

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

**Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Russells Point  
433 State Route 708 P.O. Box 30  
Russells Point, Ohio 43348

We have reviewed the *Independent Auditor's Report* of the Village of Russells Point, Logan County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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.

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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 28, 2020

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

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## Independent Auditor's Report

Village of Russells Point  
Logan County  
433 State Route 708  
P.O. Box 30  
Russells Point, Ohio 43348

To the Village Council:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Russells Point, Logan County, Ohio as of and for the years ended December 31, 2019 and 2018.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Russells Point's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Russells Point's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village of Russells Point prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Russells Point does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Russells Point as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Russells Point, Logan County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village of Russells Point. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2020, on our consideration of the Village of Russells Point'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Russells Point's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 15, 2020



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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Taxes	\$ 81,645	\$ 124,474	\$ -	\$ 206,119
Municipal Income Tax	330,818	-	-	330,818
Intergovernmental	36,253	126,512	373,240	536,005
Fines, Licenses and Permits	43,749	13,292	-	57,041
Earnings on Investments	76,138	5,834	-	81,972
Miscellaneous	103,616	6,714	-	110,330
Total Cash Receipts	<u>672,219</u>	<u>276,826</u>	<u>373,240</u>	<u>1,322,285</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	38,366	223,221	-	261,587
Leisure Time Activities	-	6,049	-	6,049
Community Environment	19,887	-	-	19,887
Transportation	-	46,055	-	46,055
General Government	296,160	-	-	296,160
Capital Outlay	-	102,098	407,471	509,569
Debt Service:				
Principal Retirement	-	-	10,750	10,750
Interest and Fiscal Charges	-	-	1,889	1,889
Total Cash Disbursements	<u>354,413</u>	<u>377,423</u>	<u>420,110</u>	<u>1,151,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>317,806</u>	<u>(100,597)</u>	<u>(46,870)</u>	<u>170,339</u>
Other Financing Receipts (Disbursements)				
Sale of Asset	-	4,225	-	4,225
Transfers In	-	153,960	63,405	217,365
Transfers Out	(217,374)	-	-	(217,374)
Other Financing Sources	50,218	-	-	50,218
Other Financing Uses	-	-	(4,535)	(4,535)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(167,156)</u>	<u>158,185</u>	<u>58,870</u>	<u>49,899</u>
Net Change in Fund Cash Balances	150,650	57,588	12,000	220,238
Fund Cash Balances, January 1, 2019	<u>1,873,892</u>	<u>296,954</u>	<u>48,827</u>	<u>2,219,673</u>
Fund Cash Balances, December 31, 2019				
Restricted	-	354,542	12,827	367,369
Committed	-	-	48,000	48,000
Assigned	253,855	-	-	253,855
Unassigned (Deficit)	1,770,687	-	-	1,770,687
Fund Cash Balances, December 31, 2019	<u>\$ 2,024,542</u>	<u>\$ 354,542</u>	<u>\$ 60,827</u>	<u>\$ 2,439,911</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Custodial	
Operating Cash Receipts:			
Charges for Services	\$ 698,555	\$ -	\$ 698,555
Fines, Licenses and Permits	-	16,708	16,708
Total Operating Cash Receipts	<u>698,555</u>	<u>16,708</u>	<u>715,263</u>
Operating Cash Disbursements:			
Personal Services	115,637	-	115,637
Fringe Benefits	37,588	-	37,588
Contractual Services	128,083	-	128,083
Supplies and Materials	53,906	-	53,906
Other	-	16,708	16,708
Total Operating Cash Disbursements	<u>335,214</u>	<u>16,708</u>	<u>351,922</u>
Operating Income (Loss)	<u>363,341</u>	<u>-</u>	<u>363,341</u>
Non-Operating Receipts (Disbursements):			
Sale of Fixed Assets	1,110		1,110
Miscellaneous Receipts	4,854	-	4,854
Capital Outlay	(41,847)	-	(41,847)
Principal Retirement	(68,095)	-	(68,095)
Interest and Other Fiscal Charges	(56,929)	-	(56,929)
Total Non-Operating Receipts (Disbursements)	<u>(160,907)</u>	<u>-</u>	<u>(160,907)</u>
<i>Income (Loss) before Transfers</i>	<u>202,434</u>	<u>-</u>	<u>202,434</u>
Other Financing Receipts (Disbursements)			
Transfers In	161,160	13	161,173
Transfers Out	(161,163)	-	(161,163)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3)</u>	<u>13</u>	<u>10</u>
Net Change in Fund Cash Balances	202,431	13	202,444
Fund Cash Balances, January 1, 2019	<u>1,875,402</u>	<u>477</u>	<u>1,875,879</u>
Fund Cash Balances, December 31, 2019	<u>\$ 2,077,833</u>	<u>\$ 490</u>	<u>\$ 2,078,323</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1: REPORTING ENTITY**

