



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF SOUTH POINT
LAWRENCE COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of South Point, Lawrence County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 23, 2022

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Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$305,622	\$273,913			\$579,535
Intergovernmental	55,481	606,209		\$200,000	861,690
Special Assessments		444			444
Charges for Services	1,844	13,051			14,895
Fines, Licenses and Permits	304,519	22,520			327,039
Earnings on Investments	540	91			631
Miscellaneous	2,966	5,457			8,423
<i>Total Cash Receipts</i>	<u>670,972</u>	<u>921,685</u>	<u>0</u>	<u>200,000</u>	<u>1,792,657</u>
Cash Disbursements					
Current:					
Security of Persons and Property	16,673	771,761			788,434
Public Health Services		126			126
Basic Utility Services				92,368	92,368
Transportation		237,069			237,069
General Government	111,020	9,282			120,302
Capital Outlay	72,269	30,709		1,013,660	1,116,638
Debt Service:					
Principal Retirement		47,659	76,217		123,876
Interest and Fiscal Charges		8,447	8,339		16,786
<i>Total Cash Disbursements</i>	<u>199,962</u>	<u>1,105,053</u>	<u>84,556</u>	<u>1,106,028</u>	<u>2,495,599</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>471,010</u>	<u>(183,368)</u>	<u>(84,556)</u>	<u>(906,028)</u>	<u>(702,942)</u>
Other Financing Receipts (Disbursements)					
Loans Issued				906,028	906,028
Transfers In		387,474	84,756		472,230
Transfers Out	(339,480)	(89,550)			(429,030)
Advances In	185,271			185,271	370,542
Advances Out	(185,271)			(185,271)	(370,542)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(339,480)</u>	<u>297,924</u>	<u>84,756</u>	<u>906,028</u>	<u>949,228</u>
<i>Net Change in Fund Cash Balances</i>	131,530	114,556	200		246,286
<i>Fund Cash Balances, January 1</i>	<u>565,161</u>	<u>871,030</u>	<u>40,347</u>		<u>1,476,538</u>
<i>Fund Cash Balances, December 31</i>	<u>\$696,691</u>	<u>\$985,586</u>	<u>\$40,547</u>	<u>\$0</u>	<u>\$1,722,824</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,365,052
Miscellaneous	15,998
<i>Total Operating Cash Receipts</i>	<u>2,381,050</u>
Operating Cash Disbursements	
Personal Services	596,388
Employee Fringe Benefits	395,965
Contractual Services	688,521
Supplies and Materials	207,431
<i>Total Operating Cash Disbursements</i>	<u>1,888,305</u>
<i>Operating Income (Loss)</i>	<u>492,745</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	447,226
Miscellaneous Receipts	10,494
Capital Outlay	(800,348)
Principal Retirement	(239,713)
Interest and Other Fiscal Charges	(37,987)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(620,328)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(127,583)
Transfers In	316,637
Transfers Out	(359,838)
<i>Net Change in Fund Cash Balances</i>	(170,784)
<i>Fund Cash Balances, January 1</i>	<u>1,480,431</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,309,647</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Mayor's Court</u>
Additions	
Other Amounts Collected for Distribution	<u>\$298,281</u>
<i>Total Additions</i>	<u>298,281</u>
Deductions	
Distributions to Others	<u>298,281</u>
<i>Total Deductions</i>	<u>298,281</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of South Point (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates Special Revenue fund money to support a volunteer fire department.

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

The Village participates in a public entity risk pool and is associated with a related organization. Note 6 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Local Fiscal Recovery Fund The Coronavirus State and Local Fiscal Recovery Funds (SLFRF), established by the American Rescue Plan Act of 2021, provides emergency funding for eligible local governments. The Village is classified as a non-entitlement unit for this purpose of funding.

