



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF HOLLOWAY  
BELMONT COUNTY  
DECEMBER 31, 2021, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Holloway  
Belmont County  
309 Ashton Street  
PO Box 152  
Holloway, Ohio 43985

To the Village Council:

### Report on the Audit of the Financial Statements

#### ***Disclaimer of Opinion***

We were engaged to audit the financial statements of the Village of Holloway, Belmont County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021, 2020 and 2019, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of the Village. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### ***Basis for Disclaimer of Opinion***

We were unable to obtain sufficient appropriate audit evidence to support the completeness, accuracy and classification of receipts and disbursements reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (including fund cash balances) for each governmental and proprietary fund type due to unsupported transactions recorded in the accounting records and reported on the financial statements for 2019, 2020 and 2021. In addition, the Village failed to prepare and maintain formal minute records for all meetings of 2021 and two months of 2020. Further, management has not provided certain written representations required by Auditing Standard Section AU-C Section 580, Written Representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the Village's financial reporting framework, the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility of the Village's compliance with laws and regulations; the identification and disclosure of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws, compliance with any debt covenants, the identification of all Federal assistance programs, and compliance with Federal grant requirements.

Additionally, as described in Note 2 of the financial statements, the financial statements are prepared by the 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 responsibility is to conduct an audit of the Village's financial statements 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 and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2025, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 1, 2025

**VILLAGE OF HOLLOWAY  
BELMONT 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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$45,332	\$65,231	\$110,563
Intergovernmental	34,438	41,008	75,446
Fines, Licenses and Permits	3,032	0	3,032
Earnings on Investments	253	0	253
Miscellaneous	3,493	2,075	5,568
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	86,548	108,314	194,862
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	19,209	19,209
Basic Utility Services	8,774	100	8,874
Transportation	4,493	16,353	20,846
General Government	45,769	0	45,769
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	59,036	35,662	94,698
	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts Over Disbursements</i>	27,512	72,652	100,164
	<hr/>	<hr/>	<hr/>
<b>Other Financing Disbursements</b>			
Other Financing Sources	100	0	100
Other Financing Uses	(300)	0	(300)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	(200)	0	(200)
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	27,312	72,652	99,964
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	23,548	66,588	90,136
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	\$50,860	\$139,240	\$190,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the basic financial statements*

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$72,727
Miscellaneous	768
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>73,495</i>
	<hr/>
<b>Operating Cash Disbursements</b>	
Personal Services	30,699
Employee Fringe Benefits	4,086
Contractual Services	17,928
Supplies and Materials	3,214
Other	365
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>56,292</i>
	<hr/>
<i>Operating Income</i>	<i>17,203</i>
	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	859
Principal Retirement	(20,125)
Interest and Other Fiscal Charges	(8,359)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(27,625)</i>
	<hr/>
<i>Loss before Transfers</i>	<i>(10,422)</i>
	<hr/>
Transfers In	25,259
Transfers Out	(25,259)
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>(10,422)</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>54,900</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$44,478</i>
	<hr/> <hr/>

*See accompanying notes to the basic financial statements*



**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Holloway (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities and fire and ambulance services. The Village contracts with Holloway Volunteer Fire Department to receive fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 7 and 12 to the financial statements provides additional information for these entities.

**Note 2 – Summary of Significant Accounting Policies**

***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 which are all organized on a fund type basis.

***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:

***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.

***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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**Water Operating Fund** The water operating fund accounts for charges for services revenue received from Village residents to cover water service costs to treat and distribute water.

**Enterprise Debt Service Fund** The enterprise debt service fund accounts for charges for services revenue received from Village residents to cover the USDA debt payments relating to the Village's water system.

**Enterprise Reserve Fund** The enterprise reserve fund accounts for a fraction of a percentage of the USDA bond amount generated from charges for services revenue received from Village residents that is set aside each month should the Village become unable to make its annual principal and interest payments.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

**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 approve estimated resources.

**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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 4.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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.

***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.

***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:

***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 nonexpendable portion of the corpus in permanent funds.

***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.

***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.

***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.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Compliance**

Contrary to Ohio Rev. Code §§ 5705.38 and 5705.40, Village Council failed to formally adopt annual permanent appropriations or any amended or supplemental appropriations during the year. This resulted in budgetary expenditures, plus any outstanding encumbrances, to exceed appropriation authority in the General Fund, all Special Revenue funds, and all Enterprise funds, contrary to Ohio Rev. Code § 5705.41B, in the amounts of \$68,583, \$44,446, and \$110,269, respectively.

**Note 4 – 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	\$0	\$86,648	\$86,648
Special Revenue	0	108,314	108,314
Enterprise	0	99,613	99,613
Total	\$0	\$294,575	\$294,575

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$68,583	(\$68,583)
Special Revenue	0	44,446	(44,446)
Enterprise	0	110,152	(110,152)
Total	\$0	\$223,181	(\$223,181)

**Note 5 – Deposits**

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 accounts are as follows:

	2021
Demand deposits	\$221,427
Certificates of deposit	13,151
Total deposits	234,578

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

**Note 7 – Risk Management**

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 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.

***Social Security***

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes 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 2021.

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
United States Department of Agriculture - Rural Development Loan 91-01	\$24,619	4.50%
United States Department of Agriculture - Rural Development Loans 91-03 & 91-05	<u>\$405,700</u>	1.625%
Total	<u><u>\$430,319</u></u>	

The United States Department of Agriculture – Rural Development (USDA) loans relate to Village water line replacement projects. The Village had an existing loan with the USDA for mortgage revenue bonds issued in 1997 in the amount of \$195,000 by the USDA for the Village. The Village is repaying the loan in semiannual installments of \$13,151, including interest, over 25 years.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Village also borrowed an additional \$431,000 from the USDA during 2016, which was also through the issuance of mortgage revenue bonds by the USDA. This USDA loan will be repaid in annual installments over 40 years, with principal and interest payments that began in 2019. Water receipts collected from Village customers collateralize both loans. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The debt covenant for both USDA loans will require the Village to establish and fund a bond account from which annual principal and interest payments will be paid as they become due, a debt service reserve fund in which a fraction of a percentage of the bond amount will be set aside each month should the Village become unable to make its annual principal and interest payments, and a surplus account to which excess funds not needed for the operation of the Water Plant will be deposited. The balances in these funds at December 31, 2021 are \$0, \$0 and \$9,387, respectively.

***Amortization***

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

Year Ending December 31:	USDA Loan 91-01	USDA Loan 91- 03 & 91-05
2022	\$13,151	\$15,293
2023	13,151	15,251
2024	0	15,308
2025	0	15,262
2026	0	15,314
2027-2031	0	76,457
2032-2036	0	76,470
2037-2041	0	76,437
2042-2046	0	76,438
2047-2051	0	76,432
2052-2056	0	76,493
Total	<u>\$26,302</u>	<u>\$535,155</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Jointly Governed Organizations**

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the Village of Holloway serves as the Village's representative on the board. The Council is not dependent upon the

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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Village of Holloway for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2021, the Village made one payment of \$100 to Bel-O-Mar Regional Council.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Outstanding Encumbrances	\$ 9,247	\$ 8,784	\$ 117	\$ 18,148
<i>Total</i>	<u>\$ 9,247</u>	<u>\$ 8,784</u>	<u>\$ 117</u>	<u>\$ 18,148</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 15 – SUBSEQUENT EVENTS**

***Renewal of Current Expense Levy***

Council approved a motion on July 11, 2024, to proceed with the renewal of the 2.5 mill fire levy. This levy was passed on November 4, 2024.

