

**VILLAGE OF
COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2003 and 2002

SUSAN BREECH, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of Commercial Point
P.O. Box 26
Commercial Point, Ohio 43116

We have reviewed the Independent Auditor's Report of the Village of Commercial Point, Pickaway County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 through December 31, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 29, 2004

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**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor's Report

Members of Council and Mayor
Village of Commercial Point
9 Bellshazzar St.
Commercial Point, OH 43116

We have audited the accompanying financial statements of the Village of Commercial Point, Pickaway County, Ohio, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village of Commercial Point'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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of Commercial Point prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Commercial Point, Pickaway County, Ohio as of December 31, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2004, on our consideration of the Village of Commercial Point's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Village of Commercial Point's management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
June 29, 2004

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2003 AND 2002

<u>Cash and Equivalents</u>	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 1,749,192	\$ 1,269,267
Total Cash and Cash Equivalents	<u>\$ 1,749,192</u>	<u>\$ 1,269,267</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 19,127	\$ 3,438
Special Revenue Funds	108,148	78,064
Debt Service Fund	4	76
Total Governmental Fund Types	<u>127,279</u>	<u>81,578</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>1,621,733</u>	<u>1,187,133</u>
 <u>Fiduciary Fund Type:</u>		
Agency Fund	<u>180</u>	<u>556</u>
Total Fund Balances	<u>\$ 1,749,192</u>	<u>\$ 1,269,267</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Local taxes	\$ 61,071	\$ -	\$ -	\$ 61,071
Intergovernmental	37,973	18,569	-	56,542
Charges for services	-	174,744	-	174,744
Fines, licenses, and permits	9,284	-	-	9,284
Interest	16,171	29	13	16,213
Special assessments	-	-	2,840	2,840
Miscellaneous	6,424	-	-	6,424
Total cash receipts	130,923	193,342	2,853	327,118
Cash disbursements:				
Current:				
Security of persons and property	29,830	-	-	29,830
Public health services	2,256	-	-	2,256
Community environment	2,061	133,474	-	135,535
Transportation	5,439	29,784	-	35,223
General government	64,771	-	-	64,771
Debt service:				
Principal retirement	-	-	2,600	2,600
Interest charges	-	-	325	325
Total cash disbursements	104,357	163,258	2,925	270,540
Total cash receipts over/(under) cash disbursements	26,566	30,084	(72)	56,578
Other financing (disbursements):				
Transfers-out	(10,877)	-	-	(10,877)
Total other financing (disbursements)	(10,877)	-	-	(10,877)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	15,689	30,084	(72)	45,701
Cash fund balances, January 1, 2003	3,438	78,064	76	81,578
Cash fund balances, December 31, 2003	\$ 19,127	\$ 108,148	\$ 4	\$ 127,279

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,296,379	\$ -	\$ 1,296,379
Total operating cash receipts	<u>1,296,379</u>	<u>-</u>	<u>1,296,379</u>
Operating cash disbursements:			
Personal services	71,834	-	71,834
Employee fringe benefits	10,145	-	10,145
Contractual services	113,892	-	113,892
Supplies and material	104,414	-	104,414
Capital outlay	385,061	-	385,061
Total operating cash disbursements	<u>685,346</u>	<u>-</u>	<u>685,346</u>
Operating income	<u>611,033</u>	<u>-</u>	<u>611,033</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	4,707	4,707
Fines disbursements	-	(5,083)	(5,083)
Proceeds of notes	92,454	-	92,454
Debt service:			
Principal	(121,136)	-	(121,136)
Interest	(158,628)	-	(158,628)
Total nonoperating cash receipts/(disbursements)	<u>(187,310)</u>	<u>(376)</u>	<u>(187,686)</u>
Excess of receipts over/(under) disbursements before interfund transfers	<u>423,723</u>	<u>(376)</u>	<u>423,347</u>
Transfers in	<u>10,877</u>	<u>-</u>	<u>10,877</u>
Net receipts over/(under) disbursements after interfund transfers	434,600	(376)	434,224
Cash fund balances, January 1, 2003	<u>1,187,133</u>	<u>556</u>	<u>1,187,689</u>
Cash fund balances, December 31, 2003	<u>\$ 1,621,733</u>	<u>\$ 180</u>	<u>\$ 1,621,913</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Caryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 17,802	\$ 130,323	\$ 148,125	\$ 130,923	\$ 600	\$ 38	\$ 147,405	\$ 147,443	\$ 115,234	\$ 580	\$ 115,814	\$ 31,629
Special Revenue	34,673	196,823	231,496	193,342	(3,481)	33,285	228,091	261,376	163,258	-	163,258	98,118
Debt Service	76	2,920	2,996	2,853	(67)	-	2,995	2,995	2,925	-	2,925	70
Proprietary:												
Enterprise	1,183,554	1,985,000	3,168,554	1,399,710	(585,290)	-	2,200,601	2,200,601	965,110	918,250	1,883,360	317,241
Total (Memorandum Only)	<u>\$ 1,236,105</u>	<u>\$ 2,315,066</u>	<u>\$ 3,551,171</u>	<u>\$ 1,726,828</u>	<u>\$ (588,238)</u>	<u>\$ 33,323</u>	<u>\$ 2,579,092</u>	<u>\$ 2,612,415</u>	<u>\$ 1,246,527</u>	<u>\$ 918,830</u>	<u>\$ 2,165,357</u>	<u>\$ 447,058</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Local taxes	\$ 60,607	\$ -	\$ -	\$ 60,607
Intergovernmental	33,638	15,803	-	49,441
Charges for services	-	86,186	-	86,186
Fines, licenses, and permits	7,038	375	-	7,413
Interest	18,920	74	10	19,004
Reimbursements	6,010	-	-	6,010
Special assessments	-	-	3,005	3,005
Miscellaneous	6,060	300	-	6,360
Total cash receipts	<u>132,273</u>	<u>102,738</u>	<u>3,015</u>	<u>238,026</u>
Cash disbursements:				
Current:				
Security of persons and property	47,095	4,200	-	51,295
Public health services	2,257	-	-	2,257
Leisure time activities	-	1,200	-	1,200
Community environment	2,584	75,494	-	78,078
Transportation	5,535	12,626	-	18,161
General government	63,452	-	-	63,452
Capital outlay	-	1,302	-	1,302
Debt service:				
Principal retirement	10,873	-	2,600	13,473
Interest charges	86	-	358	444
Total cash disbursements	<u>131,882</u>	<u>94,822</u>	<u>2,958</u>	<u>229,662</u>
Total cash receipts over cash disbursements	<u>391</u>	<u>7,916</u>	<u>57</u>	<u>8,364</u>
Other financing (disbursements):				
Transfers-out	(14,507)	-	-	(14,507)
Total other financing (disbursements)	<u>(14,507)</u>	<u>-</u>	<u>-</u>	<u>(14,507)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(14,116)	7,916	57	(6,143)
Cash fund balances, January 1, 2002	<u>17,554</u>	<u>70,148</u>	<u>19</u>	<u>87,721</u>
Cash fund balances, December 31, 2002	<u>\$ 3,438</u>	<u>\$ 78,064</u>	<u>\$ 76</u>	<u>\$ 81,578</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,227,098	\$ -	\$ 1,227,098
Total operating cash receipts	<u>1,227,098</u>	<u>-</u>	<u>1,227,098</u>
Operating cash disbursements:			
Personal services	64,672	-	64,672
Employee fringe benefits	11,144	-	11,144
Contractual services	124,412	-	124,412
Supplies and material	72,591	-	72,591
Capital outlay	511,412	-	511,412
Total operating cash disbursements	<u>784,231</u>	<u>-</u>	<u>784,231</u>
Operating income	<u>442,867</u>	<u>-</u>	<u>442,867</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	3,420	3,420
Fines disbursements	-	(2,864)	(2,864)
Debt service:			
Principal	(114,811)	-	(114,811)
Interest	(164,952)	-	(164,952)
Total nonoperating cash receipts/(disbursements)	<u>(279,763)</u>	<u>556</u>	<u>(279,207)</u>
Excess of receipts over disbursements before interfund transfers	<u>163,104</u>	<u>556</u>	<u>163,660</u>
Transfers-in	<u>14,507</u>	<u>-</u>	<u>14,507</u>
Net receipts over disbursements after interfund transfers	177,611	556	178,167
Cash fund balances, January 1, 2002	<u>1,009,522</u>	<u>-</u>	<u>1,009,522</u>
Cash fund balances, December 31, 2002	<u>\$ 1,187,133</u>	<u>\$ 556</u>	<u>\$ 1,187,689</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 37,624	\$ 134,938	\$ 172,562	\$ 132,273	\$ (2,665)	\$ -	\$ 172,562	\$ 172,562	\$ 146,389	\$ 38	\$ 146,427	\$ 26,135
Special Revenue	54,867	125,235	180,102	102,738	(22,497)	-	180,100	180,100	94,822	33,285	128,107	51,993
Debt Service	12	3,555	3,567	3,015	(540)	-	3,567	3,567	2,958	-	2,958	609
Proprietary:												
Enterprise	1,004,739	650,037	1,654,776	1,241,605	591,568	-	1,644,745	1,644,745	1,063,994	-	1,063,994	580,751
Total (Memorandum Only)	\$ 1,097,242	\$ 913,765	\$ 2,011,007	\$ 1,479,631	\$ 565,866	\$ -	\$ 2,000,974	\$ 2,000,974	\$ 1,308,163	\$ 33,323	\$ 1,341,486	\$ 659,488

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Commercial Point (the "Village") is a body politic and corporate 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 operates under a council-mayor form of government and provides the following services: water, sewer, street construction, maintenance and repair, security of persons and property, a mayor's court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

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 Fund

This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

The Village had the following significant special revenue fund:

Housing Fund - This fund receives monies for engineering services for the various subdivisions being built in the Village. These monies are collected by the Village for payment to the contracted engineering firm.

Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

General Obligation Bond Fund - This fund receives special assessments and interest to pay for debt associated with United States Development Association loan.

Enterprise 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 this utility and grant and loan proceeds from various agencies for the expansion of the Village's water plant.

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

Fiduciary Funds (Agency Fund)

Mayor's Court - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

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 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, except Agency 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.

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 projected receipts of each fund.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

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 finds 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. Appropriations may not exceed estimated resources. The Village adopted supplemental appropriations during 2003 and 2002.

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 reappropriated. The Village had outstanding encumbrances at December 31, 2003 and 2002.

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 \$16,213 and \$19,004 for the years ended December 31, 2003 and 2002, respectively.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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

E. PROPERTY, PLANT AND EQUIPMENT

Fixed 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.

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. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON 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 - COMPLIANCE

The Village did not properly encumber all commitments required by Ohio law contrary to Section 5705.41 (D) Ohio Revised Code.

NOTE 4 - CASH AND INVESTMENTS

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:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 4 - CASH AND INVESTMENTS - (Continued)

	2003	2002
Demand deposits	\$ 297,322	\$ 131,806
Investments in STAR Ohio	1,451,870	1,137,461
Total Deposits and Investments	\$ 1,749,192	\$ 1,269,267

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 is valued at amounts reported by the State Treasurer.

NOTE 5 - 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 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, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance December 31, 2003</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%.	\$ 172,551
2003 private placement revenue bond for the general upgrade to Village water treatment facilities.	92,454
1998 Ohio Water Development Authority (OWDA) Sewer Plant Expansion Loan, due in semiannual installments of \$89,684 through 2018 at a rate of 5.860%.	1,719,936
1997 Ohio Water Development Authority (OWDA) Water Plant Expansion Loan, due in semiannual installments of \$45,268 through 2017 at a rate of 5.360%.	803,983
1985 United States Department of Agriculture (USDA) Fire Hydrant Installation Special Assessment Loan, due in annual installments of varying amounts through 2006 at a rate of 7.125%.	<u>7,800</u>
Total debt obligations at December 31, 2003	<u>\$ 2,796,724</u>

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2003 and 2002 are summarized as follows:

<u>Description</u>	<u>Balance at December 31, 2002</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2003</u>
<u>2003:</u>				
Loan - OPWC - 2001	\$ 182,411	\$ -	\$ (9,860)	\$ 172,551
Loan - OWDA - 1998 #3163	1,794,165	-	(74,229)	1,719,936
Loan - OWDA 1997 #3162	841,030	-	(37,047)	803,983
Revenue Placement Bond	-	92,454	-	92,454
Loan - USDA - 1985	<u>10,400</u>	<u>-</u>	<u>(2,600)</u>	<u>7,800</u>
Totals	<u>\$ 2,828,006</u>	<u>\$ 92,454</u>	<u>\$ (123,736)</u>	<u>\$ 2,796,724</u>

<u>Description</u>	<u>Balance at December 31, 2001</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2002</u>
<u>2002:</u>				
Loan - OPWC - 2001	\$ 192,271	\$ -	\$ (9,860)	\$ 182,411
Loan - OWDA - 1998 #3163	1,864,285	-	(70,120)	1,794,165
Loan - OWDA 1997 #3162	875,861	-	(34,831)	841,030
Loan Citizens Bank	10,873	-	(10,873)	-
Loan - USDA - 1985	<u>13,000</u>	<u>-</u>	<u>(2,600)</u>	<u>10,400</u>
Totals	<u>\$ 2,956,290</u>	<u>\$ -</u>	<u>\$ (128,284)</u>	<u>\$ 2,828,006</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Loan</u>		<u>Loan - OWDA - 1998</u>		<u>Loan - OWDA - 1997</u>	
	<u>OPWC - 2001</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$	9,860	\$ 38,171	\$ 51,513	\$ 19,094	\$ 26,174
2005		9,860	80,816	98,912	40,616	49,920
2006		9,860	85,552	94,176	43,200	47,336
2007		9,860	90,566	89,162	45,948	44,588
2008		9,860	95,872	83,856	48,870	41,666
2009 - 2013		49,300	570,514	326,326	295,120	157,560
2014 - 2018		49,300	758,445	138,395	311,135	51,009
2019 - 2021		<u>24,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$</u>	<u>172,551</u>	<u>\$ 1,719,936</u>	<u>\$ 882,340</u>	<u>\$ 803,983</u>	<u>\$ 418,253</u>

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Year Ending <u>December 31</u>	<u>Note - USDA -1985</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 2,600	\$ 556	\$ 69,725	\$ 78,243
2005	2,600	371	133,892	149,203
2006	2,600	185	141,212	141,697
2007	-	-	146,374	133,750
2008	-	-	154,602	125,522
2009 - 2013	-	-	914,934	483,886
2014 - 2018	-	-	1,118,880	189,404
2019 - 2021	-	-	24,651	-
Total	<u>\$ 7,800</u>	<u>\$ 1,112</u>	<u>\$ 2,704,270</u>	<u>\$ 1,301,705</u>

The Village has obtained a private placement revenue bond with Park National Bank for the general upgrade and expansion of the Village's water treatment facilities. This bond functions similar to a line of credit agreement with total permissible borrowing of \$950,000. The Village has borrowed \$92,454 of this total at December 31, 2003. Once the project is complete, financing arrangements and repayment terms will be finalized.

NOTE 7 - RETIREMENT SYSTEMS

During 2003, the Village's law enforcement officers belonged to the Ohio Police and Fire Fund (OP&F), while other employees belonged to the Ohio Public Employees Retirement System (OPERS). During 2003, all employees of the Village belonged to the OPERS. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2003. As of December 31, 2003, the Village has paid all contributions required for 2003 and 2002.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 8 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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 uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% or premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

NOTE 9 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,877
<u>Enterprise Funds:</u>		
Water Fund	2,270	-
Sewer Fund	8,607	-
Total	<u>\$ 10,877</u>	<u>\$ 10,877</u>

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 9 - INTERFUND TRANSACTIONS – (Continued)

The Village had the following interfund transactions for the year ended December 31, 2002:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 14,507
<u>Enterprise Funds:</u>		
Water Fund	2,575	-
Sewer Fund	<u>11,932</u>	<u>-</u>
Total	<u>\$ 14,507</u>	<u>\$ 14,507</u>

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council and Mayor
Village of Commercial Point
9 Bellshazzar St.
Commercial Point, OH 43116

We have audited the financial statements of the Village of Commercial Point, Pickaway County, Ohio, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 29, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Commercial Point's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-VOCP-001. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the Village of Commercial Point in a separate letter dated June 29, 2004.

Members of Council and Mayor
Village of Commercial Point

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Commercial Point's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of Commercial Point in a separate letter dated June 29, 2004.

This report is intended for the information of the Council of the Village of Commercial Point and its management and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
June 29, 2004

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2003-VOCP-001
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted that during the audit that the Village made several expenditures in which an invoice was dated prior to the purchase order as certified by the Clerk, thus causing 26% of 2003 expenditures and 46% of 2002 expenditures tested not to be certified in a timely manner.

Without timely certification, the Village increases the risk that purchases may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Board and distributed at least annually may be beneficial. The Village should consider using "Then" and "Now" certificates where applicable.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-VOCP-001	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	Yes	N/A



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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
AUGUST 17, 2004**