	-	149,468
Material and Supplies	50,897	-	50,897
Total Disbursements	<u>358,203</u>	<u>-</u>	<u>358,203</u>
Excess of Receipts Over/(Under) Disbursements	<u>127,280</u>	<u>-</u>	<u>127,280</u>
Non-Operating Receipts:			
Fines and Forfeitures	-	13,490	13,490
Total Non-Operating Receipts	<u>-</u>	<u>13,490</u>	<u>13,490</u>
Non-Operating Disbursements:			
Capital Outlay	(10,820)	-	(10,820)
Debt Service			
Principal Retirement	(50,887)	-	(50,887)
Interest and Fiscal Charges	(55,765)	-	(55,765)
Distribution of Fines and Forfeitures	-	(13,490)	(13,490)
Total Nonoperating Disbursements	<u>(117,472)</u>	<u>(13,490)</u>	<u>(130,962)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	<u>9,808</u>	<u>-</u>	<u>9,808</u>
Transfers In	121,652	-	121,652
Transfers Out	(121,652)	-	(121,652)
Net Receipts Over/(Under) Disbursements	<u>9,808</u>	<u>-</u>	<u>9,808</u>
Fund Cash Balance, January 1, 2008	<u>269,794</u>	<u>-</u>	<u>269,794</u>
Fund Cash Balance, December 31, 2008	<u>\$ 279,602</u>	<u>\$ -</u>	<u>\$ 279,602</u>
Reserve for Encumbrances, December 31, 2008	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 474</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Russells Point, Logan County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, including water utilities and police protection. The Village contracts with the Indian Joint Fire District to provide fire protection services.

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

B. BASIS OF ACCOUNTING

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

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

C. CASH

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

D. FUND ACCOUNTING

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

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

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

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

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

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

- Municipal Building Fund—This fund receives transfers from the general fund and pays down debt related to purchase and renovation of the Village administration building.

Proprietary Fund Types:

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

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

- Water Operating Fund- Receives user fees and provides for the operations of the water department.
- Mortgage Debt Service Fund-This fund receives water operating money to pay debt for water system improvements.
- Utility Improvement Fund- This fund accounts for upgrades in the Village waste water treatment plant.

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

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

E. BUDGETARY PROCESS

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

1. Estimated Resources

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

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

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

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

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2008 and 2009. However, those fund balances are available for appropriation.

2. Appropriations

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

3. Encumbrances

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

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

F. PROPERTY, PLANT AND EQUIPMENT

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

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$1,224,398	\$1,012,376
Certificates of Deposit	-	<u>13,561</u>
Total Deposits	<u>\$1,224,398</u>	<u>\$1,025,937</u>

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

3. PROPERTY TAXES

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

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

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

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

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

3. PROPERTY TAXES – (Continued)

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village. Tangible personal property taxes were phased out in 2009.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

<u>Fund:</u>	<u>2009 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 437,335	\$ 493,899	\$ 56,564
Special Revenue Funds	219,050	231,090	12,040
Capital Projects Funds	50,300	50,950	650
Enterprise Funds	1,145,490	732,398	(413,092)

<u>Fund:</u>	<u>2009 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General Fund	\$ 435,344	\$ 334,419	\$ 100,925
Special Revenue Funds	249,939	218,896	31,043
Capital Projects Funds	50,300	47,914	2,386
Enterprise Funds	802,200	708,647	93,553

<u>Fund:</u>	<u>2008 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 452,380	\$ 491,776	\$ 39,396
Special Revenue Funds	235,050	245,633	10,583
Capital Projects Funds	60,600	58,734	(1,866)
Enterprise Funds	527,915	607,135	79,220

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

4. BUDGETARY ACTIVITY – (Continued)

<u>Fund:</u>	<u>2008 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 459,311	\$ 382,997	\$ 76,314
Special Revenue Funds	240,411	211,500	28,911
Capital Projects Funds	49,802	48,885	917
Enterprise Funds	689,800	597,801	91,999

5. RETIREMENT SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5%. OPERS members contributed 10.0% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2009.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (the “Plan” or “OPRM”) formerly the Ohio Government Risk Management Plan (“OGRMP”).

The Ohio Plan Risk Management, Inc. (the “Plan” or “OPRM”) was formed on January 1, 2009 through an internal reorganization. Prior to 2009, the OPRM’s financial information which related to the property and casualty line of business was included in a separate entity, the Ohio Government Risk Management Plan (“OGRMP”). Also included in the OGRMP was an additional line of business for a health product. The Plan was formed to separately manage the property and casualty product from the employee benefits products.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

6. RISK MANAGEMENT - (Continued)

The Plan, as the former Ohio Government Risk Management Plan (the "OGRMP"), was organized in June, 1988, as authorized by Section 2744.081 of the Ohio Revised Code. The OGRMP was an unincorporated non-profit association of its members. Effective January 1, 2009, the OPRM incorporated to act as an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for formalized, jointly administered self-insurance programs to maintain adequate self-insurance protection, risk management programs and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan are political subdivisions such as townships, villages, cities and others in the State of Ohio which are eligible to participate under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator. The Plan is governed by a Board of Directors comprised of appointed and elected representatives of public entities that participate in the program.