The Village of Russells Point (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and stormwater utilities, and police protection.

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

The Village participates in jointly governed organizations. Note 10 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present only activities for which the Village is financially accountable.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation:***

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

***Fund Accounting:***

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

**General Fund**

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

**Special Revenue Funds**

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

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

**Police Levy Fund** – This fund receives property taxes for the provision of police services and is subsidized by transfers from the general fund. This fund reports and tracks all income and expenses related to the police department.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**Capital Project Funds**

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

**Municipal Building Construction Fund** – This fund receives transfers from the general fund for the purpose of paying debt related to the purchase and maintenance of the current Village administration building.

**OPWC Paving** – This fund receives money from the county to help with the street construction improvements around the Village.

**Clean Ohio** – This fund receives money from grants from Ohio Public Works Commission to work on the John and Mary Rudolph Nature Area with building new trails, ramps, and seeding.

**Enterprise Funds**

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

**Water Operating Fund** – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users of the Village.

**Utility Improvement Fund** - This fund receives transfers from the water operating fund for the purpose of future capital improvement costs and upgrades to the water system.

**Mortgage Debt Service Fund** - This fund receives transfers from the water operating fund to pay debt for water system improvement.

**Fiduciary Funds**

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are used to hold resources for individuals, organization or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund accounts for the Mayor's Court receipts and disbursements.

***Basis of Accounting:***

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

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

***Budgetary Process***

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Miscellaneous Receipts***

The Village records rental receipts from Honda Transmission as miscellaneous receipts. Per the Uniform Accounting Network (UAN) handbook, rental receipts are recorded as miscellaneous. This encompasses the majority of miscellaneous receipts in the General Fund.

***Fund Balance***

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

**Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**Committed**

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

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

**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.

**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2019 follows:

<b>Fund Type</b>	<b><u>2019 Budgeted vs. Actual Receipts</u></b>		<b>Variance</b>
	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	
General Fund	518,240	722,437	204,197
Special Revenue Funds	456,650	435,011	(21,639)
Capital Project Funds	456,000	436,645	(19,356)
Enterprise Funds	847,900	865,679	17,779

<b>Fund Type</b>	<b><u>2019 Budgeted vs. Actual Budgetary Basis Expenditures</u></b>		<b>Variance</b>
	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	
General Fund	858,463	588,381	270,082
Special Revenue Funds	542,479	384,523	157,956
Capital Project Funds	456,000	424,645	31,355
Enterprise Funds	1,092,568	682,525	410,043

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

**NOTE 4: DEPOSITS**

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	4,518,234
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*Deposits:* Deposits are insured by the Federal Deposit Insurance Corporation or are collateralized by securities specifically pledged by the financial institution to the Village.

**NOTE 5: TAXES**

*Property Taxes*

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

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

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

*Income Taxes*

The Village levies a municipal 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.

**NOTE 6: RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), 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 is legally separate from its member governments.

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.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

OPRM 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018, the latest information available.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018, the latest information available.

Assets	\$ 15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

**NOTE 7: DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

Three of the Village's employees are full-time police officers and belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their gross wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**NOTE 8: POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.



