

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

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2013 & 2012***







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Russells Point, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 10, 2014

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**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2013 and 2012**

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

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Russells Point, Logan County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

***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'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's internal control. Accordingly, we express no 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 1 of the financial statements, the Village 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 as of December 31, 2013 and 2012, or changes in financial position or cash flows 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 combined cash balances of the Village of Russells, Logan County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, 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. 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's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
May 30, 2014

VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES**  
All Governmental Fund Types  
For the Year Ended December 31, 2013

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 77,114	\$ 66,563	\$ -	\$ 143,677
Municipal Income Tax	237,602	-	-	237,602
Intergovernmental	105,126	91,196	-	196,322
Fines, Licenses and Permits	39,424	4,842	-	44,266
Interest	70	13	-	83
Other	86,452	12,715	6,685	105,852
<b>Total Receipts</b>	<b>545,788</b>	<b>175,329</b>	<b>6,685</b>	<b>727,802</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	49,636	219,711	-	269,347
Community Environment	48,537	-	-	48,537
Leisure Time Activities	-	2,579	-	2,579
Transportation	-	53,980	-	53,980
General Government	208,961	-	11,817	220,778
<b>Debt Service:</b>				
Principal Retirement	-	-	18,335	18,335
Interest	-	-	27,472	27,472
<b>Total Disbursements</b>	<b>307,134</b>	<b>276,270</b>	<b>57,624</b>	<b>641,028</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>238,654</b>	<b>(100,941)</b>	<b>(50,939)</b>	<b>86,774</b>
<b>Other Financing Sources/(Uses):</b>				
Sale of Capital Assets	5,420	4,588	-	10,008
Transfers In	-	116,200	56,252	172,452
Transfers Out	(172,452)	-	-	(172,452)
<b>Total Other Financing Sources/(Uses)</b>	<b>(167,032)</b>	<b>120,788</b>	<b>56,252</b>	<b>10,008</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>71,622</b>	<b>19,847</b>	<b>5,313</b>	<b>96,782</b>
<b>Fund Cash Balance, January 1, 2013</b>	<b>1,155,626</b>	<b>255,043</b>	<b>12,829</b>	<b>1,423,498</b>
Restricted	-	274,890	-	274,890
Assigned	708	-	18,142	18,850
Unassigned	1,226,540	-	-	1,226,540
<b>Fund Cash Balance, December 31, 2013</b>	<b>\$ 1,227,248</b>	<b>\$ 274,890</b>	<b>\$ 18,142</b>	<b>\$ 1,520,280</b>

See Accompanying Notes to the Financial Statements.



VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
For the Year Ended December 31, 2013

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Receipts:</b>			
Charges for Services	\$ 705,237	\$ -	\$ 705,237
<b>Total Receipts</b>	<u>705,237</u>	<u>-</u>	<u>705,237</u>
<b>Disbursements:</b>			
Personal Services	96,791	-	96,791
Employee Fringe Benefits	41,830	-	41,830
Contractual Services	136,779	-	136,779
Material and Supplies	47,106	-	47,106
<b>Total Disbursements</b>	<u>322,506</u>	<u>-</u>	<u>322,506</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	382,731	-	382,731
<b>Non-Operating Receipts:</b>			
Fines and Forfeitures	-	6,657	6,657
Sale of Fixed Assets	264	-	264
Miscellaneous	1,317	-	1,317
<b>Total Non-Operating Receipts</b>	1,581	6,657	8,238
<b>Non-Operating Disbursements:</b>			
Capital Outlay	(44,000)	-	(44,000)
Debt Service:			
Principal Retirement	(81,508)	-	(81,508)
Interest and Fiscal Charges	(67,065)	-	(67,065)
Distribution of Fines and Forfeitures	-	(6,657)	(6,657)
<b>Total Nonoperating Disbursements</b>	<u>(192,573)</u>	<u>(6,657)</u>	<u>(199,230)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	191,739	-	191,739
Transfers In	135,000	-	135,000
Transfers Out	(135,000)	-	(135,000)
<b>Net Receipts Over/(Under) Disbursements</b>	191,739	-	191,739
<b>Fund Cash Balance, January 1, 2013</b>	<u>836,065</u>	<u>-</u>	<u>836,065</u>
<b>Fund Cash Balance, December 31, 2013</b>	<u>\$ 1,027,804</u>	<u>\$ -</u>	<u>\$ 1,027,804</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES**  
All Governmental Fund Types  
For the Year Ended December 31, 2012

