

Village of Commercial Point  
Pickaway County  
Regular Audit  
For the Years Ended December 31, 2009 and 2008  
Fiscal Years Audited Under GAGAS: 2009 and 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

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Mary Taylor, CPA  
Auditor of State

Members of Council  
Village of Commercial Point  
P.O. Box 56  
Commercial Point, Ohio 43116

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

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 Commercial Point is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 17, 2010

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Pickaway County  
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### Independent Auditor's Report

Village Council  
Village of Commercial Point  
Pickaway County  
P.O. Box 56  
Commercial Point, Ohio 43116

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

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the third following paragraph.

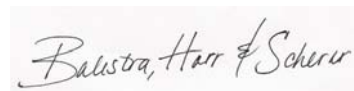
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America,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

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Commercial Point, Pickaway County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The Village has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

June 21, 2010

**Village of Commercial Point  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Funds  
For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	145,265	\$ -	\$ -	\$ 145,265
Municipal Income Tax	123,581	-	-	123,581
Intergovernmental	46,459	74,660	-	121,119
Fines, Licenses & Permits	9,465	175	-	9,640
Earnings on Investments	9,458	230	-	9,688
Miscellaneous	3,155	-	-	3,155
Total Cash Receipts	337,383	75,065	-	412,448
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	67,552	-	-	67,552
Public Health Service	6,955	-	-	6,955
Community Environment	4,578	38,616	-	43,194
Transportation	-	29,150	-	29,150
General Government	84,163	-	-	84,163
Capital Outlay	41,038	-	-	41,038
Total Cash Disbursements	204,286	67,766	-	272,052
Total Cash Receipts Over Cash Disbursements	133,097	7,299	-	140,396
Fund Cash Balances, January 1	464,954	117,612	89	582,655
<b>Fund Cash Balances, December 31</b>	<u>\$ 598,051</u>	<u>\$ 124,911</u>	<u>\$ 89</u>	<u>\$ 723,051</u>

*The notes to the financial statements are an integral part of this statement.*



**Village of Commercial Point  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Proprietary and Similar Fiduciary Fund Types  
For the Year Ended December 31, 2009*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,344,589	\$ -	\$ 1,344,589
Special Assessments	11,296	-	11,296
Total Operating Cash Receipts	1,355,885	-	1,355,885
<b>Operating Cash Disbursements:</b>			
Personal Services	82,277	-	82,277
Employee Fringe Benefits	29,019	-	29,019
Contractual Services	229,870	-	229,870
Supplies and Materials	76,801	-	76,801
Other	1,634	-	1,634
Total Operating Cash Disbursements	419,601	-	419,601
Operating Income	936,284	-	936,284
<b>Non-Operating Receipts (Disbursements):</b>			
Other Nonoperating Receipts	-	4,185	4,185
Other Nonoperating Disbursements	-	(2,979)	(2,979)
Capital Outlay	(709,049)	-	(709,049)
Principal Payments	(896,219)	-	(896,219)
Interest and Fiscal Charges	(160,579)	-	(160,579)
Total Non-Operating Receipts/(Disbursements)	(1,765,847)	1,206	(1,764,641)
Net Receipts Over/(Under) Disbursements	(829,563)	1,206	(828,357)
Fund Cash Balances, January 1	2,212,333	91	2,212,424
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,382,770</u>	<u>\$ 1,297</u>	<u>\$ 1,384,067</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Commercial Point  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Funds  
For the Year Ended December 31, 2008*

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 163,312	\$ -	\$ -	\$ 163,312
Intergovernmental	27,549	58,196	-	85,745
Special Assessments	-	-	89	89
Charges for Services	-	16,515	-	16,515
Fines, Licenses & Permits	8,663	-	-	8,663
Earnings on Investments	44,317	753	-	45,070
Miscellaneous	2,009	-	-	2,009
	<u>245,850</u>	<u>75,464</u>	<u>89</u>	<u>321,403</u>
<b>Total Cash Receipts</b>	<b>245,850</b>	<b>75,464</b>	<b>89</b>	<b>321,403</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	38,459	-	-	38,459
Public Health Service	6,692	-	-	6,692
Community Environment	19,397	30,225	-	49,622
Transportation	5,633	92,299	-	97,932
General Government	105,408	-	-	105,408
	<u>175,589</u>	<u>122,524</u>	<u>-</u>	<u>298,113</u>
<b>Total Cash Disbursements</b>	<b>175,589</b>	<b>122,524</b>	<b>-</b>	<b>298,113</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>70,261</b>	<b>(47,060)</b>	<b>89</b>	<b>23,290</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	70,261	(47,060)	89	23,290
Fund Cash Balances, January 1	<u>394,693</u>	<u>164,672</u>	<u>-</u>	<u>559,365</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 464,954</u></b>	<b><u>\$ 117,612</u></b>	<b><u>\$ 89</u></b>	<b><u>\$ 582,655</u></b>

*The notes to the financial statements are an integral part of this statement.*

**Village of Commercial Point  
Pickaway County**

*Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Proprietary and Similar Fiduciary Fund Types  
For the Year Ended December 31, 2008*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,422,238	\$ -	\$ 1,422,238
Special Assessments	8,152	-	8,152
Total Operating Cash Receipts	1,430,390	-	1,430,390
<b>Operating Cash Disbursements:</b>			
Personal Services	94,132	-	94,132
Employee Fringe Benefits	24,223	-	24,223
Contractual Services	247,220	-	247,220
Supplies and Materials	93,771	-	93,771
Total Operating Cash Disbursements	459,346	-	459,346
Operating Income	971,044	-	971,044
<b>Non-Operating Receipts (Disbursements):</b>			
Other Nonoperating Receipts	-	961	961
Other Nonoperating Disbursements	-	(2,631)	(2,631)
Capital Outlay	(219,416)	-	(219,416)
Principal Payments	(209,530)	-	(209,530)
Interest and Fiscal Charges	(162,948)	-	(162,948)
Total Non-Operating Receipts/(Disbursements)	(591,894)	(1,670)	(593,564)
Net Receipts Over/(Under) Disbursements	379,150	(1,670)	377,480
Fund Cash Balances, January 1	1,833,183	1,761	1,834,944
<b>Fund Cash Balances, December 31</b>	<u>\$ 2,212,333</u>	<u>\$ 91</u>	<u>\$ 2,212,424</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Commercial Point**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Commercial Point (the "Village") is a body corporate and politic established to exercise 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 the following services; water, sewer, mayor's court, general government services, road and bridge maintenance, and police services.

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**

The most significant of the Village's accounting policies are described below.

A. **BASIS OF PRESENTATION – FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

**GOVERNMENTAL FUNDS**

**General Fund**

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Village had the following significant special revenue fund:

*Street Construction, Maintenance and Repair Fund:* This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

**Debt Service Fund**

This fund accounts for resources to be used to meet the Village's debt requirements.

*Debt Service Fund:* This fund receives special assessments to pay for debt associated with United States Department of Agriculture loan.

**PROPRIETARY FUNDS**

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

*Water Fund-* This fund receives charges for services from residents to cover the cost of providing the utility and grant and loan proceeds from various agencies for the expansion of the Village's water plant.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

*Sewer Fund*- This fund receives charges for services from residents to cover the cost of providing the utility and grant and loan proceeds from various agencies for the expansion of the Village's sewer system.

*Garbage Fund*- This fund receives charges for services from residents to cover the cost of providing the utility.

**FIDUCIARY FUNDS**

*Agency Fund* - Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following agency fund:

*Mayor's Court*- This fund receives money from citations issued by the Village. Money collected is distributed in accordance with the Ohio Revised Code to the Village and the State.

**B. BASIS OF ACCOUNTING**

These financial statements follow 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).

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

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is 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. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projective receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Village had no outstanding encumbrances at December 31, 2009 or December 31, 2008.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$9,688 and \$45,070 for the years ended December 31, 2009 and 2008, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**Village of Commercial Point**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. TOTAL COLUMNS OF FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 – 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 and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 495,429	\$ 481,133
Investments in Star Ohio	<u>1,611,689</u>	<u>2,313,946</u>
Total Deposits	<u>\$ 2,107,118</u>	<u>\$ 2,795,079</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

**NOTE 4 – PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**Village of Commercial Point**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2009 and 2008

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**NOTE 5 – BUDGETARY ACTIVITY**

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 196,763	\$ 337,383	\$ 140,620
Special Revenue	204,391	75,065	(129,326)
Enterprise	1,214,535	1,355,885	141,350
<b>Total</b>	<b>\$ 1,615,689</b>	<b>\$ 1,768,333</b>	<b>\$ 152,644</b>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 661,716	\$ 204,286	\$ 457,430
Special Revenue	148,423	67,766	80,657
Enterprise	3,426,867	2,185,448	1,241,419
<b>Total</b>	<b>\$ 4,237,006</b>	<b>\$ 2,457,500</b>	<b>\$ 1,779,506</b>

2008 Budgeted vs. Actual Reports

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 163,730	\$ 245,850	\$ 82,120
Special Revenue	185,956	75,464	(110,492)
Debt Service	-	89	89
Enterprise	1,179,160	1,430,390	251,230
<b>Total</b>	<b>\$ 3,618,242</b>	<b>\$ 1,728,113</b>	<b>\$ 1,890,129</b>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 422,139	\$ 175,589	\$ 246,550
Special Revenue	182,414	122,524	59,890
Debt Service	154	-	154
Enterprise	3,012,341	1,051,240	1,961,101
<b>Total</b>	<b>\$ 3,617,048</b>	<b>\$ 1,349,353</b>	<b>\$ 2,267,695</b>

Although actual receipts in the Special Revenue Fund Type fell below budgetary estimates in both 2009 and 2008, appropriations did not exceed actual resources at any time during those years.



**Village of Commercial Point**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2009 and 2008

**NOTE 6 – DEBT OBLIGATIONS**

At December 31, 2009 and 2008, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2009</u>
2001 Ohio Public Works Commission (OPWC) note for elevated water tower improvements, due in semiannual installments of 9,860 through 2021 at a rate of 0%	\$ 118,321
1998 Ohio Water Development Authority (ODWA) Sewer Plant Expansion Loan, due in semiannual installments of \$89,684 through 2018 at a rate of 5.860%	1,173,752
1997 Ohio Water Development Authority (ODWA) Water Plant Expansion Loan, due in semiannual installments of \$45,268 through 2017 at a rate of 5.360%	<u>526,635</u>
Total Debt Obligation at December 31	<u><u>\$ 1,818,708</u></u>

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2009, are as follows:

<u>Year Ending December 31</u>	Loan - ODWA 1997		Loan - ODWA 1998		Loan OPWC 2001
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2010	\$ 57,042	\$ 33,494	\$ 110,586	\$ 68,782	\$ 9,860
2011	60,670	29,866	117,066	62,302	9,860
2012	64,528	26,008	123,926	55,441	9,860
2013	68,633	21,903	131,188	48,180	9,860
2014	72,997	17,538	138,875	40,492	9,860
2015-2019	202,765	23,574	552,111	75,673	49,300
2020-2021	-	-	-	-	19,721
Total	<u>\$ 526,635</u>	<u>\$ 152,383</u>	<u>\$ 1,173,752</u>	<u>\$ 350,870</u>	<u>\$ 118,321</u>

<u>Year Ending December 31</u>	Totals	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 177,488	\$ 102,276
2011	187,596	92,168
2012	198,314	81,449
2013	209,681	70,083
2014	221,732	58,030
2015-2019	804,176	99,247
2020-2021	19,721	-
Total	<u>\$ 1,818,708</u>	<u>\$ 503,253</u>

The Village paid off the Water Revenue bonds for the general upgrade and expansion of the Village's water treatment facilities. There Village paid a penalty of \$10,086 for early payoff during 2009.

**Village of Commercial Point**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**NOTE 7 – RETIREMENT SYSTEM**

The Village’s 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2009.

**NOTE 8 – RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to 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 over 700 Ohio governments (“Members”)

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 17.5% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 17.5% or \$43,750 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$11,176,186	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members’ Equity	<u>\$6,323,701</u>	<u>\$5,184,333</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 9- CONTINGENT LIABILITY**

LITIGATION

The Village is not currently involved in any litigation that is expected to impact their financial statements.



**Report On Internal Control Over Financial Reporting and On Compliance and Other Matters  
Required by *Government Auditing Standards***

Village Council  
Village of Commercial Point  
Pickaway County  
P.O. Box 56  
Commercial Point, Ohio 43116

We have audited the financial statements of the Village of Commercial Point, Pickaway County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 21, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in 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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We did note an internal control matter that we reported to the Village's management in a separate letter dated June 21, 2010.

### Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated June 21, 2010.

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



Balestra, Harr & Scherer, CPAs, Inc.  
June 21, 2010



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF COMMERCIAL POINT**

**PICKAWAY 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  
SEPTEMBER 30, 2010**