



Dave Yost • Auditor of State

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

Village of Commercial Point
Pickaway County
10 West Scioto Street
Commercial Point, Ohio 43116

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Commercial Point, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Commercial Point, Pickaway County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 7, 2021

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 136,405	\$ -	\$ 136,405
Municipal Income Tax	680,540	-	680,540
Intergovernmental	57,813	108,144	165,957
Charges for Services	-	137,328	137,328
Fines, Licenses and Permits	56,396	-	56,396
Earnings on Investments	110,198	1,411	111,609
Miscellaneous	74,846	35	74,881
<i>Total Cash Receipts</i>	<u>1,116,198</u>	<u>246,918</u>	<u>1,363,116</u>
Cash Disbursements			
Current:			
Security of Persons & Property	397,582	400	397,982
Public Health Services	9,333	-	9,333
Community Environment	8,690	22,646	31,336
Basic Utility Services	26,860	-	26,860
Transportation	228,235	28,614	256,849
General Government	191,394	12,181	203,575
<i>Total Cash Disbursements</i>	<u>862,094</u>	<u>63,841</u>	<u>925,935</u>
<i>Excess of Receipts Over Disbursements</i>	<u>254,104</u>	<u>183,077</u>	<u>437,181</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	49,902	49,902
Transfers Out	(49,902)	-	(49,902)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(49,902)</u>	<u>49,902</u>	<u>-</u>
<i>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</i>	204,202	232,979	437,181
<i>Fund Cash Balances, January 1</i>	<u>1,699,686</u>	<u>355,758</u>	<u>2,055,444</u>
Fund Cash Balances, December 31			
Restricted	-	588,737	588,737
Assigned	1,903,888	-	1,903,888
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,903,888</u>	<u>\$ 588,737</u>	<u>\$ 2,492,625</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 2,517,470	\$ -	\$ 2,517,470
<i>Total Operating Cash Receipts</i>	<u>2,517,470</u>	<u>-</u>	<u>2,517,470</u>
Operating Cash Disbursements			
Personal Services	281,075	-	281,075
Fringe Benefits	76,971	-	76,971
Contractual Services	479,349	-	479,349
Supplies and Materials	136,145	-	136,145
Other	686	-	686
<i>Total Operating Cash Disbursements</i>	<u>974,226</u>	<u>-</u>	<u>974,226</u>
<i>Operating Income</i>	<u>1,543,244</u>	<u>-</u>	<u>1,543,244</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	-	6	6
OWDA Loans Issued	621,673		621,673
Other Non-Operating Receipts	-	28,355	28,355
Other Non-Operating Disbursements	-	(20,343)	(20,343)
Capital Outlay	(1,309,838)	-	(1,309,838)
Principal Retirement	(312,081)	-	(312,081)
Interest and Other Fiscal Charges	(154,258)	-	(154,258)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,154,504)</u>	<u>8,018</u>	<u>(1,146,486)</u>
<i>Net Change in Fund Cash Balances</i>	<u>388,740</u>	<u>8,018</u>	<u>396,758</u>
<i>Fund Cash Balances, January 1</i>	<u>5,620,451</u>	<u>3,903</u>	<u>5,624,354</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,009,191</u>	<u>\$ 11,921</u>	<u>\$ 6,021,112</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 participates in a public entity risk pool. The Ohio Plan Risk Management (OPRM), is a risk sharing pool available to Ohio small governments. Note 8 to the financial statements provides additional information for that entity.

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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Village had the following significant Special Revenue Funds:

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.

TIF District Chestnut Commons Fund – The fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this subdivision.

TIF District Pettitt's Market – The fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this area.

TIF District K-Nova LLC – The fund receives proceeds from 30-year tax incremental funding agreements by way of service payments in lieu of tax payments. The agreement allows for the Village to be reimbursed for any administrative costs first before paying 85% of the remaining service payments for years 1-15 and 90% for years 16-30 to the developer for agreed upon infrastructure improvements. The remaining 15% in years 1-15 and the remaining 10% in years 16-30 shall go to reimburse the Village of costs associated with Village infrastructure improvements. Once all reimbursements have been paid, the Village shall deposit the remaining service payments per ORC 5709.43(D).