	<u>Governmental Fund Types</u>			<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Receipts:</b>				
Property Taxes	\$ 83,252	\$ 66,340	\$ -	\$ 149,592
Municipal Income Tax	231,415	-	-	231,415
Intergovernmental	94,771	108,986	-	203,757
Fines, Licenses and Permits	46,491	2,843	-	49,334
Interest	509	109	-	618
Other	73,297	2,883	218	76,398
<b>Total Receipts</b>	<b>529,735</b>	<b>181,161</b>	<b>218</b>	<b>711,114</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	45,091	202,661	-	247,752
Community Environment	43,242	-	-	43,242
Leisure Time Activities	-	5,454	-	5,454
Transportation	-	63,766	-	63,766
General Government	188,963	-	317	189,280
Capital Outlay	-	64,906	-	64,906
<b>Debt Service:</b>				
Principal Retirement	-	-	17,851	17,851
Interest	-	-	28,460	28,460
<b>Total Disbursements</b>	<b>277,296</b>	<b>336,787</b>	<b>46,628</b>	<b>660,711</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>252,439</b>	<b>(155,626)</b>	<b>(46,410)</b>	<b>50,403</b>
<b>Other Financing Sources/(Uses):</b>				
Transfers In	-	153,700	44,484	198,184
Transfers Out	(198,184)	-	-	(198,184)
<b>Total Other Financing Sources/(Uses)</b>	<b>(198,184)</b>	<b>153,700</b>	<b>44,484</b>	<b>-</b>
<b>Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses</b>	<b>54,255</b>	<b>(1,926)</b>	<b>(1,926)</b>	<b>50,403</b>
<b>Fund Cash Balance, January 1, 2012</b>	<b>1,101,371</b>	<b>256,969</b>	<b>14,755</b>	<b>1,373,095</b>
Restricted	-	255,043	-	255,043
Assigned	2,978	-	12,829	15,807
Unassigned	1,152,648	-	-	1,152,648
<b>Fund Cash Balance, December 31, 2012</b>	<b>\$ 1,155,626</b>	<b>\$ 255,043</b>	<b>\$ 12,829</b>	<b>\$ 1,423,498</b>

See Accompanying Notes to the Financial Statements.

VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES -PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
For the Year Ended December 31, 2012

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals- (Memorandum Only)</u>
<b>Receipts:</b>			
Charges for Services	\$ 699,971	\$ -	\$ 699,971
<b>Total Receipts</b>	<u>699,971</u>	<u>-</u>	<u>699,971</u>
<b>Disbursements:</b>			
Personal Services	92,423	-	92,423
Employee Fringe Benefits	43,313	-	43,313
Contractual Services	116,286	-	116,286
Material and Supplies	46,064	-	46,064
<b>Total Disbursements</b>	<u>298,086</u>	<u>-</u>	<u>298,086</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	401,885	-	401,885
<b>Non-Operating Receipts:</b>			
Fines and Forfeitures	-	7,111	7,111
<b>Total Non-Operating Receipts</b>	-	7,111	7,111
<b>Non-Operating Disbursements:</b>			
Capital Outlay	(30,131)	-	(30,131)
Debt Service			
Principal Retirement	(83,181)	-	(83,181)
Interest and Fiscal Charges	(68,535)	-	(68,535)
Distribution of Fines and Forfeitures	-	(7,111)	(7,111)
<b>Total Nonoperating Disbursements</b>	<u>(181,847)</u>	<u>(7,111)</u>	<u>(188,958)</u>
<b>Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	220,038	-	220,038
Transfers In	190,000	-	190,000
Transfers Out	(190,000)	-	(190,000)
<b>Net Receipts Over/(Under) Disbursements</b>	220,038	-	220,038
<b>Fund Cash Balance, January 1, 2012</b>	<u>616,027</u>	<u>-</u>	<u>616,027</u>
<b>Fund Cash Balance, December 31, 2012</b>	<u>\$ 836,065</u>	<u>\$ -</u>	<u>\$ 836,065</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

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

B. BASIS OF ACCOUNTING

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

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

C. CASH

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

D. FUND ACCOUNTING

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

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

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

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

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

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. 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. Appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. 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 2013 and 2012 budgetary activity appears in Note 4.

F. FUND BALANCE

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

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted- Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed- The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.
5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (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.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$2,548,084	\$2,259,563
Total Deposits	<u>\$2,548,084</u>	<u>\$2,259,563</u>

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

3. PROPERTY TAXES

Real property taxes 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.



**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

3. PROPERTY TAXES – (Continued)

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.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

<u>Fund:</u>	<u>2013 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 411,900	\$ 551,208	\$ 139,308
Special Revenue Funds	331,070	296,117	(34,953)
Capital Projects Funds	817,000	62,937	(754,063)
Enterprise Funds	865,750	841,818	(23,932)

<u>Fund:</u>	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 633,550	\$ 480,294	\$ 153,256
Special Revenue Funds	325,650	276,769	48,881
Capital Projects Funds	633,000	57,624	575,376
Enterprise Funds	844,100	650,533	193,567

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 399,320	\$ 529,735	\$ 130,415
Special Revenue Funds	348,505	334,861	(13,644)
Capital Projects Funds	61,000	44,702	(16,298)
Enterprise Funds	821,450	889,971	68,521

<u>Fund:</u>	<u>2012 Budgeted vs Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 686,400	\$ 478,458	\$ 207,942
Special Revenue Funds	412,280	341,086	71,194
Capital Projects Funds	61,300	46,628	14,672
Enterprise Funds	1,040,000	673,114	366,886

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

5. RETIREMENT SYSTEMS

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

Contribution rates are prescribed by the Ohio Revised Code. Members of OP&F contributed 10.0% of their gross pay, while the Village contributed 19.5%. OPERS members contributed 10.0% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2013.

