

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

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010***

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





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Russells Point, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 28, 2013

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**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2011 & 2010**

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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the 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, 2011 and 2010. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010, 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, 2011 and 2010, or its changes in financial position or cash flows for 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 as of December 31, 2011 and 2010 of the Village of Russells, Logan County, 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.

As described in Note 9, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. The Schedule of Expenditures of Federal Awards (Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Charles E. Harris & Associates*

***Charles E. Harris & Associates, Inc.***

November 29, 2012

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, 2011

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 76,998	\$ 66,060	\$ -	\$ 143,058
Municipal Income Tax	200,919	-	-	200,919
Intergovernmental	293,811	107,505	-	401,316
Fines, Licenses and Permits	33,396	1,468	-	34,864
Interest	697	193	-	890
Other	103,580	1,638	-	105,218
<b>Total Receipts</b>	<b>709,401</b>	<b>176,864</b>	<b>-</b>	<b>886,265</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	36,902	193,329	-	230,231
Community Environment	34,108	-	-	34,108
Leisure Time Activities	-	3,218	-	3,218
Transportation	-	64,103	-	64,103
General Government	188,701	-	-	188,701
Capital Outlay	-	23,232	-	23,232
<b>Debt Service:</b>				
Principal Retirement	-	-	17,366	17,366
Interest	-	-	29,447	29,447
<b>Total Disbursements</b>	<b>259,711</b>	<b>283,882</b>	<b>46,813</b>	<b>590,406</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>449,690</b>	<b>(107,018)</b>	<b>(46,813)</b>	<b>295,859</b>
<b>Other Financing Sources/(Uses):</b>				
Advances In	-	2,000	-	2,000
Advances Out	(2,000)	-	-	(2,000)
Transfers In	-	101,259	48,741	150,000
Transfers Out	(150,000)	-	-	(150,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(152,000)</b>	<b>103,259</b>	<b>48,741</b>	<b>-</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>297,690</b>	<b>(3,759)</b>	<b>1,928</b>	<b>295,859</b>
<b>Fund Cash Balance, January 1, 2011</b>	<b>803,681</b>	<b>260,728</b>	<b>12,827</b>	<b>1,077,236</b>
Restricted	-	256,969	-	256,969
Committed	-	-	14,755	14,755
Unassigned	1,101,371	-	-	1,101,371
<b>Fund Cash Balance, December 31, 2011</b>	<b>\$ 1,101,371</b>	<b>\$ 256,969</b>	<b>\$ 14,755</b>	<b>\$ 1,373,095</b>

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, 2011**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Receipts:</b>			
Charges for Services	\$ 629,745	\$ -	\$ 629,745
<b>Total Receipts</b>	<u>629,745</u>	<u>-</u>	<u>629,745</u>
<b>Disbursements:</b>			
Personal Services	93,482	-	93,482
Employee Fringe Benefits	49,949	-	49,949
Contractual Services	203,510	-	203,510
Material and Supplies	51,185	-	51,185
<b>Total Disbursements</b>	<u>398,126</u>	<u>-</u>	<u>398,126</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	231,619	-	231,619
<b>Non-Operating Receipts:</b>			
Fines and Forfeitures	-	16,777	16,777
Intergovernmental	44,216	-	44,216
Loan Proceeds	113,381	-	113,381
<b>Total Non-Operating Receipts</b>	157,597	16,777	174,374
<b>Non-Operating Disbursements:</b>			
Capital Outlay	(121,634)	-	(121,634)
Debt Service:			
Principal Retirement	(66,868)	-	(66,868)
Interest and Fiscal Charges	(64,374)	-	(64,374)
Distribution of Fines and Forfeitures	-	(16,777)	(16,777)
<b>Total Nonoperating Disbursements</b>	<u>(252,876)</u>	<u>(16,777)</u>	<u>(269,653)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	136,340	-	136,340
Transfers In	167,429	-	167,429
Transfers Out	(167,429)	-	(167,429)
<b>Net Receipts Over/(Under) Disbursements</b>	136,340	-	136,340
<b>Fund Cash Balance, January 1, 2011</b>	<u>479,687</u>	<u>-</u>	<u>479,687</u>
<b>Fund Cash Balance, December 31, 2011</b>	<u>\$ 616,027</u>	<u>\$ -</u>	<u>\$ 616,027</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, 2010