***Absence of Meeting Minutes***

The Village failed to prepare, file, or maintain any formal minute records documenting the Council's official business for 3 months during 2022.



**VILLAGE OF HOLLOWAY  
BELMONT 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)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$16,311	\$20,219	\$36,530
Intergovernmental	36,104	31,893	67,997
Fines, Licenses and Permits	3,176	0	3,176
Earnings on Investments	493	0	493
Miscellaneous	2,612	0	2,612
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	58,696	52,112	110,808
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	27,100	27,100
Basic Utility Services	3,381	0	3,381
Transportation	26,057	28,039	54,096
General Government	32,086	1,393	33,479
Capital Outlay	0	3,900	3,900
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	61,524	60,432	121,956
	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts (Under) Disbursements</i>	(2,828)	(8,320)	(11,148)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	1,579	0	1,579
Other Financing Uses	(200)	0	(200)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	1,379	0	1,379
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	(1,449)	(8,320)	(9,769)
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	24,997	74,908	99,905
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	\$23,548	\$66,588	\$90,136
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the basic financial statements*

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$72,997
<i>Total Operating Cash Receipts</i>	<i>72,997</i>
<b>Operating Cash Disbursements</b>	
Personal Services	24,463
Employee Fringe Benefits	2,834
Contractual Services	20,511
Supplies and Materials	2,433
<i>Total Operating Cash Disbursements</i>	<i>50,241</i>
<i>Operating Income</i>	<i>22,756</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	244,350
Special Assessments	0
Capital Outlay	(243,921)
Principal Retirement	(19,528)
Interest and Other Fiscal Charges	(8,993)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(28,092)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(5,336)</i>
<i>Fund Cash Balances, January 1</i>	<i>60,236</i>
<i>Fund Cash Balances, December 31</i>	<i>\$54,900</i>

*See accompanying notes to the basic financial statements*

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Holloway (the Village), Belmont County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water utilities and fire and ambulance services. The Village contracts with Holloway Volunteer Fire Department to receive fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in the Public Entities Pool of Ohio (PEP), which is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. The Village also participates in Bel-O-Mar Regional Council, which is a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. Notes 7 and 12 to the financial statements provides additional information for these entities.

**Note 2 – Summary of Significant Accounting Policies**

***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 which are all organized on a fund type basis.

***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:

***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.

***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*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

**Water Improvement Fund** The water improvement fund is used to accumulate resources to be used for future operating expenses or improvements for the Village's water system.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

**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 approve estimated resources.

**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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 4.

***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.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

***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:

***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 nonexpendable portion of the corpus in permanent funds.

***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.

***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.

***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.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated revenues in the Enterprise Improvement Fund by \$179,796. Also contrary to Ohio Rev. Code § 5705.41B, budgetary expenditures exceeded appropriation authority in the General, Street Construction, Fire & EMS Equipment Levy, Fire Dept Levy – 1999, Water Operating and Enterprise Improvement funds by \$8,934, \$9,605, \$6,962, \$3,135, \$6,781 and \$59,921, respectively.

**Village of Holloway, Ohio**  
*Belmont 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	\$43,973	\$60,275	\$16,302
Special Revenue	39,956	52,112	12,156
Enterprise	109,184	317,347	208,163
Total	<u>\$193,113</u>	<u>\$429,734</u>	<u>\$236,621</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,790	\$61,724	(\$8,934)
Special Revenue	57,290	60,885	(3,595)
Enterprise	261,510	322,683	(61,173)
Total	<u>\$371,590</u>	<u>\$445,292</u>	<u>(\$73,702)</u>

**Note 5 – Deposits**

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 accounts are as follows:

	2020
Demand deposits	\$131,916
Certificates of deposit	13,120
Total deposits	<u>145,036</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**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.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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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.

**Note 7 – Risk Management**

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 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.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Social Security***

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes 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.

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
United States Department of Agriculture - Rural Development Loan 91-01	\$36,144	4.50%
United States Department of Agriculture - Rural Development Loans 91-03 & 91-05	<u>\$414,300</u>	1.625%
Total	<u><u>\$450,444</u></u>	

The United States Department of Agriculture – Rural Development (USDA) loans relate to Village water line replacement projects. The Village had an existing loan with the USDA for mortgage revenue bonds issued in 1997 in the amount of \$195,000 by the USDA for the Village. The Village is repaying the loan in semiannual installments of \$13,151, including interest, over 25 years. The Village also borrowed an additional \$431,000 from the USDA during 2016, which was also through the issuance of mortgage revenue bonds by the USDA. This USDA loan will be repaid in annual installments over 40 years, with principal and interest payments that began in 2019. Water receipts collected from Village customers collateralize both loans. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The debt covenant for both USDA loans will require the Village to establish and fund a bond account from which annual principal and interest payments will be paid as they become due, a debt service reserve fund in which a fraction of a percentage of the bond amount will be set aside each month should the Village become unable to make its annual principal and interest payments, and a surplus account to which excess funds not needed for the operation of the Water Plant will be deposited. The balances in these funds at December 31, 2020 are \$3,225, \$24,817 and \$9,387, respectively.



**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Amortization***

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

Year Ending December 31:	USDA Loan 91-01	USDA Loan 91- 03 & 91-05
2021	\$13,151	\$15,332
2022	13,151	15,293
2023	13,151	15,251
2024	0	15,308
2025	0	15,262
2026-2030	0	76,537
2031-2035	0	76,413
2036-2040	0	76,452
2041-2045	0	76,429
2046-2050	0	76,406
2051-2055	0	76,560
2056	0	15,244
Total	<u>\$39,453</u>	<u>\$550,487</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Jointly Governed Organizations**

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the Village of Holloway serves as the Village's representative on the board. The Council is not dependent upon the Village of Holloway for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2020, the Village made one payment of \$112 to Bel-O-Mar Regional Council.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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<u>Fund Balances</u>	<u>Special Revenue</u>
Outstanding Encumbrances	\$ 453
<i>Total</i>	<u>\$ 453</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village did not receive or expend CARES Act funding.

***Note 15 – SUBSEQUENT EVENTS***

***Renewal of Current Expense Levy***

*Council approved a motion on July 11, 2024, to proceed with the renewal of the 2.5 mill fire levy. This levy was passed on November 4, 2024.*

***Absence of Meeting Minutes***

*The Village failed to prepare, file, or maintain any formal minute records documenting the Council's official business for 3 months during 2022.*

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

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

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$13,047	\$16,560	\$29,607
Intergovernmental	37,293	20,085	57,378
Fines, Licenses and Permits	3,425	0	3,425
Earnings on Investments	778	0	778
Miscellaneous	378	0	378
<i>Total Cash Receipts</i>	<u>54,921</u>	<u>36,645</u>	<u>91,566</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	14,986	14,986
Basic Utility Services	4,443	0	4,443
Transportation	24,456	13,726	38,182
General Government	22,890	424	23,314
Capital Outlay	0	2,000	2,000
<i>Total Cash Disbursements</i>	<u>51,789</u>	<u>31,136</u>	<u>82,925</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,132</u>	<u>5,509</u>	<u>8,641</u>
<b>Other Financing Disbursements</b>			
Other Financing Uses	(292)	0	(292)
<i>Total Other Financing Disbursements</i>	<u>(292)</u>	<u>0</u>	<u>(292)</u>
<i>Net Change in Fund Cash Balances</i>	2,840	5,509	8,349
<i>Fund Cash Balances, January 1</i>	<u>22,157</u>	<u>69,399</u>	<u>91,556</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	74,908	74,908
Assigned	8,817	0	8,817
Unassigned	16,180	0	16,180
<i>Fund Cash Balances, December 31</i>	<u><u>\$24,997</u></u>	<u><u>\$74,908</u></u>	<u><u>\$99,905</u></u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$74,355
<i>Total Operating Cash Receipts</i>	<u>74,355</u>
<b>Operating Cash Disbursements</b>	
Personal Services	25,765
Employee Fringe Benefits	2,180
Contractual Services	15,755
Supplies and Materials	9,900
Other	195
<i>Total Operating Cash Disbursements</i>	<u>53,795</u>
<i>Operating Income</i>	<u>20,560</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	29,341
Special Assessments	300
Capital Outlay	(29,341)
Principal Retirement	(18,753)
Interest and Other Fiscal Charges	(9,602)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(28,055)</u>
<i>Net Change in Fund Cash Balances</i>	(7,495)
<i>Fund Cash Balances, January 1</i>	<u>67,731</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$60,236</u></u>

*See accompanying notes to the basic financial statements*

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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***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:

***State Highway Fund*** The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Street Light Levy Fund*** The street light levy fund receives tax levy proceeds for the purpose of street lighting within the Village.