The Plan was first established to provide property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. The OPRM has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the property and casualty coverages provided, in excess of the member's deductible.

OPRM has developed specific forms and endorsements of property and casualty coverage and substantially reinsures these coverages. Individual members are only responsible for their self-retention (deductible) amounts that vary from member to member.

OPRM has an agreement with Hylant Administrative Services, LLC ("HAS") to provide agent management, underwriting, claims management, risk management, accounting and system support services for OPRM. HAS also provides reinsurance brokerage services to OPRM, which is paid for by the reinsurers.

OPRM is comprised exclusively of approximately 725 Ohio political subdivisions. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of reinsuring the majority of coverage provided, with the exception of its paid loss ratio cap on old casualty reinsurance layers.

VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

6. RISK MANAGEMENT - (Continued)

Effective September 1, 2002, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2009, the OPRM retained 17.5% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

In 2002, OPRM (as OGRMP) elected to participate in a loss corridor deductible in its first \$500,000 of casualty reinsurance to control reinsurance costs. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. If the OPRM's paid loss ratio reaches 55%, OPRM would pay all the losses incurred related to this treaty up to the next 10% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded. Effective September 1, 2003, the corridor is for losses paid between 62% and 67% of premiums earned.

Effective November, 2004 to present, the corridor is for losses paid between 65% and 70% of premiums earned.

The Pool's audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31:

	<u>2009</u>
Assets	\$11,176,186
Liabilities	<u>4,852,485</u>
Member's Equity	<u>\$ 6,323,701</u>

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

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

7. DEBT

Debt outstanding at December 31, 2009 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 252,662	0.00%
USDA Mortgage Revenue Bonds	1,081,000	5.00%
Building Acquisition Bonds-Schouten	330,594	6.00-8.00%
Building Acquisition Bonds-HNB	139,750	4.75%
OWDA	4,081	1.50%
Total	<u>\$1,808,087</u>	

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

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

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

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

7. DEBT – (Continued)

In 2009 the Village entered into a 30 year loan agreement in with the Ohio Water Development Authority (OWDA) in the amount of \$1,176,874 at 1.50% for improvements to their water treatment plant. Construction began in 2010.

The Village entered into an agreement with Logan County Board of Commissioners during 1988 for the purchase of property. The building currently is not being used by the Village. The cost of the building was \$20,000 and was being paid by crediting the water account of the Logan County Board of Commissioners. The Village’s General Fund accounted for the payments and the loan was paid off in 2009.

Principal and interest requirements for debt outstanding at December 31, 2009 is as follows:

<u>Year Ended</u>	OPWC	USDA	Bonds- Schouten	Bonds- HNB	OWDA
2010	\$ 34,187	\$ 72,465	\$ 30,146	\$ 17,352	Not
2011	34,187	72,465	30,146	16,834	Available
2012	34,187	72,465	30,146	16,331	
2013	29,774	72,465	30,146	15,799	
2014	27,614	72,465	30,146	15,281	
2015-2019	89,558	362,325	150,730	68,649	
2020-2024	3,155	362,325	150,730	34,974	
2025-2029	-	362,325	150,730	-	
Subsequent	-	580,040	75,365	-	
Total	\$252,662	\$2,029,340	\$678,285	\$185,220	

8. INCOME TAX

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

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

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

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

9. INTERFUND TRANSFERS/ADVANCES

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

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

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

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

To Village Council:

We have audited the financial statements of the Village of Russells Point, Logan County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated December 29, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. 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 entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-RUSPT-01 as described in the accompanying Schedule of Audit Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the Schedule of Audit Findings as item 2009-RUSPT-01.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

Charles E. Harris and Associates, Inc.

December 29, 2010

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Years Ended December 31, 2009 and 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

Finding Number 2009-RUSPT-01-Noncompliance Citation and Material Weakness

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

- 1) The Village did not record expenditures of \$6,300 from an OEMA grant and other expenditures of \$1,700 during the 08/09 fiscal periods. Although the money was properly spent, the expenditures were not reflected in the Village's financial statements.
- 2) The gross receipts and disbursements of the Mayor's Court were understated by \$7,551 in 2009 and \$7,394 in 2008. Only the amounts due to the State were reflected in the agency fund financial statements.

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

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

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

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

Management's Response

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

**VILLAGE OF RUSSELLS POINT
LOGAN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2009 and 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-RUSPT-01	ORC 5705.10- Negative fund balances	Yes	
2007-RUSPT-02	ORC 5705.36- Estimated Resources not amended	Yes	
2007-RUSPT-03	ORC 5705.39 – Appropriations exceeded available resources	Yes	
2007-RUSPT-04	ORC 5705.41(B)- Expenditures exceeded appropriations	Yes	
2007-RUSPT-05	ORC 733.28 and 733.43-Unrecorded Transactions	No	Repeated as 2009-RUSPT-01

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

VILLAGE OF RUSSELLS POINT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 3, 2011