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 78,886	\$ 67,118	\$ -	\$ 146,004
Municipal Income Tax	206,482	-	-	206,482
Intergovernmental	111,985	96,608	-	208,593
Fines, Licenses and Permits	31,980	2,988	-	34,968
Interest	618	196	-	814
Other	54,326	6,607	-	60,933
<b>Total Receipts</b>	<b>484,277</b>	<b>173,517</b>	<b>-</b>	<b>657,794</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	39,802	178,631	-	218,433
Community Environment	14,641	-	-	14,641
Transportation	-	38,498	-	38,498
General Government	159,117	-	-	159,117
Capital Outlay	-	23,401	-	23,401
<b>Debt Service:</b>				
Principal Retirement	-	-	16,917	16,917
Interest	-	-	30,401	30,401
<b>Total Disbursements</b>	<b>213,560</b>	<b>240,530</b>	<b>47,318</b>	<b>501,408</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>270,717</b>	<b>(67,013)</b>	<b>(47,318)</b>	<b>156,386</b>
<b>Other Financing Sources/(Uses):</b>				
Transfers In	-	81,500	35,766	117,266
Advances In	2,000	2,000	-	4,000
Other	(195)	-	-	(195)
Advances Out	(2,000)	(2,000)	-	(4,000)
Transfers Out	(117,266)	-	-	(117,266)
<b>Total Other Financing Sources/(Uses)</b>	<b>(117,461)</b>	<b>81,500</b>	<b>35,766</b>	<b>(195)</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>153,256</b>	<b>14,487</b>	<b>(11,552)</b>	<b>156,191</b>
<b>Fund Cash Balance, January 1, 2010</b>	<b>650,425</b>	<b>246,241</b>	<b>24,379</b>	<b>921,045</b>
Restricted	-	260,728	-	260,728
Committed	-	-	12,827	12,827
Unassigned	803,681	-	-	803,681
<b>Fund Cash Balance, December 31, 2010</b>	<b>\$ 803,681</b>	<b>\$ 260,728</b>	<b>\$ 12,827</b>	<b>\$ 1,077,236</b>

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, 2010

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Receipts:</b>			
Charges for Services	\$ 595,460	\$ -	\$ 595,460
<b>Total Receipts</b>	<u>595,460</u>	<u>-</u>	<u>595,460</u>
<b>Disbursements:</b>			
Personal Services	90,389	-	90,389
Employee Fringe Benefits	41,263	-	41,263
Contractual Services	251,386	-	251,386
Material and Supplies	57,369	-	57,369
<b>Total Disbursements</b>	<u>440,407</u>	<u>-</u>	<u>440,407</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	155,053	-	155,053
<b>Non-Operating Receipts:</b>			
Intergovernmental	669,407	-	669,407
OWDA Loan Proceeds	996,628	-	996,628
Fines and Forfeitures	-	15,673	15,673
<b>Total Non-Operating Receipts</b>	<u>1,666,035</u>	<u>15,673</u>	<u>1,681,708</u>
<b>Non-Operating Disbursements:</b>			
Capital Outlay	(1,500,841)	-	(1,500,841)
Debt Service			
Principal Retirement	(70,550)	-	(70,550)
Interest and Fiscal Charges	(73,363)	-	(73,363)
Distribution of Fines and Forfeitures	-	(15,673)	(15,673)
<b>Total Nonoperating Disbursements</b>	<u>(1,644,754)</u>	<u>(15,673)</u>	<u>(1,660,427)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	176,334	-	176,334
Transfers In	121,050	-	121,050
Transfers Out	(121,050)	-	(121,050)
<b>Net Receipts Over/(Under) Disbursements</b>	<u>176,334</u>	<u>-</u>	<u>176,334</u>
<b>Fund Cash Balance, January 1, 2010</b>	<u>303,353</u>	<u>-</u>	<u>303,353</u>
<b>Fund Cash Balance, December 31, 2010</b>	<u>\$ 479,687</u>	<u>\$ -</u>	<u>\$ 479,687</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, 2011 and 2010**

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, 2011 and 2010**

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: 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.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

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 Fiscal Officer, 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 Fiscal Officer 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, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

On or about January 1, the Fiscal Officer 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 Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2011. 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. 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.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. 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.
3. Committed- The Village 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.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.
5. 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.