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

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

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

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

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

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

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

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

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

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

The Village had no trust funds.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$633,182	\$670,972	\$37,790
Special Revenue	1,127,824	1,309,159	181,335
Debt Service	84,750	84,756	6
Capital Projects	1,437,317	1,106,028	(331,289)
Enterprise	2,630,111	3,155,407	525,296
Total	\$5,913,184	\$6,326,322	\$413,138

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$632,064	\$539,442	\$92,622
Special Revenue	1,467,887	1,228,112	239,775
Debt Service	84,750	84,556	194
Capital Projects	1,437,317	1,271,581	165,736
Enterprise	3,669,087	3,355,569	313,518
Total	\$7,291,105	\$6,479,260	\$811,845

Note 4 – Deposits and Investments

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

<i>Cash Management Pool:</i>	2021
Demand deposits	\$2,421,000
STAR Ohio	611,471
Total carrying amount of deposits and investments held in the Pool	\$3,032,471

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$21,226 in unremitted employee payroll withholdings.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Risk Pool Membership

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2021, retention levels are \$100,000 for property and casualty coverages, respectively.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2021.

Assets \$ 824,661

Liabilities (554,038)

Accumulated Surplus \$ 270,623

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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 in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Street RePaving Bond	\$53,571	1.10%
Solida Sewer Bond	\$576,000	2.80%
OPWC Sewer Improvement Bond	\$304,125	0.00%
WWTP Clarifiers Rehab Bond - OWDA	\$704,320	2.63%
Ohio Water Development Authority Loan 9045	\$55,254	0.00%
Ohio Water Development Authority Loan 9464	\$906,598	0.00%
Total	<u>\$2,599,868</u>	

The Street Repaving Bond was issued for \$107,143 through the Lawrence County Neighborhood Investment Program and is paid from a debt service fund. The bond will mature in 2022.

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

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

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

The Ohio Water Development Authority Loan 9045 above was a planning loan that was related to a waterline replacement project. This loan did not have amortization schedule, as it was simply rolled into the new construction loan that was created when project began in 2022.

The Ohio Water Development Authority Loan 9464 is the construction loan related to a waterline replacement project on Solida, 9th and Park Streets. This loan does not yet have an amortization schedule because it was not yet finalized at year end.

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Leases

	Principal	Interest Rate
Fire Truck Lease - PNC	\$208,998	3.17%
Police Vehicles Lease - US Bank	\$51,711	4.00%
Vacuum Truck Lease - US bank	\$407,501	2.275%
Total	\$668,210	

The Fire Truck Lease was financed through PNC Bank. It was entered into to purchase a new 2020 Pierce 4 door mini rescue pumper for the fire department. The Lease will end in 2029. In 2021, the Village made one lease payment of \$29,985.

The Police Vehicle Lease was financed through Statewide Municipal Leasing. It was entered into to purchase four fully equipped police vehicles for the police department. This was a 3 year lease. In 2021, the Village made one lease payment of \$56,106.

The Vacuum Truck Lease was financed through U.S. Bancorp Government Leasing and Finance Inc. The loan is for a new 2021 Vactor 2110 Combination Sewer Cleaner Vacuum Truck for the sewer department. The loan is scheduled to mature in 2028. There were no payments made on this lease in 2021.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Lawrence County Bonds	Fire Truck Lease	Police Vehicle Lease	Vacuum Truck Lease
2022	\$51,648	\$40,550	\$106,289	\$29,985	\$56,106	\$63,631
2023	\$51,648	\$40,550	\$51,120	\$29,985		\$63,631
2024	\$51,648	\$40,550	\$50,150	\$29,985		\$63,631
2025	\$51,648	\$40,550	\$49,104	\$29,985		\$63,631
2026	\$51,648	\$40,550	\$48,096	\$29,985		\$63,631
2027-2031	\$258,238	\$101,375	\$225,388	\$89,955		\$127,262
2032-2036	\$258,238		\$200,182			
2037-2041	103,295		37,008			
Total	\$878,011	\$304,125	\$767,337	\$239,880	\$56,106	\$445,417

Note 10 – Contingent Liabilities

The Village is the defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances

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

		Special	Debt	Capital		
Fund Balances	General	Revenue	Service	Projects	Enterprise	Total
Outstanding Encumbrances	\$0	\$33,510	0	\$165,553	\$29,378	\$228,441
<i>Total</i>	\$0	\$33,510	\$0	\$165,553	\$29,378	\$228,441

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

Note 12 – Subsequent Events

Phase 3 – Waterline project began in 2022, but has not yet been finalized to determine any type of total project costs. This will be funded with an OWDA loan.

