



Dave Yost • Auditor of State



VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2011 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2011 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2010 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Fiduciary Funds Types – For the Year Ended December 31, 2010 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

September 4, 2012

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Commercial Point, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flow, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Commercial Point, Franklin County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

September 4, 2012



**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Fund Types</b>			<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 185,139	\$ -	\$ -	\$ 185,139
Municipal Income Tax	330,287	-	-	330,287
Intergovernmental	24,637	66,316	-	90,953
Charges for Services	-	42,490	-	42,490
Fines, Licenses and Permits	25,980	-	-	25,980
Earnings on Investments	1,589	77	-	1,666
Miscellaneous	7,740	-	-	7,740
<b>Total Cash Receipts</b>	<b>575,372</b>	<b>108,883</b>	<b>-</b>	<b>684,255</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	108,782	-	-	108,782
Public Health Services	12,163	-	-	12,163
Community Environment	14,252	47,237	-	61,489
Transportation	242,061	30,973	-	273,034
General Government	272,036	-	88	272,124
<b>Total Cash Disbursements</b>	<b>649,294</b>	<b>78,210</b>	<b>88</b>	<b>727,592</b>
Total Receipts Over/(Under) Disbursements	(73,922)	30,673	(88)	(43,337)
Fund Cash Balance, January 1	665,828	98,026	88	763,942
<b>Fund Cash Balance, December 31</b>				
Restricted	-	124,824	-	124,824
Committed	-	3,875	-	3,875
Unassigned	591,906	-	-	591,906
<b>Fund Cash Balance, December 31</b>	<b>\$ 591,906</b>	<b>\$ 128,699</b>	<b>\$ -</b>	<b>\$ 720,605</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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,317,693	\$ -	\$ 1,317,693
Total Operating Cash Receipts	<u>1,317,693</u>	<u>-</u>	<u>1,317,693</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	99,026	-	99,026
Employee Fringe Benefits	42,353	-	42,353
Contractual Services	238,697	-	238,697
Supplies and Materials	172,439	-	172,439
Other	17,628	-	17,628
Total Operating Cash Disbursements	<u>570,143</u>	<u>-</u>	<u>570,143</u>
Operating Income	747,550	-	-
<b>Non-Operating Receipts/Disbursements</b>			
Other Non-Operating Receipts	-	21,186	21,186
Other Non-Operating Disbursements	-	(20,043)	(20,043)
Special Assessments	3,629	-	3,629
Capital Outlay	(291,034)	-	(291,034)
Principal Retirement	(187,596)	-	(187,596)
Interest and Other Fiscal Charges	(92,168)	-	(92,168)
Total Non-Operating Receipts/Disbursements	<u>(567,169)</u>	<u>1,143</u>	<u>(566,026)</u>
Net Change in Fund Cash Balances	180,381	1,143	181,524
Fund Cash Balance, January 1	<u>1,292,727</u>	<u>1,348</u>	<u>1,294,075</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 1,473,108</u>	<u>\$ 2,491</u>	<u>\$ 1,475,599</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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 170,279	\$ -	\$ -	\$ 170,279
Municipal Income Tax	337,023	-	-	337,023
Intergovernmental	25,061	65,676	-	90,737
Charges for Services	-	17,191	-	17,191
Fines, Licenses and Permits	19,831	-	-	19,831
Earnings on Investments	2,413	99	-	2,512
Miscellaneous	3,308	-	-	3,308
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	557,915	82,966	-	640,881
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	56,767	-	-	56,767
Public Health Services	7,584	-	-	7,584
Community Environment	4,825	6,938	-	11,763
Transportation	20,067	90,056	-	110,123
General Government	400,895	12,857	-	413,752
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	490,138	109,851	-	599,989
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	67,777	(26,885)	-	40,892
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1	598,051	124,911	88	723,050
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balance, December 31</b>				
Restricted	-	94,151	88	94,239
Committed	-	3,875	-	3,875
Unassigned	665,828	-	-	665,828
<i>Fund Cash Balance, December 31</i>	<u>\$ 665,828</u>	<u>\$ 98,026</u>	<u>\$ 88</u>	<u>\$ 763,942</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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,313,285	\$ -	\$ 1,313,285
Total Operating Cash Receipts	<u>1,313,285</u>	<u>-</u>	<u>1,313,285</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Personal Services	91,310	-	91,310
Employee Fringe Benefits	32,870	-	32,870
Contractual Services	204,942	-	204,942
Supplies and Materials	110,696	-	110,696
Other	310,580	-	310,580
Total Operating Cash Disbursements	<u>750,398</u>	<u>-</u>	<u>750,398</u>
Operating Income	562,887	-	562,887
<b>Non-Operating Receipts/Disbursements</b>			
Other Non-Operating Receipts	-	14,894	14,894
Other Non-Operating Disbursements	-	(14,843)	(14,843)
Special Assessments	6,290	-	6,290
Capital Outlay	(379,456)	-	(379,456)
Redemption of Principal	(177,488)	-	(177,488)
Interest and Other Fiscal Charges	(102,276)	-	(102,276)
Total Non-Operating Receipts/Disbursements	<u>(652,930)</u>	<u>51</u>	<u>(652,879)</u>
Net Change in Fund Cash Balances	(90,043)	51	(89,992)
Fund Cash Balance, January 1	<u>1,382,770</u>	<u>1,297</u>	<u>1,384,067</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 1,292,727</u>	<u>\$ 1,348</u>	<u>\$ 1,294,075</u>