G. 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, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. 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>2011</u>	<u>2010</u>
Demand Deposits	\$1,989,122	\$1,556,923
Total Deposits	<u>\$1,989,122</u>	<u>\$1,556,923</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.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 399,230	\$ 709,401	\$ 310,171
Special Revenue Funds	398,735	278,123	(120,612)
Capital Projects Funds	50,300	48,741	(1,559)
Enterprise Funds	901,725	954,771	53,046

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 532,700	\$ 409,711	\$ 122,989
Special Revenue Funds	453,980	283,882	170,098
Capital Projects Funds	50,300	46,813	3,487
Enterprise Funds	998,000	818,431	179,569

<u>Fund:</u>	<u>2010 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 393,105	\$ 484,277	\$ 91,172
Special Revenue Funds	228,445	255,017	26,572
Capital Projects Funds	-	35,766	35,766
Enterprise Funds	2,430,800	2,382,545	(48,255)

<u>Fund:</u>	<u>2010 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 470,395	\$ 331,216	\$ 139,179
Special Revenue Funds	284,139	240,530	43,609
Capital Projects Funds	50,300	47,318	2,982
Enterprise Funds	2,470,000	2,206,211	263,789

The Village was in violation of Ohio Revised Code Section 5705.39.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

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 2011.

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"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides 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, referred to as Ohio Plan Risk management (“OPRM”), 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, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members.

These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 70 and 65 members as of December 31, 2011 and 2010 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three years.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

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, 2011 and 2010, and include amounts for both OPRM and OPHC:

	<b>2011</b>		<b>2010</b>	
	<u>OPRM</u>	<u>OPHC</u>	<u>OPRM</u>	<u>OPHC</u>
Assets	\$12,051,280	\$1,459,791	\$12,036,541	\$1,355,131
Liabilities	(5,328,761)	(1,283,527)	(4,845,056)	(1,055,096)
Members' Equity	<u>\$7,172,519</u>	<u>\$176,264</u>	<u>\$7,191,485</u>	<u>\$300,035</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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

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

7. DEBT

Debt outstanding at December 31, 2011 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 168,877	0.00%
USDA Mortgage Revenue Bonds	1,043,000	5.00%
Building Acquisition Bonds-Schouten	317,811	6.00-8.00%
Building Acquisition Bonds-HNB	118,250	4.75%
OWDA #5439	1,098,457	1.50%
Total	<u>\$2,746,395</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, 2020. The loans are collateralized by water receipts and the debt is being paid through the Enterprise Debt Service Fund.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2011 and 2010**

7. DEBT – (Continued)

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 Fiscal Officer 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.

In 2009 the Village entered into a 30 year loan agreement 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 and was completed in 2011.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

7. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2011 is as follows:

<u>Year Ended</u>	<u>OPWC</u>	<u>USDA</u>	<u>Bonds- Schouten</u>	<u>Bonds- HNB</u>	<u>OWDA #5439</u>
2012	\$ 34,187	\$ 72,550	\$ 30,146	\$ 16,331	44,979
2013	29,771	72,550	30,146	15,799	46,273
2014	27,610	72,550	30,146	15,281	46,273
2015	27,610	72,550	30,146	14,763	46,273
2016	27,610	72,550	30,146	14,255	46,273
2017-2021	22,089	362,750	150,730	63,466	231,365
2022-2026	-	362,750	150,730	11,139	231,365
2027-2031	-	362,750	150,730	-	231,365
2032-2036	-	362,750	15,073	-	231,365
2037-2041	-	72,550	-	-	208,228
<b>Total</b>	<b>\$168,877</b>	<b>\$1,886,300</b>	<b>\$617,993</b>	<b>\$151,034</b>	<b>\$1,363,759</b>

8. INCOME TAX

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

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

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

9. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2011 and 2010**

10. 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.

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**Village of Russells Point, Logan County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010**

<u>Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<b><u>U. S. Department of Housing and Urban and Development</u></b>			
Pass-Through, Ohio Department of Development OHCP: ARRA-Community Development Block Grant	C-R-09-2FK-1	14.255	\$ 500,000
Total Department of Housing and Urban Development			500,000
<b><u>U. S. Department of Justice</u></b>			
Direct Program: ARRA-COPS Hiring Recovery Program	2009RKWX0683	16.710	24,342
Total Department of Justice			24,342
Total Expenditures of Federal Awards			\$ 524,342

Note: This Schedule of Expenditures of Federal Awards was prepared using the cash basis method of accounting.

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***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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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 the 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, 2011 and 2010, and have issued our report thereon dated November 29, 2012, 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 and implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our 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 a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

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 2011-RUSPT-01 described in the accompanying Schedule of 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 grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2011-RUSPT-02.