Note 13 – COVID-19

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

Note 14 – Construction and Contractual Commitments

The Village approved a Sidewalk Project in 2021. Total estimated costs for the entire project \$836,226; however, construction award contracts have not yet been awarded. The Village did enter into a contract with IBI Group for consultant services on this project in 2021. That contract amount was \$146,630. At the end of 2021, the Village had paid \$7,760, leaving an outstanding commitment of \$138,870.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Phase 1 – Waterline project for Solida Road was awarded to Tribute for \$916,427. At the end of 2021, the Village had paid \$750,874, leaving an outstanding commitment of \$165,553.

Phase 2 – Waterline project for 4th Street was awarded to Tribute for \$1,442,524. At the end of 2021, nothing had yet been paid on this contract, leaving an outstanding commitment of \$1,442,524.

Village of South Point, Ohio*Lawrence County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$323,178	\$293,943		\$617,121
Intergovernmental	56,626	550,772		607,398
Charges for Services	2,812	8,000		10,812
Fines, Licenses and Permits	286,274	44,053		330,327
Earnings on Investments	3,677	610		4,287
Miscellaneous	95,916	48,266		144,182
<i>Total Cash Receipts</i>	<u>768,483</u>	<u>945,644</u>	<u>0</u>	<u>1,714,127</u>
Cash Disbursements				
Current:				
Security of Persons and Property	16,933	438,038		454,971
Public Health Services		190,065		190,065
Basic Utility Services		23,059		23,059
Transportation		206,574		206,574
General Government	104,279	127,407		231,686
Intergovernmental	63,793			63,793
Capital Outlay		176,070		176,070
Debt Service:				
Principal Retirement		56,106	79,487	135,593
Interest and Fiscal Charges			7,695	7,695
<i>Total Cash Disbursements</i>	<u>185,005</u>	<u>1,217,319</u>	<u>87,182</u>	<u>1,489,506</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>583,478</u>	<u>(271,675)</u>	<u>(87,182)</u>	<u>224,621</u>
Other Financing Receipts (Disbursements)				
Loans Issued		155,476		155,476
Transfers In		424,170	107,240	531,410
Transfers Out	(357,770)	(97,896)		(455,666)
Other Financing Uses	(1,365)			(1,365)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(359,135)</u>	<u>481,750</u>	<u>107,240</u>	<u>229,855</u>
<i>Net Change in Fund Cash Balances</i>	224,343	210,075	20,058	454,476
<i>Fund Cash Balances, January 1</i>	<u>340,818</u>	<u>660,955</u>	<u>20,289</u>	<u>1,022,062</u>
<i>Fund Cash Balances, December 31</i>	<u>\$565,161</u>	<u>\$871,030</u>	<u>\$40,347</u>	<u>\$1,476,538</u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,342,019
Miscellaneous	13,636
<i>Total Operating Cash Receipts</i>	<u>2,355,655</u>
Operating Cash Disbursements	
Personal Services	617,146
Employee Fringe Benefits	420,377
Contractual Services	539,208
Supplies and Materials	219,373
<i>Total Operating Cash Disbursements</i>	<u>1,796,104</u>
<i>Operating Income (Loss)</i>	<u>559,551</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	93,289
Miscellaneous Receipts	9,582
Capital Outlay	(330,634)
Principal Retirement	(130,657)
Interest and Other Fiscal Charges	(40,744)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(399,164)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	160,387
Transfers In	271,380
Transfers Out	(347,124)
<i>Net Change in Fund Cash Balances</i>	84,643
<i>Fund Cash Balances, January 1</i>	<u>1,395,788</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,480,431</u></u>