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

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Commercial Point, Pickaway County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides the following services: water and sewer utilities, mayor's court, general government services, road and bridge maintenance, and police services. The Village receives fire protection services, which are provided by Scioto Township.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

These funds account for proceeds from specific sources that are restricted to expenditure 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.

Housing Development Fund – This fund receives monies from developers for new developments within Commercial Point.

**3. Debt Service Fund**

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

**4. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Garbage Fund – This fund receives charges for services from residents to cover the costs of providing the utility.

**5. Fiduciary Fund**

Fiduciary funds include the Village's agency fund.

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

VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

A summary of 2011 and 2010 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. The classifications are as follows:

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.

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**3. 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. Change in Accounting Principle**

The Village has implemented Government Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The implementation of this statement resulted in changes to the Village's statement presentation, relating to fund balance classifications, as described above in Note 1F.



**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$712,045	\$473,858
STAR Ohio	1,484,159	1,584,159
Total deposits and investments	2,196,204	2,058,017

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**4. Budgetary Activity**

Budgetary activity for the years ending 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$336,863	\$575,372	\$238,509
Special Revenue	85,175	108,883	23,708
Enterprise Funds	1,288,500	1,321,322	32,822
Total	\$1,710,538	\$2,005,577	\$295,039

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,002,692	\$649,294	\$353,398
Special Revenue	140,710	78,210	62,500
Debt Service	88	88	0
Enterprise Funds	2,581,228	1,140,941	1,440,287
Total	\$3,724,718	\$1,868,533	\$1,856,185

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Budgetary Activity (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$229,916	\$557,915	\$327,999
Special Revenue	32,935	82,966	50,031
Enterprise Funds	1,250,971	1,319,575	68,604
Total	\$1,513,822	\$1,960,456	\$446,634

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$827,968	\$490,138	\$337,830
Special Revenue	156,207	109,851	46,356
Debt Service	88	0	88
Enterprise Funds	2,633,740	1,409,618	1,224,122
Total	\$3,618,003	\$2,009,607	\$1,608,396

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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. 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.

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. Tangible personal property tax is being phased out – the assessment percentage for all property including inventory will be reduced to zero for 2011.

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

**6. Local Income Tax**

The Village levies a municipal income tax of 1 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 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.

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$408,925	6%
Ohio Water Development Authority Loan	946,100	6%
Ohio Public Works Commission Loan	98,600	0%
Total	\$1,453,625	

The Ohio Water Development Authority (OWDA) loans relates to a water and sewer plant expansion project. The Village borrowed \$3,058,925 in loans from OWDA for this project. The Village will repay the loans in semiannual installments of \$90,536 (for the water loan) and \$179,367 (for the sewer loan), including interest, over 20 years. Water and sewer receipts collateralize the loan. In addition, the Village has a loan with Ohio Public Works Commission (OPWC), which relates to the water tower. The Village borrowed \$197,201, with semi-annual payments of \$4,930. Water and sewer receipts collateralize the loan.

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

Year ending December 31:	OWDA Loan (Water Loan)	OWDA Loan (Sewer Loan)	OPWC Loan
2012	\$90,536	\$179,367	\$9,860
2013	\$90,536	\$179,367	\$9,860
2014	\$90,536	\$179,367	\$9,860
2015	\$90,536	\$179,367	\$9,860
2016	\$90,536	\$179,367	\$9,860
2017-2021	\$45,268	\$269,051	\$49,300
Total	\$497,948	\$1,165,886	\$98,600

**8. Retirement Systems**

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

**VILLAGE OF COMMERCIAL POINT  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**9. Risk Management**

The Village has obtained commercial insurance for the following risks:

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

No significant changes in coverage from the prior year. Claims have not exceeded coverage in any of the past three years.

The Village belongs to Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Members deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the Plan retains the lesser of 15% or \$37,500 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.

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

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

	2011*	2010*
Assets	\$12,501,280	\$12,036,541
Liabilities	(\$5,328,761)	(\$4,845,056)
Member's Equity	\$7,172,519	\$7,191,485

\*Latest information available from Ohio Government Risk Management Plan

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



# Dave Yost • Auditor of State

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

Village of Commercial Point  
Pickaway County  
P.O. Box 56  
Commercial Point, Ohio 43166

To the Village Council:

We have audited the financial statements of the Village of Commercial Point, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 4, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 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.

### **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 matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 4, 2012.

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



**Dave Yost**  
Auditor of State

September 4, 2012



# Dave Yost • 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  
OCTOBER 9, 2012