

Village of Commercial Point
Pickaway County
Regular Audit
For the Years Ended December 31, 2007 and 2006
Fiscal Years Audited Under GAGAS: 2007 and 2006

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Mary Taylor, CPA

Auditor of State

Members of Council
Village of Commercial Point
9 Balshazzar St.
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, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

August 26, 2008

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Village of Commercial Point
Pickaway County
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Independent Auditor's Report

Village Council
Village of Commercial Point
Pickaway County
9 Balshazzar St.
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, 2007 and 2006. 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position or cash flows, 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 of the Village of Commercial Point, Pickaway County, as of December 31, 2007 and 2006, 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 and 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 20, 2008 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 20, 2008

**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, 2007***

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Local Taxes	\$ 127,134	\$ -	\$ 127,134
Intergovernmental	40,592	54,001	94,593
Charges for Services	-	30,622	30,622
Fines, Licenses & Permits	14,791	850	15,641
Earnings on Investments	69,989	1,557	71,546
Miscellaneous	5,770	-	5,770
	258,276	87,030	345,306
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	46,270	-	46,270
Public Health Service	5,091	-	5,091
Leisure Time Activities	-	5,000	5,000
Community Environment	10,876	28,866	39,742
Transportation	26,493	51,765	78,258
General Government	93,575	-	93,575
	182,305	85,631	267,936
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	75,971	1,399	77,370
Fund Cash Balances, January 1	318,672	163,273	481,945
Fund Cash Balances, December 31	\$ 394,643	\$ 164,672	\$ 559,315

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, 2007*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,359,061	\$ -	\$ 1,359,061
Total Operating Cash Receipts	1,359,061	-	1,359,061
Operating Cash Disbursements:			
Personal Services	88,757	-	88,757
Employee Fringe Benefits	22,502	-	22,502
Contractual Services	240,580	-	240,580
Supplies and Materials	91,851	-	91,851
Total Operating Cash Disbursements	443,690	-	443,690
Operating Income	915,371	-	915,371
Non-Operating Receipts (Disbursements):			
Other Nonoperating Receipts	-	4,472	4,472
Other Nonoperating Disbursements	-	(2,711)	(2,711)
Capital Outlay	(205,478)	-	(205,478)
Principal Payments	(956,406)	-	(956,406)
Interest and Fiscal Charges	(213,961)	-	(213,961)
Total Non-Operating Receipts/(Disbursements)	(1,375,845)	1,761	(1,374,084)
Net Receipts Over/(Under) Disbursements	(460,474)	1,761	(458,713)
Fund Cash Balances, January 1	2,293,657	-	2,293,657
Fund Cash Balances, December 31	\$ 1,833,183	\$ 1,761	\$ 1,834,944

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, 2006*

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Local Taxes	88,168	\$ -	\$ -	\$ 88,168
Intergovernmental	65,660	47,881	-	113,541
Special Assessments	-	-	263	263
Charges for Services	-	16,044	-	16,044
Fines, Licenses & Permits	49,113	2,800	-	51,913
Earnings on Investments	89,115	1,377	-	90,492
Miscellaneous	2,460	-	-	2,460
	<u>294,516</u>	<u>68,102</u>	<u>263</u>	<u>362,881</u>
Total Cash Receipts	294,516	68,102	263	362,881
Cash Disbursements:				
Current:				
Security of Persons & Property	39,301	-	-	39,301
Public Health Service	3,461	-	-	3,461
Community Environment	9,555	15,895	-	25,450
Transportation	2,436	21,722	-	24,158
General Government	76,671	-	-	76,671
Debt Service:				
Principal Payments	-	-	2,600	2,600
Interest and Fiscal Charges	-	-	185	185
	<u>131,424</u>	<u>37,617</u>	<u>2,785</u>	<u>171,826</u>
Total Cash Disbursements	131,424	37,617	2,785	171,826
Total Cash Receipts Over/(Under) Cash Disbursements	<u>163,092</u>	<u>30,485</u>	<u>(2,522)</u>	<u>191,055</u>
Other Financing Receipts and (Disbursements):				
Transfers - In			3,074	3,074
Transfers - Out	(3,074)			(3,074)
	<u>(3,074)</u>	<u>-</u>	<u>3,074</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)	(3,074)	-	3,074	-
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	160,018	30,485	552	191,055
Fund Cash Balances, January 1	<u>158,654</u>	<u>132,788</u>	<u>(552)</u>	<u>290,890</u>
Fund Cash Balances, December 31	<u>\$ 318,672</u>	<u>\$ 163,273</u>	<u>\$ -</u>	<u>\$ 481,945</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, 2006*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,362,158	\$ -	\$ 1,362,158
Total Operating Cash Receipts	1,362,158	-	1,362,158
Operating Cash Disbursements:			
Personal Services	87,833	-	87,833
Employee Fringe Benefits	17,949	-	17,949
Contractual Services	191,644	-	191,644
Supplies and Materials	80,489	-	80,489
Total Operating Cash Disbursements	377,915	-	377,915
Operating Income	984,243	-	984,243
Non-Operating Receipts (Disbursements):			
Proceeds of Bonds	296,165		296,165
Other Nonoperating Receipts	-	10,397	10,397
Other Nonoperating Disbursements	-	(10,397)	(10,397)
Capital Outlay	(337,172)	-	(337,172)
Principal Payments	(212,149)	-	(212,149)
Interest and Fiscal Charges	(197,218)	-	(197,218)
Total Non-Operating Receipts/(Disbursements)	(450,374)	-	(450,374)
Net Receipts Over/(Under) Disbursements	533,869	-	533,869
Fund Cash Balances, January 1	1,759,788	-	1,759,788
Fund Cash Balances, December 31	<u>\$ 2,293,657</u>	<u>\$ -</u>	<u>\$ 2,293,657</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, 2007 and 2006

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. The Village did not adopt supplemental appropriations during 2007.