**VILLAGE OF RUSSELLS POINT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed on individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**NOTE 9: DEBT**

Debt outstanding at December 31, 2019 was as follows:

<b>Description</b>	<b>Principal</b>	<b>Interest Rate</b>
Huntington National Bank (Municipal Building)	32,250	4.75%
USDA Bonds	848,200	5.00%
Ohio Public Works Loan	3,155	0.00%
Ohio Water Development Authority	847,693	1.50%
<b>TOTAL</b>	<b>1,731,298</b>	

In 2002, the Village entered into two separate agreements authorizing the sale of building acquisition bonds to Cornelius Shouten for the purchase and renovation of the building currently used as the Village Administration Building, in the amount of \$133,190 at 6% interest and \$232,127 at 8% interest. Both bonds were payable semi-annually beginning December 1, 2002, until the principal sum is paid. The obligation to make principal payments on the bonds terminated upon the death of his spouse in December 2013, and \$303,092 of debt was forgiven.

In addition to these bonds, the Village authorized the issuance and sale of bonds in the amount of \$215,000 to Huntington National Bank to help fund the purchase and renovation of the municipal building. The bond is being repaid in semiannual installments with interest at the rate 4.75%, and matures in 2022. The bond is being repaid through the Municipal Building Fund, which is a capital project fund.

In 1997, the Village entered into a bond agreement with the USDA in the amount of \$1,245,000. The debt is being repaid in annual installments with interest at the rate of 5%, and matures in 2037. The bonds are collateralized by water receipts and debt is paid through the Mortgage Debt Service Fund, which is an enterprise 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 reserve fund. The balance of the Debt Service Reserve fund is \$91,054 at December 31, 2019.

In 1998, the Village entered into a loan agreement with the Ohio Public Works Commission in the amount of \$162,534. The loan is being repaid in semiannual installments with no interest and matures July 1, 2020. The loan is collateralized by water receipts and the debt is being paid through the Mortgage Debt Service Fund, which is an enterprise fund.

In 2009 the Village entered into a loan agreement with the Ohio Water Development Authority in the amount of \$1,114,558. The loan is being repaid in semiannual installments with interest at the rate 1.50%, and matures in 2041. The loan is being repaid through the Mortgage Debt Service Fund, which is an enterprise fund.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(CONTINUED)

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

Year Ending December 31	Huntington	USDA	OPWC	OWDA
2020	12,178	72,610	3,155	46,273
2021	11,657	72,500	-	46,273
2022	11,139	72,620	-	46,273
2023	-	72,555	-	46,273
2024	-	72,510	-	46,273
2025-2029	-	362,770	-	231,365
2030-2034	-	362,825	-	231,365
2035-2039	-	217,680	-	231,365
2040-2041	-	-	-	69,409
<b>TOTAL</b>	<b>34,974</b>	<b>1,306,070</b>	<b>3,155</b>	<b>994,869</b>

**NOTE 10: JOINTLY GOVERNED ORGANIZATIONS**

The Village participates in two jointly governed organizations. The organizations are:

**Indian Joint Fire District:** This organization provides fire services to the Village and Washington Township. The governing body of the district is comprised of one member of the Village Council, one member of the Washington Township Trustees, and one Member at Large. All accounting policies and records are separately kept by the organization and are not reflected in the financial records of the Village.

**Indian Lake EMS:** This organization provides emergency medical services to the Village of Russells Point, the Village of Lakeview, Washington Township, Stokes Township, Bloomfield Township and Goshen Township. The governing body of the district is comprised of one member of the Village Council, one member of the Village of Lakeview Council, one member of the Washington Township Trustees, and one member of Stokes Township Trustees. All accounting policies and records are kept separately by the organization and are not reflected in the financial records of the Village.