See accompanying notes to the basic financial statements

Village of South Point, Ohio
Lawrence County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
	Mayor's Court
Additions	
Other Amounts Collected for Distribution	\$282,631
<i>Total Additions</i>	282,631
Deductions	
Distributions to Others	282,631
<i>Total Deductions</i>	282,631
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$0

See accompanying notes to the basic financial statements

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Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of South Point (the Village), Lawrence County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates Special Revenue fund money to support a volunteer fire department.

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

The Village participates in a public entity risk pool and is associated with a related organization. Note 6 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Coronavirus Relief Fund The Coronavirus Relief Fund was established in response to the Coronavirus Aid, Relief, and Economic Security Act, 116 Public Law 136 (the CARES Act). The money received by the Village is from the County Coronavirus Relief Distribution Fund. Expenditures from this fund follow the US Department of Treasury guidance.

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

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

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

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

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

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

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

The Village had no trust funds.

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2020 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.

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

Capital Assets

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

Accumulated Leave

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balance

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

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

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

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

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

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

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

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$518,584	\$768,483	\$249,899
Special Revenue	1,341,859	1,525,290	183,431
Debt Service	107,230	107,240	10
Enterprise	2,674,269	2,729,906	55,637
Total	\$4,641,942	\$5,130,919	\$488,977

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$648,743	\$556,789	\$91,954
Special Revenue	1,520,504	1,315,496	205,008
Debt Service	88,393	87,183	1,210
Enterprise	3,017,874	2,646,872	371,002
Total	\$5,275,514	\$4,606,340	\$669,174

Note 4 – Deposits and Investments

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

<i>Cash Management Pool:</i>	2020
Demand deposits	\$2,345,998
STAR Ohio	610,971
Total carrying amount of deposits and investments held in the Pool	\$2,956,969

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village was holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020.

Assets \$ 940,409
Liabilities (359,749)
Accumulated Surplus \$ 580,660

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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 in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Street Paving Bond	\$107,143	1.10%
Solida Sewer Bond	\$612,000	2.80%
OPWC Water Improvement Bond	\$25,915	0.00%
OPWC Sewer Improvement Bond	\$364,950	0.00%
WWTP Clarifiers Rehab Bond - OWDA	\$736,802	2.63%
Water Tank Rehab Project Bond	\$84,282	2.25%
Ohio Water Development Authority Loan 9045	\$55,254	0.00%
Ohio Water Development Authority Loan 9046	\$39,447	0.00%
Total	\$2,025,793	

The Street Repaving Bond was issued for \$107,143 through the Lawrence County Neighborhood Investment Program and is paid from a debt service fund. The bond will mature in 2022.

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

Both the Water (issued in 2004 at \$141,000) and Sewer (issued in 2009 at \$811,000) Improvement Bonds were issued through Ohio Public Works Commission for construction loans related to the Village’s infrastructure in these areas. The Water Improvement Bonds will mature in 2024 and the Sewer Improvement Bonds will mature in 2037.

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

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Water Tanks Rehab Bond was newly issued at \$242,000 in 2016 to perform painting and repairs on the Village’s two water tanks. The Bond is scheduled to mature in 2021.

Both Ohio Water Development Authority Loans above were planning loans that were related to waterline replacement projects. These loans did not have amortization schedules, as they were simply rolled into the new construction loans that were created when projects began in 2021 and 2022.

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

Leases

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease - PNC	\$231,644	3.17%
Police Vehicles Lease - US Bank	\$99,370	4.00%
Total	\$331,014	

The Fire Truck Lease was financed through PNC Bank. It was entered into to purchase a new 2020 Pierce 4 door mini rescue pumper for the fire department. The Lease will end in 2029. In 2020, the Village made one lease payment of \$29,985.