***Fire Department Levy – 1999 Fund*** The fire department 1999 levy fund receives tax levy proceeds for the purpose of providing fire services to Village residents.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Water Operating Fund** The water operating fund accounts for charges for services revenue received from Village residents to cover water service costs to treat and distribute water.

**Water Improvement Fund** The water improvement fund is used to accumulate resources to be used for future operating expenses or improvements for the Village's water system.

**Enterprise Debt Service Fund** The enterprise debt service fund accounts for charges for services revenue received from Village residents to cover the USDA debt payments relating to the Village's water system.

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

**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 approve estimated resources.

**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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 4.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***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.

***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.

***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:

***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 nonexpendable portion of the corpus in permanent funds.

***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.

***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.

***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.

***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.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.39, appropriations exceeded estimated revenues in the General Fund by \$5,956. Also contrary to Ohio Rev. Code § 5705.41B, budgetary expenditures exceeded appropriation authority in the Enterprise Improvement Fund and Enterprise Debt Service Fund by \$29,341 and \$14,486, respectively.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,416	\$54,921	\$16,505
Special Revenue	42,726	36,645	(6,081)
Enterprise	87,437	103,996	16,559
Total	<u>\$168,579</u>	<u>\$195,562</u>	<u>\$26,983</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,529	\$52,081	\$14,448
Special Revenue	87,484	31,136	56,348
Enterprise	125,919	111,491	14,428
Total	<u>\$279,932</u>	<u>\$194,708</u>	<u>\$85,224</u>

**Note 5 – Deposits**

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 accounts are as follows:

	2019
Demand deposits	\$147,021
Certificates of deposit	13,120
Total deposits	<u>160,141</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.



**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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.

**Note 7 – Risk Management**

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 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, 2019.

***Social Security***

The other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 10 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
United States Department of Agriculture - Rural Development Loan 91-01	\$47,172	4.50%
United States Department of Agriculture - Rural Development Loans 91-03 & 91-05	<u>\$422,800</u>	1.625%
Total	<u><u>\$469,972</u></u>	

The United States Department of Agriculture – Rural Development (USDA) loans relate to Village water line replacement projects. The Village had an existing loan with the USDA for mortgage revenue bonds issued in 1997 in the amount of \$195,000 by the USDA for the Village. The Village is repaying the loan in semiannual installments of \$13,151, including interest, over 25 years. The Village also borrowed an additional \$431,000 from the USDA during 2016, which was also through the issuance of mortgage revenue

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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bonds by the USDA. This USDA loan will be repaid in annual installments over 40 years, with principal and interest payments beginning in 2019. Water receipts collected from Village customers collateralize both loans. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The debt covenant for both USDA loans will require the Village to establish and fund a bond account from which annual principal and interest payments will be paid as they become due, a debt service reserve fund in which a fraction of a percentage of the bond amount will be set aside each month should the Village become unable to make its annual principal and interest payments, and a surplus account to which excess funds not needed for the operation of the Water Plant will be deposited. The balances in these funds at December 31, 2019 are \$10,997, \$23,796 and \$10,732, respectively.

***Amortization***

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

Year Ending December 31:	USDA Loan 91- 01	USDA Loan 91- 03 & 91-05
2020	\$13,151	\$15,371
2021	13,151	15,332
2022	13,151	15,293
2023	13,151	15,251
2024	0	15,308
2025-2029	0	76,402
2030-2034	0	76,545
2035-2039	0	76,452
2040-2044	0	76,404
2045-2049	0	76,464
2050-2054	0	76,405
2055-2056	0	30,630
Total	<u>\$52,604</u>	<u>\$565,857</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Jointly Governed Organizations**

The Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the Village of Holloway serves as the Village's representative on the board. The Council is not dependent upon the Village of Holloway for its continued existence, no debt exists and the Village does not maintain an equity interest. During 2019, the Village made one payment of \$112 to Bel-O-Mar Regional Council.

**Village of Holloway, Ohio**  
*Belmont County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 13 – Subsequent Events**

***Covid-19***

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

***Renewal of Current Expense Levy***

*Council approved a motion on July 11, 2024, to proceed with the renewal of the 2.5 mill fire levy. This levy was passed on November 4, 2024.*

***Absence of Meeting Minutes***

*The Village failed to prepare, file, or maintain any formal minute records documenting the Council's official business for 3 months during 2022.*



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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 Holloway  
Belmont County  
309 Ashton Street  
PO Box 152  
Holloway, Ohio 43985

To the Village Council:

We were engaged to audit, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund types as of and for the years ended December 31, 2021, 2020 and 2019 and the related notes to the financial statements of the Village of Holloway, Belmont County, Ohio (the Village) and have issued our report thereon dated April 1, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We did not opine on these financial statements because we were unable to obtain sufficient appropriate audit evidence to support the completeness, accuracy and classification of receipts and disbursements reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (including fund cash balances) for each governmental and proprietary fund type due to unsupported transactions recorded in the accounting records and reported on the financial statements for 2019, 2020 and 2021. In addition, the Village failed to prepare and maintain formal minute records for all meetings of 2021 and two months of 2020. Further, management has not provided certain written representations required by Auditing Standard Section AU-C Section 580, Written Representations.

***Report on Internal Control Over Financial Reporting***

In connection with our engagement to audit the financial statements of the Village, 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 purpose 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 through 2021-003 and 2021-007 through 2021-013 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings as item 2021-014 to be a significant deficiency.

### ***Report on Compliance and Other Matters***

In connection with our engagement to audit the financial statements of the Village, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 through 2021-006. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

### ***Purpose of This Report***

The 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 engagement to perform an audit 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 1, 2025

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2021-001**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

Further, the Village's minute record is the official record of Village Council actions. Council is required to keep a complete and accurate record of the proceedings as an official record of the actions at all meetings. The minutes should document all significant actions made by Village Council, which includes the following:

- Matters significant for financial statement disclosure
- Related party transactions
- Litigation, claims and assessments
- Loans or transfers of funds
- Grants and donations
- Material additions, sales, abandonments, etc. of property, plant and equipment
- Investments purchased, sold, or changes to investment policies
- Authorizations for new debt
- Establishment of funds
- Adoption of the tax budget
- Acceptance of levy of the necessary tax rates
- Annual appropriation measure
- Amendments and supplements to annual appropriation measure
- Compensation of officials, including method of payment (per diem or salary)
- Changes in salaries or benefits
- Authorization to hire new employees

During 2021, the Village failed to prepare, file, or maintain any formal minute records documenting the Council's and Board of Public Affairs' official business. Therefore, approval by Council was not formally documented for items such as interfund transfers, budgetary measures, the establishment of new funds, pay rates for Village employees and officials, employee/official hiring and terminations/resignations, review of delinquent water accounts and approval of shut-off dates for delinquent water customers. In addition, the attendance of council members was not documented. Therefore, the number of meetings for which each council person was compensated could not be verified.

In addition, the Village failed to maintain November and December 2020 minutes, and minutes documentation did not always include the compensation of officials, or approval of employee salaries. Also, there was no indication Village Council received or reviewed bank reconciliations at monthly meetings. Financial reports were noted as presented, however the minutes did not always specify the type of financial reports. Furthermore, some personnel and purchasing actions were noted as approved by Council, however several times where there was no documentation on which council made the motion, which council member seconded the motion, or the final vote documentation on the motion presented.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-001  
(Continued)**

**Noncompliance and Material Weakness – Ohio Rev. Code § 121.22(C) (Continued)**

The lack of documentation and subsequent approval of Village Council actions, as well as the failure to maintain meeting minutes, could result in the intentions of Council not being accurately documented or carried out.

The Village should promptly prepare, file and maintain a complete and accurate minute record, which reflects Council review and approval of all pertinent financial documentation, as well as proper documentation on motions proposed and passed regarding actions of the Village. Minutes should describe the types of financial reports that are presented to Council. In addition, the Fiscal Officer should provide Council with monthly bank reconciliations (which includes cleared receipts and payments and outstanding checks) and Council should sign the bank reconciliations to indicate their review and approval. Furthermore, the minutes should document pertinent personnel items such as wages and salaries.

**FINDING NUMBER 2021-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.10(A) provides that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund. Further, Ohio Rev. Code § 5705.10(D) provides 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.

During 2021, the following adjustments were noted:

- January 2021 Village Supplement - Local Government in the amount of \$556 was improperly posted to the Street Construction Maintenance and Repair and State Highway funds as Intergovernmental in the amounts of \$514 and \$42, respectively, rather than the General Fund as Intergovernmental.
- Ohio Bureau of Workers' Compensation premium refunds for policy year 2019 were improperly posted to the General Fund as Miscellaneous, rather than as Miscellaneous in the Fire Department Levy - 1999 and Water Operating funds in the amounts of \$1,223 and \$768, respectively.
- Homestead and Rollback receipts totaling \$861 were improperly posted to the Fire Levy Fund as Intergovernmental and should have been posted to the Fire Department Levy - 1999 Fund as Intergovernmental.

During 2020, the following adjustments were noted:

- Current expense levy revenue was improperly posted to the Street Light Levy Fund as Property and Other Local Taxes and should have been posted to the General Fund Property and Other Local Taxes in the amount of \$7,611.



**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-002  
(Continued)**

**Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(A) (Continued)**

- Homestead and Rollback receipts were improperly posted to the General Fund as Property and Other Local Taxes in the amount of \$2,670 and should have been posted to Police Levy, Fire & EMS Equipment Levy, Fire Levy, and Fire Department Levy - 1999 funds as Intergovernmental in the amounts of \$977, \$301, \$266, and \$1,126, respectively.
- Multiple Motor Vehicle License / Gas Excise Tax fees were not properly allocated 92.5% to the Street Construction Maintenance & Repair Fund and 7.5% to the State Highway Fund. Therefore, an adjustment of \$161 from the State Highway Fund to the Street Construction Maintenance & Repair Fund was necessary in order to correct the error.
- A portion of a USDA grant in the amount of \$816 was improperly posted to the Water Operating Fund as Charges for Services and should have been posted to the Enterprise Improvement Fund as Intergovernmental.

During 2019, the following adjustments were noted:

- Current expense levy revenue including Homestead and Rollback receipts, was improperly posted to the Street Light Levy Fund as Property and Other Local Taxes and should have been posted to the General Fund Property and Other Local Taxes in the amount of \$7,932 and Intergovernmental in the amount of \$1,594.
- August 2019 and September 2019 Motor Vehicle License fees totaling \$316 were improperly posted to the General Fund as Intergovernmental, rather than allocated 92.5% to the Street Construction Maintenance & Repair Fund and 7.5% to the State Highway Fund in the amounts of \$292 and \$24, respectively, as Intergovernmental.
- July 2019 Motor Vehicle License fees in the amount of \$123 were improperly posted to the General Fund as Miscellaneous, rather than allocated 92.5% to the Street Construction Maintenance & Repair Fund and 7.5% to the State Highway Fund in the amounts of \$114 and \$9, respectively, as Intergovernmental.
- Multiple Motor Vehicle License fees / Gas Excise Tax fees were not properly allocated 92.5% to the Street Construction Maintenance & Repair Fund and 7.5% to the State Highway Fund. Therefore, an adjustment of \$223 to the State Highway Fund from the Street Construction Maintenance & Repair Fund was necessary in order to correct the error.
- Homestead and Rollback receipts in the amount of \$112 was improperly posted to the General Fund as Property and Other Local Taxes and should have been posted to Fire & EMS Equipment Levy and Fire Department Levy - 1999 Funds in the amount of \$12 and \$100, respectively.

Audit adjustments, with which management agrees, 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.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020, AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-003**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Additionally, Ohio Rev. Code § 5705.40 states that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

The Village failed to maintain any formal minute records for 2021, and therefore, annual permanent appropriations were not formally adopted by Council by the required April 1 deadline, nor were amended and supplemental appropriations formally adopted by Council which we noted were entered into the Village's accounting system throughout the year.

During 2020, amended and supplemental appropriations were entered into the Village's accounting system, but no formal approval by Council was noted in the Village's minute records throughout the year.

During 2019, Village Council formally approved the annual permanent appropriation resolution on May 14, 2019, which was past the required April 1 deadline. We also noted amended and supplemental appropriations were entered into the Village's accounting system throughout the year, but no formal approval by Village Council was documented in the minute records.

The notes to the financial statements were adjusted for the above instances of noncompliance.

Deficiencies in internal control over budgetary reporting and approval can lead to improper budgeting and limits the effectiveness of management monitoring.

The Village's Council should ensure annual permanent appropriations are passed by the required April 1 deadline, as long as temporary appropriations are passed at the beginning of the fiscal year. Otherwise, permanent appropriation measures should be passed by Village Council on or about the first day of the fiscal year. The Village's Council should also approve all amended and supplemental appropriations throughout the year, which should be formally documented in the Village's minute records.

**FINDING NUMBER 2021-004**

**Noncompliance**

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-004  
(Continued)**

**Noncompliance - Ohio Rev. Code § 5705.39 (Continued)**

During 2021, the Village failed to maintain formal minute records and thereby, there was no formal approval of appropriations by Village Council. We also noted the Village failed to file any appropriations, either temporary or permanent, with the County Auditor. Therefore, there were no appropriations to compare to estimated revenues.

During 2020, the Village's appropriations exceeded the amount certified as available by the County Budget Commission in the Enterprise Improvement Fund (5701) by \$179,796.

During 2019, the Village's appropriations exceeded the amount certified as available by the County Budget Commission in the General Fund (1000) by \$5,956.

Failure to limit appropriations to the amount certified by the County Budget Commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce the appropriations.

**FINDING NUMBER 2021-005**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had expenditures in excess of appropriations during the 2021, 2020 and 2019 audit period.

During 2021, the Village failed to maintain formal minute records and thereby, there was no formal approval of appropriations by Village Council. We also noted the Village failed to file any appropriations, either temporary or permanent, with the County Auditor. Therefore, expenditures, plus outstanding encumbrances (if any), exceeded appropriations of \$0 for the General Fund, all Special Revenue funds, and all Enterprise funds in the amounts of \$68,583, \$44,446, and \$110,269, respectively.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-005  
(Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(B) (Continued)**

During 2020, we noted expenditures, plus current encumbrances (if applicable), exceeded appropriations in the following amounts and funds:

- \$8,934 - General Fund (1000)
- \$9,605 - Street Construction Fund (2011)
- \$6,962 - Fire & EMS Equipment Levy Fund (2902)
- \$3,135 - Fire Dept Levy 1999 Fund (2905)
- \$6,781 - Water Operating Fund (5101)
- \$59,921 - Enterprise Improvement Fund (5701)

During 2019, we noted expenditures, plus current encumbrances (if applicable), exceeded appropriations in the following amounts and funds:

- \$29,341 - Enterprise Improvement Fund (5701)
- \$14,486 - Enterprise Debt Service (5721)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. These amendments should be properly approved, documented and maintained in the Village's minute records. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**FINDING NUMBER 2021-006**

**Noncompliance**

Holloway Bond Ordinance 433, Section 9 (1997) and Holloway Ordinance 2016-5, Section 5 (2016) requires that the USDA loan #91-01, #91-03 and #91-05 shall be payable solely from the Village's water revenues, in which a sufficient portion should be set aside in a special fund to pay the principal and interest as it becomes due. In addition, Holloway Bond Ordinance 433, Section 9 (1997) also requires 10% of the original bond issuance of \$195,000, or \$19,500, be set aside and maintained in a Reserve Account. Holloway Ordinance 2016-5, Section 5 (2016) requires a monthly set aside of \$128.31, up to \$15,396, is accumulated in the Reserve Account.

A significant portion of debt payments for USDA loans #91-01, #91-03 and #91-05 during 2021 originated from the Enterprise Reserve (5761) and Enterprise Improvement (5701) funds due to inadequate financial resources in the Enterprise Debt Service Fund in the amounts of \$442 and \$24,817, respectively. Additionally, at December 31, 2021, the Enterprise Debt Service Fund ending balance is \$0, which is clearly not sufficient to cover the upcoming 2022 debt payments that total \$28,444.

We also noted at December 31, 2021, the Enterprise Reserve Fund had a \$0 balance, which does not meet the set aside requirements per the debt covenants set forth above.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-006  
(Continued)**

**Noncompliance - Holloway Bond Ordinance 433, Section 9 (Continued)**

Without significant increases in the monthly deposits to the Enterprise Debt Service and Enterprise Reserve funds, the Village will not have adequate financial resources to pay the upcoming debt payments from the Enterprise Debt Service Fund or maintain appropriate set asides in the Enterprise Reserve Fund, as required.

The Village should ensure adequate funds are set aside monthly in the Enterprise Debt Service Fund and Enterprise Reserve Fund in order to comply with the debt covenants.

**FINDING NUMBER 2021-007**

**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.

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.

For the year ended December 31, 2021, the following error was noted:

- The annual payment on the Holloway Volunteer Fire Department's fire truck loan was improperly classified as Debt Service - Principal Retirement and Debt Service - Interest and Fiscal Charges, in the amounts of \$4,910 and \$1,072, respectively, rather than Security of Persons and Property in the Fire Levy Fund.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-007  
(Continued)**

**Material Weakness (Continued)**

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

- Homestead and Rollback receipts should have been classified as Intergovernmental rather than Property and Other Taxes within the General Fund in the amount of \$2,527.
- The annual on the Holloway Volunteer Fire Department's fire truck loan was improperly classified as Capital Outlay, rather than Security of Persons and Property in the Fire & EMA Equipment Levy in the amount of \$5,981.
- Interest on the Village's debt payment in the amount of \$6,870 was improperly posted as Principal Retirement, rather than Interest and Other Fiscal Charges in the Enterprise Debt Service Fund.
- An expenditure in the amount of \$2,113 was improperly classified as Personal Services rather than Contractual Services in the Water Operating Fund.
- United States Department of Agriculture grant proceeds of \$243,534 were improperly classified as Special Assessments, rather than Intergovernmental in the Enterprise Improvement Fund.

For the year ended December 31, 2019, the following errors were noted:

- Homestead and Rollback receipts should have been classified as Intergovernmental rather than Property and Other Taxes in the amounts of \$1,024, \$987, \$320, \$270, and \$1,139 in the General, Police Levy, Fire & EMS Equipment Levy, Fire Levy, and the Fire Department Levy - 1999 Funds, respectively.
- Subsequent appropriations exceeding estimated resources in the amount of \$8,817 was improperly classified as Unassigned, rather than Assigned in the General Fund ending balance.
- Interest on the Village's debt payment in the amount of \$7,004 was improperly classified as Principal Retirement, rather than Interest and Other Fiscal Charges in the Enterprise Debt Service Fund.
- United States Department of Agriculture grant proceeds in the amount of \$29,341 were improperly classified as Special Assessments rather than Intergovernmental in the Enterprise Improvement Fund.
- Expenditures totaling \$1,872 were improperly classified in the Water Emergency & Improvements Fund as Other Financing Uses, rather than Contractual Services and Supplies and Materials in the amounts of \$350 and \$1,522, respectively.

The reclassifications noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

In addition to the reclassifications listed above, we also identified additional misstatements ranging from \$64 to \$1,350 in 2020, and \$6 to \$48 in 2019, that we have brought to the Village's attention.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-007  
(Continued)**

**Material Weakness (Continued)**

The Village does not have internal controls in place to help ensure receipts or expenditures are properly classified on the financial statements.

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 for proper receipt and expenditure classifications 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. In addition, supporting documentation for all expenditures should be maintained.

**FINDING NUMBER 2021-008**

**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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village Council to make informed decisions regarding budgetary matters.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

During 2021, the Village failed to file or obtain original and amended certificates of estimated resources approved by the County Budget Commission. Therefore, total estimated receipts of \$230,653 were posted to the accounting system without the proper approval from the County Budget Commission.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-008  
(Continued)**

**Material Weakness (Continued)**

During 2020, we identified variances where estimated receipts posted to the Village's accounting system exceeded the estimated receipts that were approved by the County Budget Commission per the Village's original and amended official certificates of estimated resources in the following amounts and funds:

- \$9,138 - General Fund (1000)
- \$19,000 - Street Construction Fund (2011)
- \$122 - Police Levy Fund (2901)
- \$2,648 - Fire & EMS Equipment Levy Fund (2902)
- \$2,453 - Street Light Levy Fund (2904)
- \$243,534 - Enterprise Improvement Fund (5701)

Similarly, we identified variances where estimated receipts posted to the Village's accounting system were less than estimated receipts approved by the County Budget Commission in the following amounts and funds:

- \$9,002 - Water Operating Fund (5101)
- \$7,354 - Enterprise Debt Service Fund (5721)
- \$21,960 - Enterprise Reserve Fund (5761)
- \$800 - Water Emergency & Improve Fund (5901)

During 2019, we identified one instance where the amount of estimated receipts posted to the Village's accounting system exceeded estimated receipts approved by the County Budget Commission via original and amended official certificates of estimated resources for the Enterprise Improvement Fund (5701) in the amount of \$33,245.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by Village Council are precisely stated and accurately posted to the appropriation ledger.

During 2021, the Village failed to maintain formal minute records documenting Village Council's approval of permanent, amended or supplemental appropriations. In addition, no appropriation resolutions were filed with the County Auditor. Therefore, total appropriations of \$286,012 were posted to the Village's accounting system without the proper approval of Village Council.

During 2020, we identified variances where appropriations posted to the Village's accounting system exceeded the appropriations that were approved by Village Council in the following amounts and funds:

- \$18,195 - General Fund (1000)
- \$23,530 - Street Construction Fund (2011)
- \$9,000 - Fire & EMS Equipment Levy Fund (2902)
- \$1,550 - Street Light Levy Fund (2904)
- \$3,560 - Fire Dept Levy 1999 Fund (2905)
- \$8,528 - Water Operating Fund (5101)
- \$60,284 - Enterprise Improvement Fund (5701)
- \$1,800 - Enterprise Debt Service Fund (5721)



**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-008  
(Continued)**

**Material Weakness (Continued)**

Similarly, we identified variances where appropriations posted to the Village's accounting system were less than the appropriations that were approved by Village Council in the following amounts and fund:

- \$3,500 - State Highway Fund (2021)
- \$300 - Water Deposit Fund (5781)

During 2019, we identified variances where appropriations posted to the Village's accounting system exceeded the appropriations that were approved by Village Council in the following amounts and funds:

- \$500 - Police Levy Fund (2901)
- \$33,245 - Enterprise Improvement Fund (5701)
- \$17,509 - Enterprise Debt Service Fund (5721)

We also identified one instance in 2019 where appropriations posted to the Village's accounting system were less than the appropriation amounts approved by Village Council in the amount of \$3,225 in the General Fund.

The Village did not have procedures in place to ensure budgetary information is accurately approved and posted to the accounting system.

Failure to accurately post estimated resources and appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Fiscal Officer should post to the ledgers, on a timely basis, estimated resources and appropriations as certified by the County Budget Commission and Village Council, respectively. The Village Council should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**FINDING NUMBER 2021-009**

**Material Weakness**

Village officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

During our testing of payroll in 2019, we noted the following:

- Council did not formally approve pay rates for the Village employees. We obtained an annual report from the Mayor from the prior audit, but there is no documentation that Council approved the rates or salaries included on this report.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-009  
(Continued)**

**Material Weakness (Continued)**

- No support for the newly hired Street Laborer's hourly rate.
- No completed timesheets for two pay periods selected for an employee. As a result, we were unable to agree the hours worked to support the gross wages paid to this employee.
- A Board of Public Affairs board member's pay was selected which showed board member compensated for 6 meetings, although support was found for five meetings since the June meeting minutes could not be found.
- Street employees' gross wages totaling \$19,315 were improperly classified as General Government rather than Transportation within the General Fund.

During our testing of payroll in 2020, we noted the following:

- No support for Mayor's salary, clerk/treasurer's salary, and laborer's hourly rate.
- No completed timesheet for one pay periods selected for an employee. As a result, we were unable to agree the hours worked to support the gross wages paid to this employee or determine appropriateness of payment from the Water Operating Fund.
- Timesheets were completed for three pay periods and supported the hours paid; however, the timesheets did not include enough detail to determine the appropriateness of payment from the Water Operating Fund.
- An employee had timesheets that included overlapping hours for pay allocated from the General Fund and Water Fund, for street and water duties, respectively, which resulted in an overpayment of \$554, which is also included in Finding Number 2021-016. In addition, this employee was paid for the lunch period which contradicts Village employee manual section 5-05 which states employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.
- The Village employee manual provides for sick leave benefits; however, the benefits described in the manual were not provided to their employee and do not meet the requirements of Ohio Rev. Code § 124.38.
- Street employees' gross wages totaling \$20,140 were improperly classified as General Government rather than Transportation within the General Fund.

During our testing of payroll in 2021, we noted the following:

- Employee time sheets lacked any detailed work documentation to further support the payroll fund(s) being charged.
- One Village council member selected for payroll testing was paid for attendance of one meeting for the period of 1/1/2021 - 6/30/2021, however, no formal minute documentation existed to support this. Similarly, three Village council members selected for payroll testing for attendance of six, seven and three meetings, respectively, for the period of July 1, 2021, through December 31, 2021, however, the number of meetings actually attended could not be verified due to a lack of formal minute records for 2021.
- No support for the Mayor's salary, or the salaries of the newly appointed Fiscal Officer or Water Clerk. Further, we noted the Fiscal Officer and Water Clerk received raises with no support of approval by Village Council.
- No support for a newly hired employee's hourly wage.
- No support for an existing employee's hourly wage or subsequent wage increase.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-009  
(Continued)**

**Material Weakness (Continued)**

- A manual check in the amount of \$1,028 cleared the Village's financial institution, however, the amount of the check entered into and calculated by the Village's accounting system was \$1,156. The Fiscal Officer adjusted the variance through the monthly bank reconciliation.
- The Village employee manual provides for sick leave benefits; however, the benefits described in the manual were not provided to their employees and do not meet the requirements of Ohio Rev. Code § 124.38.
- The Village paid an employee for a monthly water certification of \$600 for 10 months of the year, totaling \$6,000, through non-payroll warrants, rather than including the compensation on the employee's W-2. This matter will be referred to the Internal Revenue Service for whatever action they deemed necessary.
- No completed time sheet for one pay period for selected employee. As a result, we were unable to determine the appropriateness of the funds/ functions charged for this pay period or hours worked.
- Holiday hours worked by an employee were improperly paid to him twice; once at his regular rate of pay and once at the hour and a half rate. This resulted in an overpayment of \$48.75.
- An employee's pays included overlapping timesheets for pay allocated from the General Fund and Water Fund, for street and water duties, respectively, which resulted in an overpayment of \$375. We also noted overpayments relating to this employee due to 1) lack of supporting documentation for hours reported on various timesheets, totaling \$118, and 2) Fiscal Officer error when entering hours into the Village's accounting system for the employee's street and water positions that are at a different rate of pay, which resulted in an overpayment in the amount of \$207. The total overpayment of these items was \$700, which is also included in Finding Number 2021-016. In addition, this employee was paid for the lunch period which contradicts Village employee manual section 5-05 which states employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time. Lastly, we noted only one out of seven timesheets for 2021 were properly signed by the employee and a supervisor. The remaining six timesheets lacked any supervisory signature indicating approval of the hours worked by the employee, and one of these remaining six timesheets also lacked a signature by the employee.

The Village's inability to provide sufficient audit evidence to support expenditures reported contributed to our inability to provide a basis for an audit opinion on the financial statements

The Village should implement the following procedures:

- Pay rates should be approved by Council and this approval should be documented in the minutes.
- Hourly employee's time sheets should be completed by the employee, properly approved by Mayor/ Council members, and reviewed for the appropriateness of the fund and account code being charged to ensure reasonableness.
- The Fiscal Officer should maintain all supporting documentation for payroll paid by the Village to support amounts paid to Village employees.
- The Fiscal Officer should review employee time sheets to ensure hours paid agree to the time sheets.
- Sick leave policies approved by Council should meet the minimum requirements of the Ohio Rev. Code and be provided to eligible employees.
- Detailed time sheets, including daily work activities, should be properly documented on employee time sheets to ensure the proper fund is charged for payroll.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-010**

**Material Weakness**

Village officials are responsible for maintaining an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions and maintain accountability for its related assets and liabilities. The accounting system should assure that the financial statement assertions are achieved for all transaction types and account balances.

During our testing of water revenue charges for services, we noted the following:

In 2021:

- Billing errors for fifteen out of thirty water bills tested, or 50%, totaling \$417 of known errors. These billing errors projected to potential loss of revenue of \$4,775.

In 2020:

- The deposit on July 17, 2020, was \$170 more than batch total amounts which was comprised of batch totals from July 10, 2020, and July 14, 2020.
- The deposit on December 9, 2020, was \$250 less than batch total amount which was comprised of the batch total from December 7, 2020.
- Billing errors for sixteen out of fifty-eight water bills tested, or 28%, totaling \$1,129 of known errors.
- Village employee's account was adjusted \$112 without valid explanation.
- The above errors found in our sample projected to potential loss of revenue of \$31,397.

In 2019:

- The deposit on September 16, 2019, was \$56 less than batch total amount which was comprised of the batch total from September 13, 2019.
- The deposit on November 20, 2019, was \$48 less than batch total amount which was comprised of the batch total from November 19, 2019.
- A billing error for one out of fifty-one water bills tested, or 2%, in the amount of \$11 of known error.
- Village employee's account was adjusted \$16 without valid explanation.
- A customer's billing stub did not indicate the amount paid by a customer.
- The above errors found in our sample projected to potential loss of revenue of \$3,151.

Additionally, the Village's Board of Public Affairs does not have a process in place during the audit period to periodically review and authorize noncash adjustments and any changes to customer billings. This could result in improper adjustments being made to customer or employee accounts and possibly subject the Village to the act of employee theft.

The Village's inability to provide sufficient audit evidence to support receipts reported contributed to our inability to provide a basis for an audit opinion on the financial statements.

The Village should implement the following procedures:

- The Village should ensure customers are billed in accordance with the guidelines and rates established in the Village water ordinances. Any billing changes should be approved by the Board of Public Affairs and Village Council. This will ensure customers are properly billed as required to cover the water operations of the Village.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-010  
(Continued)**

**Material Weakness (Continued)**

- The Board of Public Affairs should implement a process to periodically review and authorize noncash adjustments and any changes to customer billings. This will ensure that only necessary and proper adjustments are being made to customer accounts and any changes in billing procedures not in accordance with the Village ordinance are valid.
- Water payment stubs should be clearly marked by the Water Clerk when payment is received to indicate the amount that is due and what is paid by the customer. In addition, payment stubs should be stamped or marked in some manner to indicate the date in which the payment was received.

**FINDING NUMBER 2021-011**

**Material Weakness**

The required components of the financial statements will vary by entity type and basis of accounting. Regulatory Cash Basis entities are required to file financial statements and notes to the financial statements within 60 days of the fiscal year end. The notes to the financial statements are an integral part of the financial statements, intended to be read with the financial statements, and are the entity's responsibility to prepare. To ensure compliance with the annual financial report filing requirements, entities should plan sufficient time and engage any necessary assistance to prepare their annual financial report.

Due to a lack of policies and procedures related to financial statement preparation, the 2021, 2020 and 2019 notes to the financial statements required revisions, which were agreed to by Village management and are reflected in the accompanying notes to the financial statements.

We noted significant revisions, additions and/or deletions to the following notes:

- Reporting Entity;
- Summary of Significant Accounting Policies;
- Compliance;
- Budgetary Activity;
- Deposits;
- Risk Management;
- Defined Benefit Pension Plans;
- Postemployment Benefits;
- Debt;
- Contingent Liabilities;
- Fund Balances;
- Subsequent Events / COVID.

Such errors in the notes to the financial statements could confuse or mislead financial statement users.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

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

**FINDING NUMBER 2021-011  
(Continued)**

**Material Weakness (Continued)**

The Village should file complete and accurate annual financial reports with the Auditor of State. The most recent financial statement shells and footnotes can be found at <http://www.ohioauditor.gov/references/shells/regulatory.html>.

**FINDING NUMBER 2021-012**

**Material Weakness**

Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The results of our audit indicated a weakness in management's role to establish and maintain effective internal controls over maintaining supporting documentation. We noted the following errors due to no invoice or lack reasonable basis per the invoice:

<b>2021</b>		
<b>Fund</b>	<b>Actual Error</b>	<b>Projected Error</b>
General	\$142	\$448
Special Revenue	118	796
Enterprise	1,988	6,242
<b>2020</b>		
General	3,291	13,292
Special Revenue	10,892	13,961
Enterprise	2,225	8,988
<b>2019</b>		
General	466	2,523
Special Revenue	288	1,844
Enterprise	3,053	1,216

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village's inability to provide sufficient audit evidence to support expenditures reported contributed to our inability to provide a basis for an audit opinion on the financial statements.

The Fiscal Officer should ensure a basis is used for the allocation of expenditures to funds other than the General Fund by determining which funds should be charged a percentage of the costs of an expenditure based on a reasonable method or calculation.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-013**

**Material Weakness**

A well-designed system of internal control will include monitoring of financial reports and information by the governing board in order to compensate for any lack of segregation of duties. The small size of the Village's staff did not allow for an adequate segregation of duties. The Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. In addition, the Fiscal Officer also served as the Utility Clerk at times throughout the audit period, especially in 2021, and was responsible for all functions, including billing, receipting, depositing, reconciling, and the approval of adjustments. It is therefore important for the Council members and Board of Public Affairs/Village Administrator to monitor financial activity closely and to follow up on any audit findings.

There was no documentation in the minutes for three out of twelve meetings in 2019 and two out of ten meetings in 2020 of Council's approval of detail financial reports such as bank reconciliations, bank statements, payments or receipts reports, or budget versus actual reports received at monthly meetings. This resulted in errors and omissions occurring in the Village's accounting system. With no control procedures in place, this was unnoticed by management.

The results of our audit indicated a weakness in management's role to establish and maintain effective internal controls and to ensure and document the Village is complying with legal requirements as evidenced by the material noncompliance citations and material weaknesses included in our report.

We noted support for the Village's disbursements were not always properly maintained, and receipts and disbursements were not always posted to the proper funds or classified properly, as noted in various findings within this report. We also noted during our sampling of nonpayroll disbursements that the Village failed to make credit card payments in a timely fashion and exceeded the credit card limits resulting in overlimit fees, in addition to expenditures being paid that were for an employee's personal use, rather than for the Village and its operations.

Failure to adequately monitor the activities of the Village by Village Council and maintain supporting evidence and accounting reports of the Village's activities could result in errors or irregularities to occur and remain undetected.

The Village Council and Board of Public Affairs/Village Administrator should become more actively involved in monitoring the financial activity of the Village. Village Council should ensure the Fiscal Officer maintains and presents to Council monthly the following records: bank reconciliations, receipts ledger, appropriations ledger, cash journal, budget vs. actual reports for receipts and disbursements, payroll journal and check register. Utility duties including the receipt of cash, depositing and posting activity to the billing system should be appropriately segregated and all adjustments to utility accounts should require approval. Formal minute records of all monthly meetings should also be maintained in order to appropriately document the Village's business affairs.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2021-014**

**Significant Deficiency**

All disbursements made by the Village via check should be signed by a minimum of two, optimally three, authorized signatories of the Village, such as the Fiscal Officer, Mayor and/or a member of Council.

Due to a lack in internal controls and multiple instances of turnover within the Fiscal Officer position, during 2021 and 2020, we noted numerous instances where checks were only signed by the Village's mayor, as opposed to at least two separate Village signatories, for nonpayroll and/or payroll disbursements.

Obtaining more than one signature by an authorized signer of the Village for disbursements helps to ensure control procedures are in place, such as segregation of duties. This helps to deter possible fraudulent disbursements from being made.

The Village should obtain a minimum of two signatures from Village officials, such as the Fiscal Officer, Mayor and/or a Council member, on all disbursement checks.

<b>2. OTHER – FINDINGS FOR RECOVERY</b>
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In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS Compliance and Controls reports.

**FINDING NUMBER 2021-015**

**Finding for Recovery – Credit Cards**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. The Village should acquire and maintain appropriate documentation to support the proper use of Village funds prior to making payments. Appropriate documentation could include, but is not limited to invoices and other original correspondence. Maintaining organized supporting documentation for financial transactions is essential in assuring the Village’s financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Village of Holloway Credit Card Policy, Article I, Section 3 provides that the use of a credit card account for personal expenses is expressly prohibited. Article I, Section 4(F) provides that “original, itemized receipts must be submitted to the Fiscal Officer or the Fiscal Officer’s designee as soon [as] reasonably possible. The receipt should include the customer copy of the receipt, any invoice from the vendor, the cost of the goods or services purchased, and the date of the purchase. The Authorized User should also submit documentation verifying the purchase was made on behalf of the Village, if necessary to describe the purchase.” Article I, Section 5 provides that an Authorized User is personally liable for reimbursing the Village for “expenses charged to the Credit Card that are not documented and submitted to the Fiscal Officer or the Fiscal Officer’s designee” and “unauthorized expenses.”



**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

**2. OTHER – FINDINGS FOR RECOVERY (Continued)**

**FINDING NUMBER 2021-015  
(Continued)**

**Finding for Recovery – Credit Cards (Continued)**

During 2021 and 2020, James Klages had a Village Lowe's credit card in his possession to use for Village expenditures, when needed. We noted improper payments made for personal use by James, such as tools and other home improvement items, totaling \$637, that is owed to the Street Fund.

During that same time frame, James Klages also had possession of a Village Wesbanco Bank Credit card in his name. We noted expenditures made by James using the Wesbanco credit card for which there was no supporting documentation, totaling \$1,421, which is owed to the General, Street and Water Funds in the amounts of \$603, \$745, and \$73, respectively.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies converted or misappropriated in the amount of \$637 and public monies illegally expended in the amount of \$1,421 is hereby issued against James Klages. These amounts are in favor of the Village of Holloway's General, Street and Water Funds in the amounts of \$603, \$1,382 and \$73.

The following former Fiscal Officers were in office when the following amounts were illegally expended:

- Talitha Phillips - \$300
- Kathy Neilson - \$296
- Sherri Balabin - \$531
- Heidi Omouski - \$150

There was not a Fiscal Officer in place at the time that the remaining \$144 of illegal payments were paid.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010). Talitha Phillips, Kathy Neilson, Sherri Balabin and Heidi Ornouski and their bonding company Ohio Farmer's Insurance Company, will be jointly and severally liable in the amounts of \$300, \$296, \$531 and \$150, respectively, and in favor of the Village of Holloway's General, Street and Water Funds in the amounts of \$532, \$672 and \$73.

**FINDING NUMBER 2021-016**

**Finding for Recovery – Payroll**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. The Village should acquire and maintain appropriate documentation to support the proper use of Village funds prior to making payments. Appropriate documentation could include, but is not limited to, timesheets and other original correspondence. Maintaining organized supporting documentation for financial transactions is essential in assuring the Village's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>2. OTHER – FINDINGS FOR RECOVERY (Continued)</b>
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**FINDING NUMBER 2021-016  
(Continued)**

**Finding for Recovery – Payroll (Continued)**

During 2021 and 2020, James Klages, an employee, had overlapping timesheets for pay allocated from the General Fund and Water Fund, for street and water duties, which resulted in an overpayment of \$375 and \$554, respectively. The total overpayment of these items is \$929 owed to the General Fund.

During 2021, we also noted overpayments relating to James Klages due to 1) lack of supporting documentation for hours reported on various timesheets, totaling \$118, and 2) Fiscal Officer error when entering hours into the Village's accounting system for the employee's street and water positions that are at a different rate of pay, which resulted in an overpayment in the amount of \$207. The total overpayment of these items is \$325 owed to the General and Water Funds in the amounts of \$307 and \$18, respectively. In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against James Klages, in the amount of \$1,254, and in favor of the Village of Holloway's General and Water Funds in the amounts of \$1,236 and \$18, respectively.

The following former Fiscal Officers were in office when the following amounts were illegally paid to James Klages:

- Talitha Phillips - \$291
- Kathy Neilson - \$244
- Sherri Balabin - \$356

There was not a Fiscal Officer in place at the time that the remaining \$363 of illegal payments were paid.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010). Talitha Phillips, Kathy Neilson and Sherri Balabin and their bonding company Ohio Farmer's Insurance Company, will be jointly and severally liable in the amounts of \$291, \$244 and \$356, respectively, and in favor of the Village of Holloway.

**FINDING NUMBER 2021-017**

**Finding for Recovery – Late Fees, Overlimit Fees, and Interest**

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village incurred and paid late fees, overlimit fees and interest on Village issued credit cards.

**VILLAGE OF HOLLOWAY  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019  
(Continued)**

<b>2. OTHER – FINDINGS FOR RECOVERY (Continued)</b>
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**FINDING NUMBER 2021-017  
(Continued)**

**Finding for Recovery – Late Fees, Overlimit Fees, and Interest (Continued)**

The following former Fiscal Officers incurred the following late fees, overlimit fees and interest for the years of 2021, 2020 and 2019:

- Talitha Phillips in the amount of \$74;
- Kathy Neilson in the amount of \$66;
- Sherri Balabin in the amount of \$113; and
- Heidi Ornouski in the amount of \$69.

The above-named Fiscal Officers were responsible for paying and monitoring the Village-issued credit cards. The repeated failure to monitor and pay the credit cards on time is considered gross negligence.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Fiscal Officers Talitha Phillips, Kathy, Neilson, Sherri Balabin and Heidi Ornouski and their bonding company, the Ohio Farmer's Insurance Company, jointly and severally, in the amounts of \$74, \$66, \$113, and \$69, respectively for late fees and penalties. This amount is in favor of the Village of Holloway's General and Street Funds in the amounts of \$187 and \$135, respectively.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

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VILLAGE OF HOLLOWAY  
PO BOX 152  
HOLLOWAY OH 43985  
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10(D) for not posting receipts and disbursements to the correct fund.	Not corrected.	The Village is working on posting to correct fund.
2018-002	Noncompliance - Ohio Rev. Code §5705.38(A) and §5705.41(B) for appropriations not being passed in 2018 and 2017, therefore, all expenditure exceeded appropriations.	Not Corrected.	The Village will ensure that appropriation measures are approved and will make sure expenditures are not in excess of appropriations.
2018-003	Noncompliance – Holloway Bond Ordinance 433 for not paying debt payments from the proper funds and not having sufficient funds within the Debt Service Fund to pay upcoming payments.	Not Corrected.	The Village will work on paying debt from the appropriate fund and having sufficient funds within the Debt Service Funds.
2018-004	Material Weakness for significant errors in recording budgetary information into the system compared to what was approved by Council.	Not Corrected.	The Village will ensure that all budgetary information is posted correctly to the system.
2018-005	Material Weakness for significant errors in recording receipts and disbursements into accurate classifications on the financial statements.	Not Corrected.	The Village is working on proper classification of receipts and expenditures.
2018-006	Significant Deficiency over water revenue, billing, and adjustments	Not Corrected.	The Village is working on correcting these water issues.
2018-007	Significant Deficiency over payroll disbursements regarding pay rates, timecards, and absent policies.	Not Corrected.	The Village is working on correcting these payroll issues.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HOLLOWAY**

**BELMONT 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 4/22/2025**

65 East State 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  
[www.ohioauditor.gov](http://www.ohioauditor.gov)