3. 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.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

4. Fiduciary Funds

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.

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 for the year ending December 31, 2019 are \$ 0.

A summary of 2019 budgetary activity appears in Note 3.

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
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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. 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:

		2019
Demand Deposits	\$	4,229,464
STAROhio	\$	4,284,273
Total deposits and investments	\$	8,513,737

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 744,116	\$ 1,116,198	\$ 372,082
Special Revenue	\$ 138,102	\$ 296,820	\$ 158,718
Enterprise	\$ 2,298,700	\$ 3,139,143	\$ 840,443
Total	\$ 3,180,918	\$ 4,552,161	\$ 1,371,243

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Auth	Budgetary Expenditures	Variance
General	\$ 2,443,802	\$ 911,996	\$ 1,531,806
Special Revenue	\$ 443,959	\$ 63,841	\$ 380,118
Enterprise	\$ 7,919,153	\$ 2,750,403	\$ 5,168,750
Total	\$ 10,806,914	\$ 3,726,240	\$ 7,080,674

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. 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.

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

5. Local Income Tax

The Village levies a municipal income tax of ¾ percent for the year 2019 on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

6. Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 602,734	3.64%
Vinton County Bank - Revenue Bond	\$ 3,595,676	3.65%
Vinton County Bank - Loan	\$ 286,948	4.10%
Ohio Public Works Commission	\$ 19,720	0.00%
Total	\$ 4,505,078	

The Ohio Water Development Authority (OWDA) loan relates to Engineering costs on a new water plant expansion project. The Village borrowed \$ 621,673 in loans from OWDA for this project. Water 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 receipts collateralize the loan. The Village borrowed \$ 4,000,000 from the Vinton County National Bank for a new digester at the Wastewater Treatment Plant. The Village will repay this loan in semiannual installments of \$ 174,343.77 including interest, over the next 15 years. Sewer receipts collateralize the loan. The Village borrowed \$ 400,000 from the Vinton County National Bank to cover the cost of a new wellfield and raw water line to the Utility Plant. The Village will repay this loan in semiannual installments of \$ 44,426 including interest over the next 5 years. Water receipts collateralize the loan

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

Year Ending December 31	OWDA - Water	Sewer Revenue Bond	Vinton County Bank	OPWC Loan
2020	\$ 621,673	\$ 348,688	\$ 88,851	\$ 9,860
2021		\$ 348,688	\$ 88,851	\$ 9,860
2022-2033		\$ 4,184,256	\$ 266,555	-
	\$ 621,673	\$ 4,881,632	\$ 444,257	\$ 19,720

7. Retirement Systems

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village of Commercial Point employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police		Fire	
2019 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee	12.25	%	12.25	%
2019 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village of Commercial Point's contractually required contribution to OP&F was \$ 27,209 for 2019.

8. 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.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to the Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$ 250,000 casualty treaty.

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 776 and 774 members as of December 31, 2019 and 2018 respectively.

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, 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 equity at December 31, 2019 and 2018:

	2019	2018
Assets	\$15,920,000	\$14,853,000
Liabilities	(\$11,329,000)	(\$9,561,000)
Member's Equity	\$4,591,000	\$5,292,000

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Contingent Liabilities

The Village has no contingent liabilities at this time.

10. Jointly Governed Organization

The Village is part of a Joint Economic Development District, JEDD, formed February 1, 2014 that includes Scioto Township, Grove City, State of Ohio property and the Village. The Village has no voting authority. The Village receives a quarterly payment in the amount of 2% of the money collected from the JEDD.

11. Subsequent Events

The Village received funds from the Ohio Water Development Authority (OWDA) in 2020 and 2021 to fund a new water plant that will be completed by July 1, 2021. The total amount of the funds is not available at this time.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019**

TIF District Scioto Crossing Fund – The Village has a TIF agreement with the Scioto Crossing Subdivision effective in 2020. This fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this subdivision.

TIF District Walker Point Fund – The Village has a TIF agreement with the Walker Point Subdivision effective in 2020. This fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this subdivision.