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, 2007 or December 31, 2006.

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 \$71,546 and \$90,492 for the years ended December 31, 2007 and 2006, 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, 2007 and 2006

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. 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 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:

	2007	2006
Demand Deposits	\$ 1,339,567	\$ 1,270,069
Investments in Star Ohio	1,054,692	1,505,533
Total Deposits	\$ 2,394,259	\$ 2,775,602

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.

Village of Commercial Point
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 4 – PROPERTY TAX – (Continued)

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.

NOTE 5 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 were as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 507,191	\$ 258,276	\$ 248,915
Special Revenue	343,815	87,030	256,785
Enterprise	3,343,282	1,359,061	1,984,221
Total	\$ 4,194,288	\$ 1,704,367	\$ 2,489,921

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 291,867	\$ 182,305	\$ 109,562
Special Revenue	274,739	85,631	189,108
Enterprise	2,285,868	1,819,535	466,333
Total	\$ 2,852,474	\$ 2,087,471	\$ 765,003

2006 Budgeted vs. Actual Reports

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 316,827	\$ 294,516	\$ 22,311
Special Revenue	336,245	68,102	268,143
Debt Service	2,454	3,337	(883)
Enterprise	2,962,716	1,362,158	1,600,558
Total	\$ 3,618,242	\$ 1,728,113	\$ 1,890,129

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 206,830	\$ 131,424	\$ 75,406
Special Revenue	208,083	37,617	170,466
Debt Service	2,785	2,785	-
Enterprise	1,669,235	377,915	1,291,320
Total	\$ 2,086,933	\$ 549,741	\$ 1,537,192

Village of Commercial Point
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 6 – DEBT OBLIGATIONS

At December 31, 2007 and 2006, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2007</u>
2001 Ohio Public Works Commission (OPWC) note for elevated water tower improvements, due in semiannual installments of 9,860 throu 2021 at a rate of 0%	\$ 133,112
2003 Waterworks System Mortgages Revenue bonds for the general upgrade to Village water treatment facilities, due in semi-annual installments of varying amounts through 2019 at a rate of varying rates 3-0%	783,758
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%	1,376,897
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>630,690</u>
Total Debt Obligation at December 31	<u><u>\$ 2,924,457</u></u>

Village of Commercial Point
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

NOTE 6 – DEBT OBLIGATIONS (Continued)

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2007, are as follows:

Year Ending December 31	Loan - ODWA 1997		Loan - ODWA		Loan OPWC
	Principal	Interest	Principal	Interest	2001 Principal
2008	\$ 50,424	\$ 40,112	\$ 98,681	\$ 80,686	\$ 9,860
2009	53,631	36,905	104,464	74,903	9,860
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
2013-2017	301,847.15	60,296	737,455	154,418	49,300
2018-2021	42,548	2,719	84,719	9,929	34,512
Total	<u>\$ 630,690</u>	<u>\$ 229,400</u>	<u>\$ 1,376,897</u>	<u>\$ 506,461</u>	<u>\$ 133,112</u>

Year Ending December 31	2003 Water Bonds	
	Principal	Interest
2008	\$ 50,528	\$ 42,188
2009	53,330	39,386
2010	56,287	36,429
2011	59,408	33,308
2012	62,702	30,014
2013-2017	369,679	93,900
2018-2019	131,825	7,287
Total	<u>\$ 783,758</u>	<u>\$ 282,513</u>

Year Ending December 31	Totals	
	Principal	Interest
2008	\$ 209,493	\$ 162,986
2009	221,285	151,194
2010	233,775	138,705
2011	247,003	125,476
2012	261,016	111,463
2013-2017	1,458,281	308,614
2018-2019	293,604	19,935
Total	<u>\$ 2,924,457</u>	<u>\$ 1,018,373</u>

The Village has paid off the Sewer System Mortgage Revenue bond for the general upgrade and expansion of the Village's sewer treatment facilities. There was a penalty for paying this off early. They have also paid off the USDA loan.

Village of Commercial Point
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

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 2007 and 2006, OPERS members contributed 9.5 and 9 percent, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.70 percent, respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2007.

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 550 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 reinsure the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. 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.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available).

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	(3,329,620)
Members’ Equity	<u>\$6,862,902</u>	\$6,290,528

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

NOTE 9- CONTINGENT LIABILITY

LITIGATION

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

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Ohio Society of Certified Public Accountants

Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
Village of Commercial Point
Pickaway County
9 Bellshazzar St
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, 2007 and 2006, and have issued our report thereon dated June 20, 2008 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

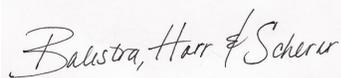
We noted certain matters that we reported to the Village's management in a separate letter dated June 20, 2008.

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 20, 2008.

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 20, 2008

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
DECEMBER 31, 2007 AND 2006
SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-VOCP-001	ORC 5705.39 Appropriation exceeding estimated resources.	Yes	
2005-VOCP-002	ORC 5705-41D Invoices predating purchase order.	Yes	
2005-VOCP-003	ORC 5705-10 Funds shall be expended only after such funds are received to cover expenditures	Yes	



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 9, 2008**