



**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF HOLLAND  
LUCAS COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Village of Holland  
Lucas County  
1245 Clarion Avenue  
Holland, Ohio 43528-8394

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

October 1, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Holland  
Lucas County  
1245 Clarion Avenue  
Holland, Ohio 43528-8394

To the Village Council:

We have audited the accompanying financial statements of the Village of Holland, Lucas County, (the Village) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Holland, Lucas County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

October 1, 2007



**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$ 43,245				\$ 43,245
Municipal Income Tax	1,751,942		\$ 190,000	\$ 685,971	2,627,913
Intergovernmental	480,194	\$ 107,976		196,000	784,170
Special Assessments	32,358		168,691		201,049
Charges for Services	6,443				6,443
Fines, Licenses and Permits	23,312	896			24,208
Earnings on Investments	230,563	34,094	14,824	56,208	335,689
Miscellaneous	133,456	3,388		750	137,594
<b>Total Cash Receipts</b>	<b>2,701,513</b>	<b>146,354</b>	<b>373,515</b>	<b>938,929</b>	<b>4,160,311</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	701,374				701,374
Public Health Services	8,816				8,816
Leisure Time Activities	30,434				30,434
Community Environment	54,990				54,990
Basic Utility Service	49,906				49,906
Transportation		251,392			251,392
General Government	436,503				436,503
Debt Service:					
Redemption of Principal			282,408	21,613	304,021
Interest and Fiscal Charges			63,916		63,916
Capital Outlay	80,467	134,972		655,996	871,435
<b>Total Cash Disbursements</b>	<b>1,362,490</b>	<b>386,364</b>	<b>346,324</b>	<b>677,609</b>	<b>2,772,787</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,339,023</b>	<b>(240,010)</b>	<b>27,191</b>	<b>261,320</b>	<b>1,387,524</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In		237,175		478,739	715,914
Transfers-Out	(237,175)			(478,739)	(715,914)
Other Financing Uses	(41,865)				(41,865)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(279,040)</b>	<b>237,175</b>			<b>(41,865)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,059,983	(2,835)	27,191	261,320	1,345,659
Fund Cash Balances, January 1	4,313,616	602,347	134,188	1,100,337	6,150,488
<b>Fund Cash Balances, December 31</b>	<b>\$ 5,373,599</b>	<b>\$ 599,512</b>	<b>\$ 161,379</b>	<b>\$ 1,361,657</b>	<b>\$ 7,496,147</b>
Reserve for Encumbrances, December 31	\$ 36,874	\$ 6,002	\$ 600	\$ 126,376	\$ 169,852

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

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$ 38,358				\$ 38,358
Municipal Income Tax	1,483,993		\$ 190,000	\$ 551,997	2,225,990
Intergovernmental	522,887	\$ 120,786		150,740	794,413
Special Assessments	32,589		175,436		208,025
Charges for Services	7,618				7,618
Fines, Licenses and Permits	36,661	1,019			37,680
Earnings on Investments	103,157	15,694	7,357	27,434	153,642
Miscellaneous	122,359	6,740		876	129,975
	<u>2,347,622</u>	<u>144,239</u>	<u>372,793</u>	<u>731,047</u>	<u>3,595,701</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	704,651				704,651
Public Health Services	7,928				7,928
Leisure Time Activities	12,355				12,355
Community Environment	56,209				56,209
Basic Utility Service	28,756				28,756
Transportation		289,178			289,178
General Government	347,860				347,860
Debt Service:					
Redemption of Principal			264,327	21,613	285,940
Interest and Fiscal Charges			82,072		82,072
Capital Outlay	46,150	16,242		460,100	522,492
	<u>1,203,909</u>	<u>305,420</u>	<u>346,399</u>	<u>481,713</u>	<u>2,337,441</u>
Total Receipts Over/(Under) Disbursements	<u>1,143,713</u>	<u>(161,181)</u>	<u>26,394</u>	<u>249,334</u>	<u>1,258,260</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In		230,970		350,615	581,585
Transfers-Out	(230,970)			(350,615)	(581,585)
Other Financing Uses	(43,472)				(43,472)
	<u>(274,442)</u>	<u>230,970</u>			<u>(43,472)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	869,271	69,789	26,394	249,334	1,214,788
Fund Cash Balances, January 1	3,444,345	532,558	107,794	851,003	4,935,700
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 4,313,616</u></b>	<b><u>\$ 602,347</u></b>	<b><u>\$ 134,188</u></b>	<b><u>\$ 1,100,337</u></b>	<b><u>\$ 6,150,488</u></b>
Reserve for Encumbrances, December 31	<u>\$ 37,899</u>	<u>\$ 74,852</u>	<u>\$ 600</u>	<u>\$ 122,269</u>	<u>\$ 235,620</u>

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

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Holland, Lucas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village park operations, street maintenance, police, and contracted fire and EMS services. The Village appropriates general fund money to support a contract with Springfield Township for fire protection and EMS services.

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

**B. Accounting Basis**

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

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

**C. Cash 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.

The Village values certificates of deposit and U.S. Treasury Notes and Bills at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Sanitary Sewer Debt Retirement Fund – This fund receives income tax revenue and sanitary sewer assessments, and is used to accumulate resources for the payment of bonds issued to fund the installation of sanitary sewers throughout the Village.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Projects Fund - This fund receives a portion of income tax revenue to fund major capital projects (*e.g.*, major road construction, maintenance, and repair), purchases, or cash transfers to other capital projects funds.

State Issue 2 Fund – This fund receives transfers from the Capital Projects Fund and State Issue 2 grant funds for approved major road reconstruction projects.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**3. Encumbrances**

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2006	2005
Demand deposits	\$4,026,616	\$2,612,352
Certificates of deposit	610,000	850,000
Total deposits	4,636,616	3,462,352
U.S. Treasury Notes/Bills	1,171,410	1,134,135
STAR Ohio	1,688,121	1,554,001
Total investments	2,859,531	2,688,136
Total deposits and investments	\$7,496,147	\$6,150,488

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

**Investments:** The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,748,274	\$2,701,513	\$953,239
Special Revenue	365,171	383,529	18,358
Debt Service	363,398	373,515	10,117
Capital Projects	1,134,229	1,417,668	283,439
Total	<u>\$3,611,072</u>	<u>\$4,876,225</u>	<u>\$1,265,153</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,897,772	\$1,678,404	\$219,368
Special Revenue	461,523	392,366	69,157
Debt Service	348,500	346,924	1,576
Capital Projects	1,457,797	1,282,724	175,073
Total	<u>\$4,165,592</u>	<u>\$3,700,418</u>	<u>\$465,174</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,626,801	\$2,347,622	\$720,821
Special Revenue	306,381	375,209	68,828
Debt Service	363,022	372,793	9,771
Capital Projects	796,507	1,081,662	285,155
Total	<u>\$3,092,711</u>	<u>\$4,177,286</u>	<u>\$1,084,575</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,829,074	\$1,516,250	\$312,824
Special Revenue	417,096	380,272	36,824
Debt Service	348,585	346,999	1,586
Capital Projects	1,000,982	954,597	46,385
Total	<u>\$3,595,737</u>	<u>\$3,198,118</u>	<u>\$397,619</u>

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2006, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) Loan	\$359,010	7.51 to 8.40%
Special Assessment Bond	235,000	7.4%
Ohio Public Works Commission (OPWC) Loans	<u>142,691</u>	0%
Total	<u><u>\$736,701</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to installation of a sanitary sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved \$2,762,878 in loans to the Village for this project. The Village will repay the loans in semi-annual installments over 20 years. Beginning July 2003, OWDA began an interest rate subsidy program which reduced all loan interest rates to 7%, and reduced the annual payments.

The outstanding special assessment bond was for infrastructure improvements to the Holland Business Center. The special assessment bond is funded by assessments placed on the improved property which is paid by the property owners over a 20-year period. The bonds are the direct obligation of the Village for which its full faith, credit, and resources are pledged.

**VILLAGE OF HOLLAND  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**6. DEBT – (CONTINUED)**

The OPWC loans were in conjunction with grant applications awarded for road reconstruction projects and are to be repaid over a 10-year period without interest.

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

Year ending December 31:	OWDA Loan	Special Assessment Bond	OPWC Loans
2007	\$140,736	\$57,390	\$10,807
2008	202,265	59,430	21,613
2009	43,586	56,100	21,613
2010	4,588	57,770	21,613
2011-2014	2,299	59,070	67,045
Total	<u>\$393,474</u>	<u>\$289,760</u>	<u>\$142,691</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.



VILLAGE OF HOLLAND  
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)

8. RISK MANAGEMENT – (CONTINUED)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# Mary Taylor, CPA

Auditor of State

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

Village of Holland  
Lucas County  
1245 Clarion Avenue  
Holland, Ohio 43528-8394

To the Village Council:

We have audited the financial statements of the Village of Holland, Lucas County, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 1, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **Compliance and Other Matters**

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

We intend this report solely for the information and use of the finance/audit committee, management, and the Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

October 1, 2007



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF HOLLAND**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 8, 2007**