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

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

*Charles E. Harris and Associates*

*Charles E. Harris and Associates, Inc.*

November 29, 2012

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

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Russells Point, Logan County (the Village), with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Village's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with these requirements.

In our opinion, the Village of Russells Point complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as finding 2011-RUSPT-03.

Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-RUSPT-03 to be a material weakness.

The Village's response to the finding we identified 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 the audit committee, management, Village Council, others within the Village, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



*Charles E. Harris and Associates, Inc.*

November 29, 2012

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY  
December 31, 2011 and 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material weaknesses reported for major federal programs?</i>	Yes
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	Yes
(d)(1)(vii)	<i>Major Program:</i>	CFDA #14.255 Community Development Block Grant
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	\$300,000
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
SCHEDULE OF FINDINGS  
For the Years Ended December 31, 2011 and 2010**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**Finding Number 2011-RUSPT-01-Material Weakness**

Although the Village utilizes the UAN system provided by the Auditor of State to record transactions and prepare cash basis financial statements, the Village does not have a process to review the output for errors. Accordingly, the financial statements contained the following misstatements during 2011 and 2010:

- The gross receipts and disbursements of the Mayor’s Court were understated by \$8,835 in 2011 and \$8,831 in 2010. Only the amounts due to the State were reflected in the agency fund financial statements.
- Loan proceeds and capital expenditures in the amount of \$113,381 in 2011 and \$996,628 in 2010 related to OWDA loan #5439 were not recorded.
- A Community Development Block Grant in the amount of \$500,000 and related expenditures was not recorded.

The financial statements and the Village’s records have been adjusted to properly reflect these transactions.

We recommend that the expenditures be recorded in accordance with the classifications found in the *Ohio Village Officers’ Handbook* and that the Village implement additional internal control procedures to ensure the accuracy and completeness of transactions and the annual financial reports. The internal control procedures can include additional review of financial statements, revenue ledgers, and expenditures ledgers by an outside party and/or using analytical reviews for comparison of current year to prior year numbers.

Management’s Response:

The Village has hired a new fiscal officer who will take appropriate corrective action.

**Finding Number 2011-RUSPT-02-Noncompliance Citation**

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that “... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission...”

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
SCHEDULE OF FINDINGS  
For the Years Ended December 31, 2011 and 2010**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS-(Continued)**

**Finding Number 2011-RUSPT-02-Noncompliance Citation- (Continued)**

This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

Contrary to this requirement, the following funds had total appropriations in excess of estimated resources, including carryover balances:

2011

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SR-Police 3 Mil Fund	\$171,976	\$192,500	\$(20,524)

2010

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SR-Parks & Recreation	\$775	\$3,100	\$(2,325)
SR-Police 3 Mil	145,863	155,059	(9,196)
CAP-Municipal Building	11,552	50,000	(38,448)
Ent-Debt Service	128,699	130,000	(1,301)

We recommend that the Fiscal Officer monitor all budgetary information regularly to avoid appropriations exceeding estimated resources.

Management Response:

The Village has hired a new fiscal officer who will monitor budgetary information on a regular basis.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
SCHEDULE OF FINDINGS  
For the Years Ended December 31, 2011 and 2010**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**Finding Number: 2011-RUSPT-03 – Noncompliance/Material Weakness**

31 U.S.C. 7502 (a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in federal awards to have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearinghouse within nine months after year-end.

The Village does not have a procedure to identify all federal funds received and expended during the fiscal year. A grant received from the Ohio Department of Development passed through from the U.S. Department of Housing and Urban Development in 2010 in the amount of \$500,000 was not recorded on the Village's books. Therefore, the Village was not aware that it had expended over \$500,000 in federal funds during 2010 and was required to have an audit in accordance with OMB Circular A-133.

The failure to file a timely report with the Federal Audit Clearinghouse jeopardizes the Village's eligibility for future federal awards.

We recommend that the Village implement a procedure where the Mayor's office notifies the Fiscal Officer of federal grant awards and that the Fiscal Officer establish separate funds and revenue and expenditure accounts to track federal awards.

**Management Response:**

Per conversation with Jeff Weidener, Fiscal Officer on November 29, 2012, as the new fiscal officer, he will track federal funds and pass-through monies to accurately report any federal funds and provide Single Audits in the future.

**VILLAGE OF RUSSELLS POINT  
 LOGAN COUNTY, OHIO  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 For the Years Ended December 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-RUSPT-01	Unrecorded Transactions	No	Repeated as 2011-RUSPT-01

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# 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  
FEBRUARY 7, 2013