6. RISK MANAGEMENT

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

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formerly known as the Ohio Government Risk Management Plan ("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 was 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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

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

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

The Pool's audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31, 2012 and 2011 (the latest information available):

	<b>2012</b>	<b>2011</b>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

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

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

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

7. DEBT

Debt outstanding at December 31, 2013 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$ 104,923	0.00%
USDA Mortgage Revenue Bonds	1,001,200	5.00%
Building Acquisition Bonds-HNB	96,750	4.75%
OWDA #5439	1,039,555	1.50%
Total	\$2,242,428	

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

7. DEBT – (Continued)

The Ohio Public Works Commission loans relate to water system improvements. The loans were issued during 1997 and 2000 in the amount of \$721,733. The loans are being repaid in semiannual installments with no interest and mature through July 1, 2020. The loans are collateralized by water receipts and the debt is being paid through the Enterprise Debt Service Fund.

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

During 2002, the Village entered into two separate agreements authorizing the sale of building acquisition bonds to Cornelius Schouten for the purchase and renovation of the building currently used as the Village Administration Building, in the amounts of \$133,190 at 6% interest and \$232,127 at 8% interest, both payable semi-annually on the first day of June and December commencing December 1, 2002, until the principal sum is paid. The debt is being paid from the Capital Projects Fund. The obligation to make principal and/or interest payments on the bonds terminated upon the death of his spouse, Wilhelmina J. Schouten, in December 2013 and \$303,092 of debt was forgiven. In addition to the sale bonds to Cornelius Schouten, the Village authorized the issuance and sale of bonds in the amount of \$215,000 to Huntington National Bank (formerly Sky Bank) to help fund the purchase and renovation of this building. The Huntington National Bank bonds have an interest rate of 4.75% per annum, payable in semi-annual installments beginning January 2003.

In 2009 the Village entered into a 30 year loan agreement with the Ohio Water Development Authority (OWDA) in the amount of \$1,114,558 at 1.50% for improvements to their water treatment plant. Construction began in 2010 and was completed in 2011.

**VILLAGE OF RUSSELLS POINT**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2013 and 2012**

7. DEBT – (Continued)

Principal and interest requirements for debt outstanding at December 31, 2013 is as follows:

<u>Year</u> <u>Ended</u>	OPWC	USDA	Bonds- HNB	OWDA #5439
2014	\$ 27,610	\$ 72,550	\$ 15,281	\$ 46,273
2015	27,610	72,550	14,673	46,273
2016	27,610	72,550	14,255	46,273
2017	6,311	72,550	13,728	46,273
2018	6,311	72,550	13,210	46,273
2019-2023	9,471	362,750	47,667	231,365
2024-2028	-	362,750	-	231,365
2029-2033	-	362,750	-	231,365
2034-2038	-	290,200	-	231,365
2039-2043	-	-	-	115,682
Total	<u>\$104,923</u>	<u>\$1,741,200</u>	<u>\$118,814</u>	<u>\$1,272,507</u>

8. INCOME TAX

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

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

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

9. DONATION OF LAND

The Village received a donation of land from a private company which the Village utilized as its matching share for a Clean Ohio grant for the Indian Lake/Great Miami River Project. The land, with an estimated value of \$285,000, is not reflected in the Village's financial statements.

10. INTERFUND TRANSFERS/ADVANCES

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

**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2013 and 2012**

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

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

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

To the Village:

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 Village of Russells Point, Logan County (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 30, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***Internal Controls Over Financial Reporting***

As part of our financial statement audit, we considered the Village'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'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'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

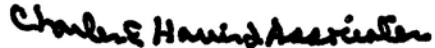
***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 30, 2014.

**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's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
May 30, 2014



**VILLAGE OF RUSSELLS POINT  
LOGAN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2013 and 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-RUSPT-01	Unrecorded Transactions	No	Partially corrected. Moved to management letter
2011-RUSPT-02	ORC 5705.39; Appropriations exceeded Estimated Receipts	Yes	
2011-RUSPT-03	Noncompliance/Material Weakness: Single Audit Not Timely	Yes	

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# Dave Yost • Auditor of State

VILLAGE OF RUSSELLS POINT

LOGAN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 22, 2014