The Police Vehicle Lease was financed through Statewide Municipal Leasing. It was entered into to purchase four fully equipped police vehicles for the police department. This was a 3 year lease. In 2020, the Village made one lease payment of \$56,106.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Lawrence County Bonds	Fire Truck Lease	Police Vehicle Lease
2021	\$51,648	\$69,463	\$153,062	\$29,985	\$56,106
2022	\$51,648	\$46,309	\$151,465	\$29,985	56,106
2023	\$51,648	\$46,309	\$51,120	\$29,985	
2024	\$51,648	\$46,309	\$50,151	\$29,985	
2025	\$51,648	\$40,550	\$49,104	\$29,985	
2026-2030	\$258,238	\$141,925	\$230,428	\$119,940	
2031-2035	\$258,238		\$205,217		
2036-2040	154,943		75,030		
Total	\$929,659	\$390,865	\$965,577	\$269,865	\$112,212

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Contingent Liabilities

The Village is the defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village’s financial condition.

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

Note 11 – Fund Balances

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

		Special	Debt		
Fund Balances	General	Revenue	Service	Enterprise	Total
Outstanding Encumbrances	\$ 12,649	\$ 282	\$0	\$ 1,610	\$ 14,541
<i>Total</i>	\$12,649	\$282	\$0	\$1,610	\$14,541

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

Note 12 – Subsequent Events

In 2021, the Village entered into a Lease with US Bank for the purchase of a Vacuum Truck. Total amount financed was \$407,501.

In 2021, the Village entered into an Ohio Water Development Authority Loan 9464 is the construction loan related to a waterline replacement project on Solida, 9th and Park Streets. There was a related contract awarded to Tribute for \$916,427.

In 2021, the Village entered into an Ohio Water Development Authority Loan for Phase 2 – Waterline project for 4th Street. There was a related contract awarded to Tribute for \$1,442,524.

Village of South Point, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2020

In 2021, the Village approved Phase 3 – Waterline project. However, no activity happened in 2021. This project began in 2022, but has not yet been finalized to determine any type of total project costs. This will be funded with an OWDA loan.

In 2021, the Village entered into a construction contract for \$200,000 for improvements to the Community Center Building.

In 2021, The Village approved a Sidewalk Project. Total estimated costs for the entire project \$836,226; however, construction award contracts have not yet been awarded.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$189,939, the entire amounts was used to reimburse the police fund for allowable costs.

Note 14 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

There was no effect to beginning cash balance due to this change.

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of South Point, Lawrence County, (the Village) and have issued our report thereon dated November 23, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Village's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
November 23, 2022

**VILLAGE OF SOUTH POINT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

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

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

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

Due to deficiencies in internal control related to financial reporting, the Village misclassified and miss-posted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2021 and 2020. These misstatements had the following effect on the Village's financial statements:

As of December 31, 2021:

- A lease purchase agreement was entered into to purchase a Vacuum Truck in the amount of \$407,501; however, the Village did not post the lease proceeds or the capital outlay, thus, understating both in the Sewer Fund.
- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Filed Report. This caused the understatement of both amounts collected and amounts distributed of \$298,281.

As of December 31, 2020:

- State issued Homestead and Rollback Reimbursement in the amount of \$10,207 was recorded as Taxes in the General Fund, thus, overstating taxes and understating Intergovernmental Revenue in the General Fund.
- Coronavirus Relief Revenues were used to reimburse the Police Fund in the amount of \$189,939. However, the Village posted this reimbursement as revenue in the Police Fund instead of as a reduction of expenditure, thus, overstating both in the Police Fund.
- A lease purchase agreement was entered into to purchase Police Vehicles in the amount of \$155,476; however, the Village did not post the lease proceeds or the capital outlay, thus, understating both in the Police Fund.

**FINDING NUMBER 2021-001
(Continued)**

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Filed Report. This caused the understatement of both amounts collected and amounts distributed of \$282,631.

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

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

Officials' Response:

We will attempt to correct this in the future.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SOUTH POINT

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/13/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov