

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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Village Council
Village of Commercial Point
PO Box 56
Commercial Point, OH 43116

We have reviewed the *Independent Auditor's Report* of the Village of Commercial Point, Pickaway County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Commercial Point is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2022

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**VILLAGE OF
COMMERCIAL POINT
PICKAWAY COUNTY**

DECEMBER 31, 2021 AND 2020

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Commercial Point, Pickaway County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021, and December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, and December 31, 2020, or the changes in financial position, or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

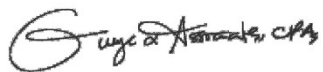
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Columbus, Ohio
August 31, 2022

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, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 117,064	\$ -	\$ 117,064
Municipal Income Tax	847,743	-	847,743
Intergovernmental	59,562	231,421	290,983
Charges for Services	-	1,257,818	1,257,818
Fines, Licenses and Permits	135,876	184,223	320,099
Earnings on Investments	8,872	431	9,303
Miscellaneous	23,504	277,451	300,955
<i>Total Cash Receipts</i>	<u>1,192,621</u>	<u>1,951,344</u>	<u>3,143,965</u>
Cash Disbursements			
Current:			
Security of Persons and Property	487,733	845	488,578
Public Health Services	15,417	71,738	87,155
Leisure Time Activities	-	16,652	16,652
Community Environment	22,054	546,558	568,612
Basic Utility Services	-	255,000	255,000
Transportation	311,952	281,776	593,728
General Government	232,047	4,052	236,099
<i>Total Cash Disbursements</i>	<u>1,069,203</u>	<u>1,176,621</u>	<u>2,245,824</u>
<i>Net Change in Fund Cash Balances</i>	123,418	774,723	898,141
<i>Fund Cash Balances, January 1</i>	<u>2,352,766</u>	<u>1,044,352</u>	<u>3,397,118</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,476,184</u>	<u>\$ 1,819,075</u>	<u>\$ 4,295,259</u>

See accompanying notes to the basic financial statements

Village of Commercial Point
Pickaway County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Funds Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 6,193,557
<i>Total Operating Cash Receipts</i>	<i>6,193,557</i>
Operating Cash Disbursements	
Personal Services	299,679
Employee Fringe Benefits	81,376
Contractual Services	609,430
Supplies and Materials	433,919
Other	37,190
<i>Total Operating Cash Disbursements</i>	<i>1,461,594</i>
<i>Operating Income (Loss)</i>	<i>4,731,963</i>
Non-Operating Receipts (Disbursements)	
Proceeds from Loans Issued	3,182,654
Miscellaneous Receipts	1,698
Capital Outlay	(5,759,932)
Principal Retirement	(496,699)
Interest and Other Fiscal Charges	(211,725)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(3,284,004)</i>
<i>Net Change in Fund Cash Balances</i>	<i>1,447,959</i>
<i>Fund Cash Balances, January 1</i>	<i>5,080,239</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 6,528,198</i>

See accompanying notes to the basic financial statements

Village of Commercial Point
Pickway County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Funds Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 39,371
Deposits Received	3
<i>Total Additions</i>	39,374
Deductions	
Distributions to Other Governments	9,656
Distributions to Other Funds (Primary Gov't)	26,274
<i>Total Deductions</i>	35,930
<i>Net Change in Fund Balances</i>	3,444
<i>Fund Cash Balances, January 1</i>	5,836
<i>Fund Cash Balances, December 31</i>	\$ 9,280

See accompanying notes to the basic financial statements

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting 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. 6 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.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. **General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported 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.
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 other than debt service or capital projects. 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.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

- 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:

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage Fund - The garbage fund receives charges for services from residents to cover the costs of providing the utility.

4. **Fiduciary Funds** - Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The village's only fiduciary fund is the following custodial fund:

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Mayor's Court.

C. Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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. Unencumbered appropriations lapse at year end.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 approve estimated resources.
3. **Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

E. 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 are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

F. Capital Assets

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

G. 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.

H. 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.
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, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$939,027	\$1,192,621	\$253,594
Special Revenue	1,089,848	1,951,344	861,496
Enterprise	8,101,968	9,377,909	1,275,941
Total	\$10,130,843	\$12,521,874	\$2,391,031

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,291,793	\$1,069,203	\$2,222,590
Special Revenue	1,884,199	1,176,621	707,578
Enterprise	13,182,207	7,929,950	5,252,257
Total	\$18,358,199	\$10,175,774	\$8,182,425

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2021
Demand deposits	\$7,548,464
STAR Ohio	3,284,273
Total carrying amount of deposits and investments	10,832,737

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Local Income Taxes

The Village levies a municipal income tax of $\frac{3}{4}$ percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside 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, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

The Government 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 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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System -

Village employees other than full time police participate in 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Ohio Police and Fire Retirement System

The Village's full-time Police Officers participate in the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% percent of their wages. The Village contributed to OP&F an amount equal to 19.5% percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Vinton County Bank Digester Sewer Bond	\$3,363,593	3.65%
Ohio Water Development Authority Loan	\$4,616,733	1.93%
Total	<u>\$7,980,326</u>	

The Ohio Water Development Authority (OWDA) loan relates to a new water plant expansion project. The Village borrowed \$ 4,674,618 in loans from OWDA for this project. Water receipts collateralize the loan. As of 12/31/2021, the expansion project was complete and payment has started with semi-annual payments of \$102,994.88, including interests over the next 30 years.

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.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year Ending December 31:	OWDA Loan	VCB Digester Sewer Bond					
2022	\$ 205,990	\$ 348,688					
2023	205,990	348,688					
2024	205,990	348,688					
2025	205,990	348,688					
2026	205,990	348,688					
2027-2031	1,029,949	1,743,438					
2032-2036	1,029,949	697,375					
2037-2041	1,029,949	-					
2042-2047	1,029,949	-					
2048-2052	1,029,949	-					
Total	\$ 6,179,695	\$ 4,184,253					

Note 10 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 – Jointly Governed Organizations

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.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 87,863	\$ -	\$ 87,863
Municipal Income Tax	705,193	-	705,193
Intergovernmental	60,516	237,757	298,273
Charges for Services	-	418,164	418,164
Fines, Licenses and Permits	69,837	39,312	109,149
Earnings on Investments	45,217	866	46,083
Miscellaneous	149,298	151,394	300,692
<i>Total Cash Receipts</i>	<u>1,117,924</u>	<u>847,493</u>	<u>1,965,417</u>
Cash Disbursements			
Current:			
Security of Persons and Property	381,874	1,239	383,113
Public Health Services	13,439	100,984	114,423
Community Environment	8,422	241,987	250,409
Basic Utility Services	12,685	-	12,685
Transportation	18,085	27,623	45,708
General Government	234,541	20,435	254,976
<i>Total Cash Disbursements</i>	<u>669,046</u>	<u>392,268</u>	<u>1,061,314</u>
<i>Net Change in Fund Cash Balances</i>	448,878	455,225	904,103
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>1,903,888</u>	<u>589,127</u>	<u>2,493,015</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,352,766</u>	<u>\$ 1,044,352</u>	<u>\$ 3,397,118</u>

See accompanying notes to the basic financial statements

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, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,169,124
<i>Total Operating Cash Receipts</i>	3,169,124
Operating Cash Disbursements	
Personal Services	282,829
Employee Fringe Benefits	73,018
Contractual Services	635,274
Supplies and Materials	281,834
Other	251,572
<i>Total Operating Cash Disbursements</i>	1,524,527
<i>Operating Income (Loss)</i>	1,644,597
Non-Operating Receipts (Disbursements)	
Loans Issued	1,556,781
Capital Outlay	(2,995,137)
Principal Retirement	(971,202)
Interest and Other Fiscal Charges	(163,991)
<i>Total Non-Operating Receipts (Disbursements)</i>	(2,573,549)
<i>Net Change in Fund Cash Balances</i>	(928,952)
<i>Fund Cash Balances, January 1</i>	6,009,191
<i>Fund Cash Balances, December 31</i>	\$ 5,080,239

See accompanying notes to the basic financial statements

Village of Commercial Point
Pickaway County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Funds Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	36,143.00
Deposits Received	4
<i>Total Additions</i>	36,147
Deductions	
Distributions to Other Governments	9,048
Distributions to Other Funds (Primary Gov't)	33,184
<i>Total Deductions</i>	42,232
<i>Net Change in Fund Balances</i>	(6,085)
<i>Fund Cash Balances, January 1</i>	11,921
<i>Fund Cash Balances, December 31</i>	\$ 5,836

See accompanying notes to the basic financial statements

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting 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 7 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.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. **General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported 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.
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 other than debt service or capital projects. 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 Petitt'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.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

- 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:

Water Fund - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage Fund - The garbage fund receives charges for services from residents to cover the costs of providing the utility.

4. **Fiduciary Funds** - Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The village's only fiduciary fund is the following custodial fund:

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the activities of the Mayor's Court.

C. Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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. Unencumbered appropriations lapse at year end.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 approve estimated resources.
3. **Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 4.

E. 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 are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

F. Capital Assets

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

G. 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.

H. 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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.
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, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.
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.

Note 3 – Restatement of Prior Year Cash Balance

Outstanding checks in the amount of \$390 in the prior year were canceled in 2020, resulting in a prior year fund balance adjustment.

Fund Balances	General	Special Revenue	Capital Project	Enterprise Funds	Mayor's Court	Total
Balance as of 12/31/2019	\$ 1,903,888	\$ 588,737	\$ -	\$ 6,009,191	\$ 11,921	\$ 8,513,737
Outstanding Checks Canceled	-	390	-	-	-	390
<i>Restated Balance of 12/31/2019</i>	<u>\$ 1,903,888</u>	<u>\$ 589,127</u>	<u>\$ -</u>	<u>\$ 6,009,191</u>	<u>\$ 11,921</u>	<u>\$ 8,514,127</u>

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$849,940	\$1,117,924	\$267,984
Special Revenue	291,830	847,493	555,663
Enterprise	3,957,989	4,725,905	767,916
Total	\$5,099,759	\$6,691,322	\$1,591,563

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,753,828	\$669,046	\$2,084,782
Special Revenue	880,566	392,268	488,298
Enterprise	9,967,180	5,654,857	4,312,323
Total	\$13,601,574	\$6,716,171	\$6,885,403

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$5,198,920
STAR Ohio	3,284,273
Total carrying amount of deposits and investments	8,483,193

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Local Income Taxes

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

Note 7 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

The Government 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 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, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the 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. 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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System -

Village employees other than full time police participate in 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers participate in the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% percent of their wages. The Village contributed to OP&F an amount equal to 19.5% percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Vinton County Bank Digester Sewer Bond	\$3,583,445	3.65%
Vinton County Bank Waterline /Wellfield Loan	\$209,102	4.10%
Ohio Water Development Authority Loan	\$1,491,964	1.93%
Ohio Public Works Commission	9,860	0.00%
Total	\$5,294,371	

The Ohio Water Development Authority (OWDA) loan relates to a new water plant expansion project. The Village borrowed \$ 1,491,964 in loans from OWDA for this project. Water receipts collateralize the loan. As of 12/31/2020, the expansion project was ongoing.

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 Vinton County Bank Digester Sewer Bond balance was understated in 2019 by \$203,714.

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

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

Year Ending December 31:	OPWC	OWDA Loan	VCB Digester Sewer Bond	VCB Waterline Wellfied Loan
2021	9,860	-	348,688	88,851
2022	-	-	348,688	88,851
2023	-	-	348,688	44,426
2024	-	-	348,688	-
2025	-	-	348,688	-
2026-2030	-	-	1,743,438	-
2031-2035	-	-	1,046,063	-
Total	9,860	-	4,532,941	222,128

Village of Commercial Point, Ohio
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Construction and Contractual Commitments

The village issued debt through the Ohio Water Development Authority to construct a new water treatment plan. As of December 31, 2020, there were 3,152,598 in undisbursed funds related to this project.

Note 12 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 13 – Jointly Governed Organizations

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.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, the proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Commercial Point, Pickaway County (the Village) and have issued our report thereon dated August 31, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

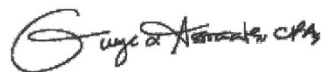
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio
August 31, 2022

**VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness – Material misclassifications and mispostings

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post all receipts and expenditures. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2020:

- Proceeds from OWDA notes issuance in the amount of \$1,532,165 were incorrectly posted to intergovernmental revenues in the capital project funds instead of proceeds from issuance of debt in the water fund.
- Construction expenditures in the amount of \$1,532,164 were incorrectly posted to the capital project fund as basic utility services instead of capital outlay expenditures in the water fund.
- OWDA interest capitalized of \$2,267 were not recorded in the water fund
- OWDA project loan issuance fee in the amount of \$22,349 was not recorded in the water fund
- Interests and principal payments totaling \$21,768 on various loans were incorrectly posted resulting in understated loan balances.
- Water Tower Maintenance fees totaling \$336,809 were recorded as special items in lieu of charges for services for the Water Fund.

We noted the following in 2021:

- Proceeds from OWDA notes issuance in the amount of \$3,152,598 were incorrectly posted to intergovernmental revenues in the capital project funds instead of proceeds from issuance of debt in the water fund.
- Construction expenditures in the amount of \$3,152,598 were incorrectly posted to the capital project fund as basic utility services instead of capital outlay expenditures in the water fund.
- OWDA interest capitalized of \$30,056 were not recorded in the water fund.
- Interests and principal payments totaling \$4,002 on various loans were incorrectly posted resulting in understated loan balances.
- Water Tower Maintenance fees totaling \$504,750 were recorded as special items in lieu of charges for services for the Water Fund

VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-001
(Continued)

Material Weakness – Material misclassifications (Continued)

Audit adjustments and reclassifications, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: I understand the requirement and will make the necessary changes to OWDA funding going forward

FINDING NUMBER 2021-002

Material Weakness: Mayor's Court Activities Not recorded in accounting system

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not always accurately classify receipts and disbursements to the correct account classification.

VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)

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

FINDING NUMBER 2021-002
(Continued)

Material Weakness: Mayor's Court Activities Not recorded in accounting system (Continued)

The Village did not always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2021, the following errors were noted:

- Mayor's Court financial activity was not being included in the Village's accounting system.
- In addition, the Village did not accurately report the receipts and disbursements resulting from the Mayor's Court activities in accordance with GASB 84 classifications in its filed Hinkle Report.

For the year ended December 31, 2020, the following errors were noted:

- Mayor's Court financial activity was not being included in the Village's accounting system.
- In addition, the Village did not accurately report the receipts and disbursements resulting from the Mayor's Court activities in accordance with GASB 84 classifications in its filed Hinkle Report.

The reclassifications above, with which management agrees, are reflected in the accompanying financial statements.

The Village did not have procedures in place to accurately post receipts, disbursements, and fund balance in the correct classification to the accounting system.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Fiscal Officer should refer to the Ohio Village Handbook, and AOS Bulletin 2000-08 for proper receipt, expenditure, fund balance classifications, and on-behalf receipts and expenditures, and take additional care in posting transactions to the Village ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

Officials' Response: I provided the months and amounts where there were discrepancies totaling \$ 212. I understand that you are wanting the Mayor's Court funds entered into the Uniform Account System and I will do my best to figure out the best way to go about doing this.

VILLAGE OF COMMERCIAL POINT
PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness: Material Reclassifications	Not Corrected	Reissued as Finding # 2021-001
2019-002	Material Weakness: Timesheet Approval	Corrected	N/A

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 10/11/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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