TIF District M/I Homes – The fund receives proceeds from 30-year tax incremental funding agreements by way of service payments in lieu of tax payments. The agreement allows for the developer to be reimbursed a total of Two Million Dollars (\$2,000,000) to cover the cost for permanent infrastructure improvements that serve the developer's project. One hundred percent of the proceeds shall be paid to the developer until he has been reimbursed the total amount due. Once all reimbursements have been paid, the Village shall deposit the remaining service payments into the TIF fund and use the proceeds as allowed by TIF Statutes.

TIF/CRA District K-Nova LLC – As the TIF and CRA legislation allows, partial assignments of the K-Nova TIF and CRA have been reassigned to other developers within the agreed upon property. These reassignments are approved by Council.

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**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 86,034	\$ -	\$ 86,034
Municipal Income Tax	594,093	-	594,093
Intergovernmental	52,597	87,905	140,502
Charges for Services	-	72,027	72,027
Fines, Licenses and Permits	61,976	-	61,976
Earnings on Investments	87,016	1,135	88,151
Miscellaneous	18,020	2,415	20,435
<i>Total Cash Receipts</i>	<u>899,736</u>	<u>163,482</u>	<u>1,063,218</u>
Cash Disbursements			
Current:			
Security of Persons & Property	427,150	683	427,833
Public Health Services	10,703	-	10,703
Community Environment	7,157	95,093	102,250
Transportation	306,723	100,455	407,178
General Government	255,967	7,081	263,048
<i>Total Cash Disbursements</i>	<u>1,007,700</u>	<u>203,312</u>	<u>1,211,012</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(107,964)</u>	<u>(39,830)</u>	<u>(147,794)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,807,650</u>	<u>395,588</u>	<u>2,203,238</u>
Fund Cash Balances, December 31			
Restricted	-	355,758	355,758
Assigned	1,699,686	-	1,699,686
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,699,686</u>	<u>\$ 355,758</u>	<u>\$ 2,055,444</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 2,119,245	\$ -	\$ 2,119,245
<i>Total Operating Cash Receipts</i>	<u>2,119,245</u>	<u>-</u>	<u>2,119,245</u>
Operating Cash Disbursements			
Personal Services	245,000	-	245,000
Fringe Benefits	65,426	-	65,426
Contractual Services	444,324	-	444,324
Supplies and Materials	119,335	-	119,335
<i>Total Operating Cash Disbursements</i>	<u>874,085</u>	<u>-</u>	<u>874,085</u>
<i>Operating Income</i>	<u>1,245,160</u>	<u>-</u>	<u>1,245,160</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	-	8	8
Loans Issued	4,077,162	-	4,077,162
Other Non-Operating Receipts	-	29,971	29,971
Other Non-Operating Disbursements	-	(33,975)	(33,975)
Capital Outlay	(4,346,587)	-	(4,346,587)
Principal Retirement	(233,593)	-	(233,593)
Interest and Other Fiscal Charges	(83,145)	-	(83,145)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(586,163)</u>	<u>(3,996)</u>	<u>(590,159)</u>
<i>Net Change in Fund Cash Balances</i>	658,997	(3,996)	655,001
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>4,961,454</u>	<u>7,899</u>	<u>4,969,353</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,620,451</u>	<u>\$ 3,903</u>	<u>\$ 5,624,354</u>

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

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 participates in a public entity risk pool. The Ohio Plan Risk Management (OPRM), is a risk sharing pool available to Ohio small governments. Note 8 to the financial statements provides additional information for that entity.

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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Village had the following significant Special Revenue Funds:

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. 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.

4. Fiduciary Funds

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
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 for the year ending December 31, 2018 are \$ 0.

A summary of 2018 budgetary activity appears in Note 3.

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.

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.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

6. 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.

7. 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. 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:

	2018	
Demand Deposits	\$	3,395,525
STAROhio	\$	4,284,273
Total deposits and investments	\$	7,679,798

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the year ending 2018 follows:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 604,000	\$ 899,736	\$ 295,736
Special Revenue	\$ 73,807	\$ 163,482	\$ 89,675
Enterprise	\$ 5,790,177	\$ 6,196,407	\$ 406,230
Total	\$ 6,467,984	\$ 7,259,625	\$ 791,641

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Auth	Budgetary Expenditures	Variance
General	\$ 2,411,650	\$ 1,009,414	\$ 1,402,236
Special Revenue	\$ 466,761	\$ 203,312	\$ 263,449
Enterprise	\$ 10,751,631	\$ 5,537,410	\$ 5,214,221
Total	\$ 13,630,042	\$ 6,750,136	\$ 6,879,906

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. 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.

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

5. Local Income Tax

The Village levies a municipal income tax of $\frac{3}{4}$ percent for the year 2018 on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. Debt

Debt outstanding at December 31, 2018 was as follows:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Principal	Interest Rate
Vinton County Bank - Revenue Bond	\$ 3,804,176	3.65%
Vinton County Bank - Loan	\$ 361,730	4.10%
Ohio Public Works Commission	\$ 29,580	0.00%
Total	\$ 4,195,486	

The Revenue Bond with Vinton County Bank is for a new digester project at the sewer plant. The Village borrowed \$ 3,904,920 in revenue bonds for this project. The Village will repay this loan in two payments a year in the amount of \$ 174,343.77 per payment, for the next 15 years. The Village also borrowed additional money from the Vinton County Bank to fund a waterline/wellfield project. The amount of \$ 400,000 is set to be paid back in 10 consecutive payments of principal and interest in the amount of \$ 44,425.68 beginning on December 1, 2018. 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 receipts collateralize the loan.

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

	Sewer Revenue Bond	Vinton County Bank	OPWC Loan
Year Ending			
December 31			
2019	\$ 348,688	\$ 88,851	\$ 9,860
2020	\$ 348,688	\$ 88,851	\$ 9,860
2021	\$ 348,688	\$ 88,851	\$ 9,860
2022-2033	\$ 4,184,256	\$ 177,704	-
	\$ 5,230,320	\$ 444,258	\$ 29,580

7. Retirement Systems

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village of Commercial Point employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

FOR THE YEAR ENDED DECEMBER 31, 2018

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$ 55,483.30 for year 2018.

Plan Description – Ohio Police and Fire Pension Fund – (OP&F)

Plan Description – Village full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and received a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

FOR THE YEAR ENDED DECEMBER 31, 2018

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police		Fire	
2018 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee	12.25	%	12.25	%
2018 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village of Commercial Point’s contractually required contribution to OP&F was \$ 27,023.37 for 2018.

8. 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.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to the Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2018, the OPRM's property retention remained unchanged, however the Plan assumed 100% of the first \$ 250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 776 and 774 members as of December 31, 2019 and 2018 respectively.

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, 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 equity at December 31, 2019 and 2018:

IN THOUSANDS	2019	2018
Assets	\$15,920	\$14,853
Liabilities	(\$11,329)	(\$9,561)
Member's Equity	\$4,591	\$5,292

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Contingent Liabilities

The Village was a defendant in a lawsuit that was settled in 2017. The Village of Commercial Point made the first of two settlement payments in the amount of \$ 40,000 in December of 2017. The remaining payment was made in February of 2018.

10. Jointly Governed Organization

The Village is part of a Joint Economic Development District, JEDD, formed February 1, 2014 that includes Scioto Township, Grove City, State of Ohio property and the Village. The Village has no voting authority. The Village receives a quarterly payment in the amount of 2% of the money collected from the JEDD.

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. Subsequent Events

The Village received funds from the Ohio Water Development Authority (OWDA) in 2020 and 2021 to fund a new water plant that will be completed by July 1, 2021. The total amount of the funds is not available at this time.

TIF District Scioto Crossing Fund – The Village has a TIF agreement with the Scioto Crossing Subdivision effective in 2020. This fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this subdivision.

TIF District Walker Point Fund – The Village has a TIF agreement with the Walker Point Subdivision effective in 2020. This fund receives proceeds from 30-year tax incremental funding agreements. This Village retains 100 percent for infrastructure improvements that will benefit the residents of this subdivision.

TIF District M/I Homes – The fund receives proceeds from 30-year tax incremental funding agreements by way of service payments in lieu of tax payments. The agreement allows for the developer to be reimbursed a total of Two Million Dollars (\$2,000,000) to cover the cost for permanent infrastructure improvements that serve the developer's project. One hundred percent of the proceeds shall be paid to the developer until he has been reimbursed the total amount due. Once all reimbursements have been paid, the Village shall deposit the remaining service payments into the TIF fund and use the proceeds as allowed by TIF Statutes.

TIF/CRA District K-Nova LLC – As the TIF and CRA legislation allows, partial assignments of the K-Nova TIF and CRA have been reassigned to other developers within the agreed upon property. These reassignments are approved by Council.

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of Commercial Point
Pickaway County
10 West Scioto Street
Commercial Point, Ohio 43116

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Commercial Point, Pickaway County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 7, 2021 wherein we noted the Government followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 7, 2021

VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to the lack of internal controls in place to ensure receipts, expenditures and fund balances are properly classified on the financial statements, the following adjustments were material and were adjusted to the December 31, 2018 and 2019 financial statements:

- Reclassification of \$1,699,686 and \$1,903,888 (2018 and 2019 respectively) from Unassigned to Assigned Fund Balance within the General Fund to properly report amounts assigned for subsequent year appropriations that exceed estimated receipts.
- The Village improperly reported capital outlay activity related to the Village's utilities in a governmental capital projects fund. Adjustments were made to move the activity in this fund in 2018 and 2019 to the Enterprise Fund classification on the financial statements. This include a reclassification of \$4,077,162 (2018) and \$601,148 (2019) in Capital Project Receipts to Enterprise Fund Loans issued. Along with a reclassification of related capital outlay expenditures (\$978,430 for 2019 and \$3,694,700 for 2018) and related fund balances for 2018 and 2019.
- Reclassification of \$105,842 (2018) and \$111,496 (2019) in Enterprise Receipts from Other Financing - Special Item to Operating Cash - Charges for Service within Enterprise Funds.
- Reclassification of \$139,014 and \$55,156 in principal and interest retirement in the Enterprise Fund in 2018 to properly classify principal and interest expenditures.
- Reclassification of \$74,782 and \$14,070 in principal and interest retirement in the Enterprise Fund in 2019 to properly classify principal and interest expenditures.
- Reclassification of \$20,525 from Special Assessments to OWDA Loan Proceeds in the Enterprise Fund in 2019 to properly classify loan proceeds.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials' Response: I will do my best to understand these corrections, but not everything in the bulletins are clear.

VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-002

Timesheet Approval – Material Weakness

In order to minimize the risk of fraud and/or misstatement timesheets should be reviewed and signed by both the employee and the supervisor prior to payroll processing. The signatures reflect acknowledgement and approval of the amount and type of time being charged to the Village for the work performed and/or amount of non-productive hours during the period.

We noted 8 of 12 timesheets (67%) in 2018 and 10 of 14 timesheets (71%) in 2019 did not include signatures of approval. In most instances, the employee signed the sheet signifying approval of hours worked but the supervisors did not sign. The Fiscal Officer reviewed the sheet and approved (processed the payroll) signifying the employee was a valid employee who worked that period.

The lack of supervisor approval of payroll puts the Village at risk of employees being over/under paid, payments being made from improper Village funds, and could result in improper public purpose expenditures.

We recommend that the Village implement an approval process to ensure that all employee timesheets are submitted in a timely manner to allow for supervisory review before payroll is processed by the fiscal officer. Each approving supervisor should formalize the completed review by signing the timesheets of all employees under their direct supervision. The fiscal officer should ensure each timesheet is signed by the employee and the direct supervisor before the payroll transactions are processed.

Official's Response: Time sheet signatures was a big issue for the last two terms. We now have a much better handle on this and the Police Chief and Mayor, where necessary, are signing off on all time sheets before payroll is processed.



Village of Commercial Point

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting – Multiple adjustments in 2016 and 2017	Not corrected	Repeated as Finding 2019-001

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF COMMERCIAL POINT

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/3/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov