



Dave Yost • Auditor of State



VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of New Holland  
Pickaway County  
10 East Front Street  
New Holland, Ohio 43145

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 New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***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 2 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, 2016 and 2015, and the respective changes in financial position or cash flows 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 New Holland, Pickaway County, as of December 31, 2016 and 2015, 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 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2015 financial statements, the Village restated beginning fund balance of the General and Fiduciary Funds at January 1, 2015 to correct improper fund classification. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2018 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 12, 2018

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**Village of New Holland, Ohio**  
*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, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$24,471	\$58,228	\$0	\$82,699
Intergovernmental	28,839	45,142	14,563	88,544
Special Assessments	0	12,505	0	12,505
Charges for Services	0	2,075	0	2,075
Fines, Licenses and Permits	1,565	0	0	1,565
Earnings on Investments	931	180	0	1,111
Miscellaneous	10,211	3,310	0	13,521
<i>Total Cash Receipts</i>	<u>66,017</u>	<u>121,440</u>	<u>14,563</u>	<u>202,020</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	2,529	10,221	0	12,750
Public Health Services	1,430	24,422	0	25,852
Leisure Time Activities	0	11,568	0	11,568
Transportation	0	27,900	0	27,900
General Government	47,878	746	0	48,624
Capital Outlay	0	20,896	27,513	48,409
<i>Total Cash Disbursements</i>	<u>51,837</u>	<u>95,753</u>	<u>27,513</u>	<u>175,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,180</u>	<u>25,687</u>	<u>(12,950)</u>	<u>26,917</u>
<b>Other Financing Receipts</b>				
Transfers In	0	0	12,950	12,950
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>0</u>	<u>12,950</u>	<u>12,950</u>
<i>Net Change in Fund Cash Balances</i>	14,180	25,687	0	39,867
<i>Fund Cash Balances, January 1</i>	<u>131,353</u>	<u>223,604</u>	<u>0</u>	<u>354,957</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	249,291	0	249,291
Committed	0	0	0	0
Unassigned	145,533	0	0	145,533
<i>Fund Cash Balances, December 31</i>	<u>\$145,533</u>	<u>\$249,291</u>	<u>\$0</u>	<u>\$394,824</u>

*See accompanying notes to the basic financial statements*

**Village of New Holland, Ohio**  
*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, 2016*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$466,613	\$0	\$466,613
Miscellaneous	2,210	0	2,210
<i>Total Operating Cash Receipts</i>	<u>468,823</u>	<u>0</u>	<u>468,823</u>
<b>Operating Cash Disbursements</b>			
Personal Services	140,138	0	140,138
Employee Fringe Benefits	20,947	0	20,947
Contractual Services	87,471	0	87,471
Supplies and Materials	14,899	0	14,899
Other	2,600	0	2,600
<i>Total Operating Cash Disbursements</i>	<u>266,055</u>	<u>0</u>	<u>266,055</u>
<i>Operating Income</i>	<u>202,768</u>	<u>0</u>	<u>202,768</u>
<b>Non-Operating Disbursements</b>			
Capital Outlay	(87,254)	0	(87,254)
Principal Retirement	(36,412)	0	(36,412)
Interest and Other Fiscal Charges	(32,769)	0	(32,769)
<i>Total Non-Operating Disbursements</i>	<u>(156,435)</u>	<u>0</u>	<u>(156,435)</u>
<i>Income before Transfers</i>	46,333	0	46,333
Transfers In	2,130	0	2,130
Transfers Out	(15,080)	0	(15,080)
<i>Net Change in Fund Cash Balances</i>	33,383	0	33,383
<i>Fund Cash Balances, January 1</i>	<u>719,098</u>	<u>955</u>	<u>720,053</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$752,481</u></u>	<u><u>\$955</u></u>	<u><u>\$753,436</u></u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**  
*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**1. Reporting Entity**

**Description of the Entity**

The Village of New Holland (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Pickaway County Sheriff's Office to provide security of persons and property. Fire protection services are provided by Pic-A-Fay Fire District.

The Village participates in two jointly governed organizations. Note 10 to the financial statements provide additional information for these entities. These organizations are:

- Pic-A-Fay Joint Fire District: the Village Council approved an agreement with Perry Township, Pickaway County and Marion Township, Fayette County for the provision of fire protection. See Note 10 for further information.
- New Holland Union Cemetery: the Village Council approved an agreement with Perry Township (the Township) for grounds maintenance, grave openings and closings and the sale of lots in Union Cemetery. See Note 10 for further information.

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

**2. Summary of Significant Accounting Policies**

**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 provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Fund Accounting**

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

**1. General Fund**

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

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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

**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:

*Park Levy Fund* - The Park Levy Fund receives property taxes and rental fees to be used for the maintenance and care of park facilities.

*Community Center Fund* - The community center receives property taxes and rental fees to be used for the maintenance and care of the community center.

*The Street Construction Maintenance and Repair Fund* - The Street Construction and Repair Fund receives gasoline tax and motor vehicle tax money for construction, maintenance, and repairing Village streets.

*State Highway Fund* – The State Highway Fund receives gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

*Permissive Motor Vehicle Fund* – The Permissive Motor Vehicle Fund receives Permissive motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

*The Other Capital Projects Fund* – The Wastewater Treatment Spiral Screen project construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction of a new Spiral Screen. These funds are provided through a Grant and Loan from the OPWC. The total amount of the Grant and Loan will be \$246,050.

In 2016, \$23,812.50 was spent on Engineering for the project. Of this amount \$12,950 was a match by the Village from the Wastewater Fund.

**4. Enterprise Funds:**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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

**5. Fiduciary Fund**

The Village's only fiduciary fund includes an 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 unclaimed monies.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

**Deposits**

The Village only has deposit accounts.

**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.

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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

**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.

**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.

**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.

**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.

**3. Equity in Pooled Deposits**

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

	2016
Demand deposits	<u>\$1,148,260</u>

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

**3. Equity in Pooled Deposits (Continued)**

**Deposits:** The Village's deposits are insured by the Federal Depository Insurance Corporation or collateralized by the securities specifically pledged by the financial institution to the Village.

**4. Budgetary Activity**

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,291	\$66,017	(\$14,726)
Special Revenue	107,189	121,440	(14,251)
Capital Projects	23,813	27,513	(3,701)
Fiduciary	50	0	50
Enterprise	410,400	470,953	(60,553)
Total	\$592,743	\$685,923	(\$93,181)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,975	\$52,115	\$26,860
Special Revenue	155,119	96,084	59,035
Capital Projects	27,513	27,513	0
Fiduciary	900	0	900
Enterprise	561,907	429,551	132,356
Total	\$824,415	\$605,263	\$219,152

**5. 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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**6. Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CT50I	110,856	0.00%
OPWC Loan #CT95M	45,067	0.00%
USDA Loan #91-03	225,500	5.00%
USDA Loan #91-05	505,317	2.50%
USDA Loan #91-07	198,930	2.50%
Ohio Water Development Authority Loan #4689	177,743	1.50%
Municipal Finance Ford Credit Lease	32,450	4.75%
Total	<u>\$ 1,295,863</u>	

The Ohio Public Works Commission (OPWC) loan #CT50I relates to the wastewater treatment plant improvements project. The Village received \$170,566 for this project in 2009. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT95M relates to the water tower replacement project. The Village received \$52,000 for this project in 2012. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

During 2007 the Village effectively refinanced its existing OWDA loans (#4103 and #4476) by combining those loans with its OWDA Wastewater Treatment Plant Improvements Project loan (#4689); this new loan was awarded to the Village for an amount of \$215,037. The loan is collateralized by water and sewer receipts. The Village has set utility rates sufficient to cover OWDA debt service requirements.

The USDA Loans were initiated for the construction of the water treatment plant and Water Tower replacement in 1982 and 2012, respectively. The Village received USDA loan 91-03 \$338,000 and two loans for the Water Tower USDA loan 91-05 \$531,000 and USDA loan 91-07 for \$214,000 respectively for these projects. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The USDA loans require the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2016 is \$60,850.



**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

**6. Debt (Continued)**

Year ending December 31:	Leases	USDA #91-03	USDA #92-05	USDA #91-07	OWDA #4689	OPWC #CT501	OPWC #CT95M
2017	\$9,422	\$20,339	\$21,170	\$8,505	\$8,928	8528	1733
2018	\$9,095	\$20,393	\$21,158	8,520	8,928	8525	1733
2019	\$8,752	\$20,420	\$21,140	8,532	8,928	8525	1733
2020	\$8,393	\$20,321	\$21,250	8,556	8,928	8525	1733
2021		\$20,401	\$21,087	8,450	8,928	8525	1733
2022-2026		\$101,951	\$105,843	42,705	44,638	42642	8667
2027-2031		\$101,785	\$105,807	42,633	44,638	25585	8667
2032-2036		\$40,804	\$105,725	42,616	44,638		8667
2037-2041			\$105,812	42,684	17,854		8667
2042-2046			\$105,805	42,610			1733
2047-2051			\$105,735	45,631			
2052-2053			\$42,339	13,930			
Total	\$35,661	\$346,414	\$782,871	\$315,372	\$196,408	\$110,856	\$45,067

**7. Leases**

The Village leases a vehicle under a non-cancelable lease. The Village disbursed \$24,056 to pay lease costs for the year ended December 31, 2016.

**8. Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS' members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**9. Postemployment Benefits**

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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**10. Jointly Governed Organizations**

*Pic-A-Fay Joint Fire District:*

Perry Township, Pickaway County; Marion Township, Fayette County; and the Village of New Holland, Pickaway County in July 2001 created a separate legal entity for the provision of fire protection and other purposes prescribed in Ohio Revised Code Sections 505.37 through 505.44 to its residents by the creation of the Pic-A-Fay Joint Fire District (the Fire District).

The Fire District's three member Board of Trustees is comprised of one representative from each participating subdivision, with each member having an ongoing financial interest and responsibility proportionate to their interest in the Fire District; each has an equal vote. The Board appoints a clerk to maintain all financial recordkeeping. The Fire District's financial statements can be obtained by submitting a request to the Pic-A-Fay Joint Fire District, P.O. Box 385, New Holland, Ohio 43145.

*New Holland Union Cemetery:*

The New Holland Union Cemetery (the Cemetery) is a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three member Board of Trustees, appointed by the Township and the Village. The Village receives taxes from the County Auditor and then remits those taxes to the Cemetery; taxes disbursed to the Cemetery totaled \$24,000 in 2016. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 75, New Holland, Ohio 43145.

**11. Public Entity Risk Pool**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

**Village of New Holland**  
*Pickaway County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*Continued*

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**11. Public Entity Risk Pool (Continued)**

	<b><u>2016</u></b>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$13,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2016 Contributions to PEP</u></b>
\$21,117

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing.

**12. Related Party Transactions**

The Village employed the Mayor's son as a Maintenance Worker during the audit period.

**13. Interfund Transfers**

The Village made transfers of \$12,950 in 2016, from the Sewer fund to the Capital Projects fund to meet the OPWC match for the Wastewater Treatment Plant Spiral Screen Station project.

**14. Subsequent Events**

In February of 2017, the Village created a Police Department with the hiring of a police chief and officers. A Mayor's Court was also created to administer the activities of the police department.

**Village of New Holland, Ohio**  
*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, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$24,808	\$59,692	\$84,500
Intergovernmental	24,712	44,894	69,606
Special Assessments	0	12,067	12,067
Charges for Services	0	2,905	2,905
Fines, Licenses and Permits	1,546	0	1,546
Earnings on Investments	871	165	1,036
Miscellaneous	5,160	9,999	15,159
<i>Total Cash Receipts</i>	<u>57,097</u>	<u>129,722</u>	<u>186,819</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	2,520	11,930	14,450
Public Health Services	1,453	25,609	27,062
Leisure Time Activities	0	14,925	14,925
Community Environment	235	0	235
Transportation	0	29,421	29,421
General Government	44,812	800	45,612
Capital Outlay	5,744	16,829	22,573
<i>Total Cash Disbursements</i>	<u>54,764</u>	<u>99,514</u>	<u>154,278</u>
<i>Net Change in Fund Cash Balances</i>	2,333	30,208	32,541
<i>Fund Cash Balances, January 1, restated</i>	<u>129,020</u>	<u>193,396</u>	<u>322,416</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	223,604	223,604
Committed	0	0	0
Unassigned	131,353	0	131,353
<i>Fund Cash Balances, December 31</i>	<u>\$131,353</u>	<u>\$223,604</u>	<u>\$354,957</u>

*See accompanying notes to the basic financial statements*

**Village of New Holland, Ohio**  
*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, 2015*

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Agency		(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$412,459		\$0	\$412,459
Miscellaneous	14,501		0	14,501
<i>Total Operating Cash Receipts</i>	<u>426,960</u>		<u>0</u>	<u>426,960</u>
<b>Operating Cash Disbursements</b>				
Personal Services	105,161		0	105,161
Employee Fringe Benefits	12,640		0	12,640
Contractual Services	83,067		0	83,067
Supplies and Materials	13,231		0	13,231
Other	5,660		0	5,660
<i>Total Operating Cash Disbursements</i>	<u>219,759</u>		<u>0</u>	<u>219,759</u>
<i>Operating Income</i>	<u>207,201</u>		<u>0</u>	<u>207,201</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Debt Proceeds	22,652		0	22,652
Miscellaneous Receipts	26		0	26
Capital Outlay	(57,733)		0	(57,733)
Principal Retirement	(76,039)		0	(76,039)
Interest and Other Fiscal Charges	(34,029)		0	(34,029)
Other Financing Sources	0		17	17
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(145,123)</u>		<u>17</u>	<u>(145,106)</u>
<i>Income before Transfers and Advances</i>	62,078		17	62,095
Transfers In	5,408		0	5,408
Transfers Out	(5,408)		0	(5,408)
Advances In	25,400		0	25,400
Advances Out	(25,400)		0	(25,400)
<i>Net Change in Fund Cash Balances</i>	62,078		17	62,095
<i>Fund Cash Balances, January 1, restated</i>	<u>657,020</u>		<u>938</u>	<u>657,958</u>
<i>Fund Cash Balances, December 31</i>	<u>\$719,098</u>		<u>\$955</u>	<u>\$720,053</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**  
*Notes to the Financial Statements  
For the Year Ended December 31, 2015*

**1. Reporting Entity**

**Description of the Entity**

The Village of New Holland (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Pickaway County Sheriff's Office to provide security of persons and property. Fire protection services are provided by Pic-A-Fay Fire District.

The Village participates in two jointly governed organizations. Note 9 to the financial statements provides additional information for these entities. These organizations are:

- Pic-A-Fay Joint Fire District: the Village Council approved an agreement with Perry Township, Pickaway County and Marion Township, Fayette County for the provision of fire protection. See Note 9 for further information.
- New Holland Union Cemetery: the Village Council approved an agreement with Perry Township (the Township) for grounds maintenance, grave openings and closings and the sale of lots in Union Cemetery. See Note 9 for further information.

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

**2. Summary of Significant Accounting Policies**

**Accounting Basis**

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

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

**Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

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

*Street Construction, Maintenance and Repair Fund* – The Street Construction, Maintenance and Repair fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*State Highway Fund* – The State Highway fund receives gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

*Park Levy Fund* – The Park Levy Fund receives property taxes and rental fees to be used for the maintenance and care of park facilities.

*Permissive Motor Vehicle License Tax Fund* – The Permissive Motor Vehicle License Tax fund receipts permissive motor vehicle tax money to maintain and repair roads throughout the Village.

**3. Enterprise Funds**

Enterprise 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 – The Water fund receives charges for services from residents to cover water service costs.

Sewer Fund – The Sewer fund receives charges for services from residents to cover sewer service costs.

**4. Fiduciary Fund**

The Village's only fiduciary fund includes an 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 unclaimed monies.

**Budgetary Process**

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

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Budgetary Process (continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 4.

**Deposits**

The Village only has deposit accounts.

**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 NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. Summary of Significant Accounting Policies (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.

**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.

**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.

**3. Equity in Pooled Deposits**

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

	2015
Demand deposits	<u>\$ 1,075,010</u>
Total deposits	<u><u>\$ 1,075,010</u></u>

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

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,208	57,097	(\$11,889)
Special Revenue	103,300	129,722	(26,422)
Fiduciary	920	17	(903)
Enterprise	428,654	480,446	(51,792)
Total	\$578,082	\$667,282	(\$91,006)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,000	\$55,147	\$34,853
Special Revenue	160,410	100,707	59,703
Fiduciary	938	0	938
Enterprise	622,105	421,792	200,313
Total	\$873,453	\$577,646	\$295,807

**5. 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**6. Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC Loan #CT50I	119,937	0.00%
OPWC Loan #CT95M	46,800	0.00%
USDA Loan #91-03	233,600	5.00%
USDA Loan #91-05	513,517	2.50%
USDA Loan #91-07	202,330	2.50%
OWDA Loan #4689	164,189	1.50%
Total	\$ 1,280,373	

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. Debt (continued)**

The Ohio Public Works Commission (OPWC) loan #CT50I relates to the wastewater treatment plant improvements project. The Village received \$170,566 for this project in 2009. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT95M relates to the water tower replacement project. The Village received \$52,000 for this project in 2012. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

During 2007 the Village effectively refinanced its existing OWDA loans (#4103 and #4476) by combining those loans with its OWDA Wastewater Treatment Plant Improvements Project loan (#4689); this new loan was awarded to the Village for an amount of \$215,037. The loan is collateralized by water and sewer receipts. The Village has set utility rates sufficient to cover OWDA debt service requirements.

The USDA Loans were initiated for the construction of the water treatment plant and Water Tower replacement in 1982 and 2012, respectively. The Village received USDA loan 91-03 \$338,000 and two loans for the Water Tower USDA loan 91-05 \$531,000 and USDA loan 91-07 for \$214,000 respectively for these projects. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The USDA loans require the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2015 is \$60,850.

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

Year ending December 31:	OPWC #CT50I	OPWC #CT95M	USDA #91-03	USDA #92-05	USDA #91-07	OWDA #4689
2016	8,528	1,733	20,364	21,110	8,604	8,928
2017	8,528	1,733	20,339	21,170	8,505	8,928
2018	8,528	1,733	20,393	21,158	8,520	8,928
2019	8,528	1,733	20,420	21,140	8,533	8,928
2020	8,525	1,733	20,321	21,250	8,556	8,928
2021-2025	42,645	8,667	101,906	105,773	42,600	44,638
2026-2030	34,655	8,667	101,934	105,800	42,594	44,638
2031-2035		8,667	61,101	105,779	42,642	44,638
2036-2040	-	8,667		105,815	42,623	26,783
2041-2045	-	3,467	-	105,720	42,623	-
2046-2050	-		-	105,818	42,651	-
2051-2053	-	-		63,448	25,526	-
Total	\$ 119,937	\$ 46,800	\$ 366,778	\$ 803,980	\$ 323,976	\$ 205,336

**7. Retirement Systems**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**7. Retirement Systems (continued)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**8. Postemployment Benefits**

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.

**9. Jointly Governed Organizations**

*Pic-A-Fay Joint Fire District:*

Perry Township, Pickaway County; Marion Township, Fayette County; and the Village of New Holland, Pickaway County in July 2001 created a separate legal entity for the provision of fire protection and other purposes prescribed in Ohio Revised Code Sections 505.37 through 505.44 to its residents by the creation of the Pic-A-Fay Joint Fire District (the Fire District).

The Fire District's three member Board of Trustees is comprised of one representative from each participating subdivision, with each member having an ongoing financial interest and responsibility proportionate to their interest in the Fire District; each has an equal vote. The Board appoints a clerk to maintain all financial recordkeeping. During 2015, the Village paid the Fire District \$0. The Fire District's financial statements can be obtained by submitting a request to the Pic-A-Fay Joint Fire District, P.O. Box 385, New Holland, Ohio 43145.

*New Holland Union Cemetery:*

The New Holland Union Cemetery (the Cemetery) is a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three member Board of Trustees, appointed by the Township and the Village. The Village receives taxes from the County Auditor and then remits those taxes to the Cemetery; taxes disbursed to the Cemetery totaled \$25,000 in 2015. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 75, New Holland, Ohio 43145.

**10. Public Entity Risk Pool**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**10. Public Entity Risk Pool (continued)**

Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

	<u>2015</u>
Assets	\$38,307,677
Liabilities	(12,759,127)
Net Position	<u>\$25,548,550</u>

At December 31, 2015 the liabilities above include approximately 11.5 million of estimated incurred claims payable. The assets above also include approximately \$11 million of unpaid claims to be billed. The Pool's membership increased to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$13,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2015 Contributions to PEP</u>
\$18,621

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**11. Related Party Transactions**

The Village employed the Mayor's son as a Maintenance Worker throughout calendar year 2015.

**12. Subsequent Events**

In February of 2017, the Village created a Police Department with the hiring of a police chief and officers. A Mayor's Court was also created to administer the activities of the police department.

**13. Restatement of Fund Balance**

Beginning fund balances at January 1, 2015 were restated for the Village's General and Fiduciary Funds to show the Village's Fiduciary Unclaimed Monies Fund as a separate fund, as follows:

	General Fund	Fiduciary Fund
Ending Fund Balance, December 31, 2014	\$129,958	\$0
Restatement of Unclaimed Monies	<u>(\$938)</u>	<u>\$938</u>
Beginning Fund Balance, January 1, 2015, restated	\$129,020	\$938



# Dave Yost • Auditor of State

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

Village of New Holland  
Pickaway County  
10 East Front Street  
New Holland, Ohio 43145

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 New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated April 12, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village restated beginning fund balance of the General and Fiduciary Funds at January 1, 2015.

### ***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 2016-001 and 2016-002 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 12, 2018



**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

**Finding Number 2016-001**

**Classification of Revenues- Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Further, **Ohio Rev. Code § 729.52** states, the funds received from the collection of sewer rentals under section 729.49 of the Revised Code shall be deposited weekly with the treasurer of the municipal corporation. Money so deposited shall be kept as a separate and distinct fund and shall be known as the sewer fund. When appropriated by the legislative authority of the municipal corporation, the fund shall be subject to the order of the director of public service of a city or of the board of trustees of public affairs of a village. The director or board shall sign all orders drawn on the treasurer of the municipal corporation against such fund, which fund shall be used for the payment of the cost of the management, maintenance, operation, and repair of the sewerage system and sewage pumping, treatment, and disposal works. Any surplus in such fund may be used for the enlargement or replacement of the system and works, for construction and reconstruction of main and interceptor storm sewers, for the payment of the interest on any debt incurred for the construction thereof, and for the creation of a sinking fund for the payment of such debt, but shall not be used for the extension of a sewerage system to serve unsewered areas or for any other purpose; provided, where such municipal corporation does not operate or maintain a sewage pumping, treatment, and disposal works, any or all of such surplus may be transferred to the general fund of the municipal corporation in the manner provided in sections 5705.15 and 5705.16 of the Revised Code.

In 2016 and 2015, the Village incorrectly posted revenues for Sewer late fee monies received in the General Fund as a special item instead of the Sewer Enterprise Fund as charges for services in the amounts of \$4,701 and \$4,884, respectively.

Failure to correctly post these revenues could lead to issues with fund balance.

We recommend the Village review its current financial reports for similar errors and make adjustments as necessary. We also recommend the Village implement control procedures to identify similar errors in future financial reports.

The Village's Fiscal Officer made the adjustments to the Village's accounting records and the adjustments are reflected in the accompanying financial statements.

**Official's Response:** Prior to reallocating the sewer late fees to the General fund, the Village consulted with its legal representative and received approval. The Auditor of State's office disagreed with the advice the Village received and the Village has made correcting entries to record these revenues back in the Sewer fund.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**Finding Number 2016-002**

**Financial Statement Presentation- 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.

In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The following adjustments were noted for the year ended December 31, 2016 and applied to the audited financial statements and the Village's ledgers, as appropriate:

- Reclassify special assessments as charges for service in the amount of \$70,307 in the Enterprise Fund.
- Reclassify special assessments as intergovernmental in the amount of \$10,863 in the Capital Projects Fund
- Record \$3,700 of OPWC intergovernmental revenues and related expenditures in the Capital Projects Fund incorrectly posted in the subsequent fiscal year
- Reclassify homestead and rollback receipts as intergovernmental revenue rather than property taxes in the amount of \$3,390 in the General Fund and \$5,984 in the Special Revenue funds.
- Reclassify fund balances as restricted rather than committed in the amount of \$8,138 in Special Revenue funds to meet the requirements of GASB 54.

The following adjustments were noted for the year ended December 31, 2015 and applied to the audited financial statements and the Village's ledgers, as appropriate:

- Reclassify special assessments as charges for service in the amount of \$41,083 in the Enterprise Fund.
- Reclassify fund balances as restricted rather than committed in the amount of \$3,057 in Special Revenue funds to meet the requirements of GASB 54.
- Decrease beginning balances in the General Fund by \$1,305 to agree to prior year audited statements.
- Restate General Fund and Fiduciary Fund balances by \$955 for agency funds presented incorrectly on the financial statements.

In addition to the items noted above, we also identified additional misstatements ranging from \$281 to \$3,137 that we have brought to the Village's attention.

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. Not posting receipts and disbursements accurately to the ledgers resulted in materially misstated financial statements requiring audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

**Finding Number 2016-002 (Continued)**

**Financial Statement Presentation- Material Weakness (Continued)**

We recommend the Village's Fiscal Officer take steps to help ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year. In addition, the Village should establish financial recording and reporting control procedures, including review of the ledgers and financial reports by management or council.

**Official's Response:** In response to the \$3,700.00 of OPWC funds, the Fiscal Officer was not notified of the payment until February of 2017. Due to this, she could not go back into the previous year to post this amount. Therefore, posted it in the new year.

In response to the reclassification of the homestead and rollback receipts, the Fiscal Officer has always receipted them as property taxes. This was the way she had been trained. After notification and for 2018, these monies received from the State for Homestead and rollbacks will and have been posted to intergovernmental funds.

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# Dave Yost • Auditor of State

VILLAGE OF NEW HOLLAND

PICKAWAY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 22, 2018