**NOTE 11: SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Taxes	\$ 76,195	\$ 116,581	\$ -	\$ 192,776
Municipal Income Tax	289,468	-	-	289,468
Intergovernmental	37,663	76,568	-	114,231
Fines, Licenses and Permits	51,713	8,836	-	60,549
Earnings on Investments	58,852	4,101	-	62,953
Miscellaneous	83,746	6,558	2,500	92,804
Total Cash Receipts	<u>597,637</u>	<u>212,644</u>	<u>2,500</u>	<u>812,781</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	38,366	237,381	-	275,747
Leisure Time Activities	-	6,350	-	6,350
Community Environment	26,747	-	-	26,747
Transportation	-	54,132	-	54,132
General Government	235,809	-	468	236,277
Capital Outlay	-	-	9,750	9,750
Debt Service:				
Principal Retirement	-	-	10,750	10,750
Interest and Fiscal Charges	-	-	2,392	2,392
Total Cash Disbursements	<u>300,922</u>	<u>297,863</u>	<u>23,360</u>	<u>622,145</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>296,715</u>	<u>(85,219)</u>	<u>(20,860)</u>	<u>190,636</u>
Other Financing Receipts (Disbursements)				
Sale of Asset	-	3,746	-	3,746
Transfers In	-	126,000	32,860	158,860
Transfers Out	(158,860)	-	-	(158,860)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(158,860)</u>	<u>129,746</u>	<u>32,860</u>	<u>3,746</u>
Net Change in Fund Cash Balances	137,855	44,527	12,000	194,382
Fund Cash Balances, January 1, 2018	<u>1,736,027</u>	<u>252,374</u>	<u>36,827</u>	<u>2,025,228</u>
Fund Cash Balances, December 31, 2018				
Restricted	-	296,901	12,827	309,728
Committed	-	-	36,000	36,000
Assigned	251,523	-	-	251,523
Unassigned (Deficit)	1,622,359	-	-	1,622,359
Fund Cash Balances, December 31, 2018	<u>\$ 1,873,882</u>	<u>\$ 296,901</u>	<u>\$ 48,827</u>	<u>\$ 2,219,610</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 721,313	\$ -	\$ 721,313
Fines, Licenses and Permits	-	27,047	27,047
Total Operating Cash Receipts	<u>721,313</u>	<u>27,047</u>	<u>748,360</u>
Operating Cash Disbursements:			
Personal Services	105,918	-	105,918
Fringe Benefits	42,515	-	42,515
Contractual Services	117,156	-	117,156
Supplies and Materials	48,305	-	48,305
Other	-	27,047	27,047
Total Operating Cash Disbursements	<u>313,894</u>	<u>27,047</u>	<u>340,941</u>
Operating Income (Loss)	<u>407,419</u>	<u>-</u>	<u>407,419</u>
Non-Operating Receipts (Disbursements):			
Miscellaneous Receipts	1,925	-	1,925
Capital Outlay	(72,257)	-	(72,257)
Principal Retirement	(66,402)	-	(66,402)
Interest and Other Fiscal Charges	(58,791)	-	(58,791)
Total Non-Operating Receipts (Disbursements)	<u>(195,525)</u>	<u>-</u>	<u>(195,525)</u>
<i>Income (Loss) before Transfers</i>	<u>211,894</u>	<u>-</u>	<u>211,894</u>
Other Financing Receipts (Disbursements)			
Transfers In	191,075	477	191,552
Transfers Out	(191,553)	-	(191,553)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(478)</u>	<u>477</u>	<u>(1)</u>
Net Change in Fund Cash Balances	211,416	477	211,893
Fund Cash Balances, January 1, 2018	<u>1,664,043</u>	<u>-</u>	<u>1,664,043</u>
Fund Cash Balances, December 31, 2018	<u>\$ 1,875,459</u>	<u>\$ 477</u>	<u>\$ 1,875,936</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1: REPORTING ENTITY**

The Village of Russells Point (the Village), Logan County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and stormwater utilities, and police protection.

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

The Village participates in jointly governed organizations. Note 10 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present only activities for which the Village is financially accountable.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation:***

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

***Fund Accounting:***

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

**General Fund**

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

**Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** – This fund accounts for and reports that portion of the State's gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Police Levy Fund** – This fund receives property taxes for the provision of police services and is subsidized by transfers from the general fund. This fund reports and tracks all income and expenses related to the police department.

**Capital Project Funds**

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

**Municipal Building Construction Fund** – This fund receives transfers from the general fund for the purpose of paying debt related to the purchase and maintenance of the current Village administration building.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

**Clean Ohio** – This fund receives money from grants from Ohio Public Works Commission to work on the John and Mary Rudolph Nature Area with building new trails, ramps, and seeding.

**Enterprise Funds**

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

**Water Operating Fund** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users of the Village.

**Utility Improvement Fund** - This fund receives transfers from the water operating fund for the purpose of future capital improvement costs and upgrades to the water system.

**Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court receipts and disbursements.

***Basis of Accounting:***

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

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

***Budgetary Process***

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

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Miscellaneous Receipts***

The Village records rental receipts from Honda Transmission as miscellaneous receipts. Per the Uniform Accounting Network (UAN) handbook, rental receipts are recorded as miscellaneous. This encompasses the majority of miscellaneous receipts in the General Fund.

***Fund Balance***

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

***Nonspendable***

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted***

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

***Committed***

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

***Assigned***

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

***Unassigned***

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

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.

**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 follows:

<u><b>2018 Budgeted vs. Actual Receipts</b></u>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General Fund	483,000	597,637	114,641
Special Revenue Funds	366,730	342,390	(24,339)
Capital Project Funds	227,000	35,360	(191,640)
Enterprise Funds	846,000	914,313	68,313

<u><b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b></u>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General Fund	632,406	462,349	170,057
Special Revenue Funds	392,943	336,944	55,999
Capital Project Funds	215,000	23,360	191,640
Enterprise Funds	893,216	713,966	179,250

**NOTE 4: DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand Deposits	4,095,546
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**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or are collateralized by securities specifically pledged by the financial institution to the Village.

**NOTE 5: TAXES**

***Property Taxes***

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

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

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



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

***Income Taxes***

The Village levies a municipal 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.

**NOTE 6: RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), 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 is legally separate from its member governments.

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.

OPRM 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$ 15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

**NOTE 7: DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Eleven employees and ten elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

Three of the Village's employees are full-time police officers and belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their gross wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**NOTE 8: POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**NOTE 9: DEBT**

Debt outstanding at December 31, 2018 was as follows:

<b>Description</b>	<b>Principal</b>	<b>Interest Rate</b>
Huntington National Bank (Municipal Building)	43,000	4.75%
USDA Bonds	876,800	5.00%
Ohio Public Works Loans	9,466	0.00%
Ohio Water Development Authority	880,878	1.50%
<b>TOTAL</b>	<b>1,810,144</b>	

In 2002, the Village entered into two separate agreements authorizing the sale of building acquisition bonds to Cornelius Shouten for the purchase and renovation of the building currently used as the Village Administration Building, in the amount of \$133,190 at 6% interest and \$232,127 at 8% interest. Both bonds were payable semi-annually beginning December 1, 2002, until the principal sum is paid. The obligation to make principal payments on the bonds terminated upon the death of his spouse in December 2013, and \$303,092 of debt was forgiven.

In addition to these bonds, the Village authorized the issuance and sale of bonds in the amount of \$215,000 to Huntington National Bank to help fund the purchase and renovation of the municipal building. The bond is being repaid in semiannual installments with interest at the rate 4.75%, and matures in 2022. The bond is being repaid through the Municipal Building Fund, which is a capital project fund.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

In 1997, the Village entered into a bond agreement with the USDA in the amount of \$1,245,000. The debt is being repaid in annual installments with interest at the rate of 5%, and matures in 2037. The bonds are collateralized by water receipts and debt is paid through the Mortgage Debt Service Fund, which is an enterprise 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 reserve fund. The balance of the Debt Service Reserve Fund is \$91,054 at December 31, 2018.

In 1998, the Village entered into a loan agreement with the Ohio Public Works Commission in the amount of \$162,534. The loan is being repaid in semiannual installments with no interest and matures July 1, 2020. The loan is collateralized by water receipts and the debt is being paid through the Mortgage Debt Service Fund, which is an enterprise fund.

In 2009 the Village entered into a loan agreement with the Ohio Water Development Authority in the amount of \$1,114,558. The loan is being repaid in semiannual installments with interest at the rate 1.50%, and matures in 2041. The loan is being repaid through the Mortgage Debt Service Fund, which is an enterprise fund.

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

Year Ending December 31	Huntington	USDA	OPWC	OWDA
2019	12,693	72,440	6,311	46,273
2020	12,178	72,610	3,155	46,273
2021	11,657	72,500	-	46,273
2022	11,139	72,620	-	46,273
2023	-	72,555	-	46,273
2024-2028	-	362,795	-	231,365
2029-2033	-	362,745	-	231,365
2034-2038	-	290,245	-	231,365
2039-2041	-	-	-	115,682
<b>TOTAL</b>	<b>47,667</b>	<b>1,378,510</b>	<b>9,466</b>	<b>1,041,142</b>

**NOTE 10: JOINTLY GOVERNED ORGANIZATIONS**

The Village participates in two jointly governed organizations. The organizations are:

**Indian Joint Fire District:** This organization provides fire services to the area, including the Village and Washington Township. The governing body of the district is comprised of one member of the Village Council, one member of the Washington Township Trustees, and one Member at Large. All accounting policies and records are separately kept by the organization and are not reflected in the financial records of the Village.

**Indian Lake EMS:** This organization provides emergency medical services to the Village of Russells Point, the Village of Lakeview, Washington Township, Stokes Township, Bloomfield Township and Goshen Township. The governing body of the district is comprised of one member of the Village of Russells Point Council, one member of the Village of Lakeview Council, one member of the Washington Township Trustees, and one member of Stokes Township Trustees. All accounting policies and records are kept separately by the organization and are not reflected in the financial records of the Village.

**Independent Auditor's Report on Internal Controls Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Russells Point  
Logan County  
433 State Route 708  
P.O. Box 30  
Russells Point, Ohio 43348

To Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Russells Point, Logan County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2020, wherein we noted the Village of Russells Point followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Russells Point's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Russells Point's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Russells Point's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Russells Point'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Village of Russells Point's Response to Finding***

The Village of Russells Point's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Village of Russells Point's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Russells Point's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Russells Point's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
May 15, 2020

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

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing a complete and accurate financial statement in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Village, this could also include reviewing the fiscal year-end UAN detailed reports to ensure activity is reported in the correct line items.

Certain adjustments were made to the financial statements to properly account for the classification of receipts and fund balances.

- During 2019, the Village received money from Logan County as a pass-through which was recorded in “Property and Other Taxes” receipt in the OPWC Paving Fund, which is a Capital Projects Fund. This amount should have been recorded under “Intergovernmental” receipts. An adjustment was recorded to decrease “Property and Other Taxes” receipts by \$146,168 and increase “Intergovernmental” receipts by \$146,168.
- During 2019, the Village received money from Logan County as a pass-through which was recorded in “Other Financing Sources” in the Permissive Tax Fund, which is a Special Revenue Fund. This amount should have been recorded under “Intergovernmental” receipts. An adjustment was recorded to decrease “Other Financing Sources” by \$44,194 and increase “Intergovernmental” receipts by \$44,194.
- During 2018, the Village’s general fund had appropriations and encumbrances higher than the estimated receipts for 2019. The Village recorded this amount under “unassigned” classification. An adjustment was recorded to decrease the “unassigned” fund balance by \$251,523 and increase the “assigned” fund balance by \$251,523.
- During 2019, the Village’s general fund had appropriations and encumbrances higher than the estimated receipts for 2020. The Village recorded this amount under “unassigned” classification. An adjustment was recorded to decrease the “unassigned” fund balance by \$253,855 and increase the “assigned” fund balance by \$253,855.

Modifications were also made to the note disclosures to accurately reflect the activity of the Village and to agree to the financial statements.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village’s activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing the Hinkle System. Further, the Village should reach out to its auditor throughout the fiscal year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RUSSELLS POINT**

**LOGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/11/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)