



Mary Taylor, CPA
Auditor of State

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 29, 2009

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$181,382, or 27.3 percent, from the prior year.
- The Village's general receipts are primarily lodging and kWh taxes. These receipts represent respectively 15.3 and 52.8 percent of the total cash received for governmental activities during the year.
- Net Assets of the Electric operation, the Village's lone business-type activity, increased by \$70,643 or 41.5 percent during 2007.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets, state and federal grants and property, lodging and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one enterprise fund, the Electric Operating Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Cash and Cash Equivalents	\$ 844,996	\$ 663,614	\$240,772	\$ 170,129	\$ 1,085,768	\$ 833,743
Net Assets						
Restricted for:						
Debt Service	\$ 23,046				\$ 23,046	
Capital Outlay	28,124	\$ 11,627			28,124	\$ 11,627
Other Purposes	19,269	14,349			19,269	14,349
Unrestricted	774,557	637,638	\$ 240,772	\$ 170,129	1,015,329	807,767
Total Net Assets	<u>\$ 844,996</u>	<u>\$ 663,614</u>	<u>\$ 240,772</u>	<u>\$ 170,129</u>	<u>\$ 1,085,768</u>	<u>\$ 833,743</u>

As mentioned previously, net assets of governmental activities increased \$181,382 or 27.3 percent during 2007. The primary reasons contributing to the increases in cash balances were as follows:

- Increase in interest revenues.
- Reduction in expenditures for the year.

Net assets of business-type activities increased by \$70,643 or 41.5 percent during 2007. The primary reason contributing to the increase in the cash balance was an accumulation of funds for future electric system repairs, upgrades, and additions.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities, business-type activities, and total primary government.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Cash Receipts:						
Program Cash Receipts:						
Charges for Services and Sales			\$5,991,789	\$6,382,087	\$5,991,789	\$6,382,087
Operating Grants and Contributions	\$4,800	\$4,165			4,800	4,165
Capital Grants and Contributions	23,046				23,046	
Total Program Cash Receipts	27,846	4,165	5,991,789	6,382,087	6,019,635	6,386,252
General Receipts:						
Property Taxes Levied for						
General Purposes	22,653	26,735			22,653	26,735
Other Taxes	417,458	425,916	802	903	418,260	426,819
Grants & Entitlements Not Restricted to Specific Programs	11,094	9,792			11,094	9,792
Other Debt Proceeds	104,886	296,735			104,886	296,735
Interest	28,594	11,316			28,594	11,316
Miscellaneous	690	180,517	13,661	11,969	14,351	192,486
Total General Receipts	585,375	951,011	14,463	12,872	599,838	963,883
Total Cash Receipts	613,221	955,176	6,006,252	6,394,959	6,619,473	7,350,135
Cash Disbursements:						
General Government	100,961	132,785			100,961	132,785
Public Health Services	4,533	5,547			4,533	5,547
Basic Utility Services	162,666	172,125			162,666	172,125
Transportation	409	57			409	57
Capital Outlay	102,721	449,679			102,721	449,679
Debt Service:						
Principal	20,853	15,853			20,853	15,853
Interest	39,696	40,146			39,696	40,146
Electric Operating			5,935,609	6,292,513	5,935,609	6,292,513
Total Cash Disbursements	431,839	816,192	5,935,609	6,292,513	6,367,448	7,108,705
Change in Net Assets	181,382	138,984	70,643	102,446	252,025	241,430
Net Assets, January 1,	663,614	524,630	170,129	67,683	833,743	592,313
Net Assets, December 31,	\$844,996	\$663,614	\$240,772	\$170,129	\$1,085,768	\$833,743

Program receipts represent 4.5 percent of total receipts. These are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and contributions from Menard, Inc. for debt service on the Village's loan with the Ohio Water Development Authority (OWDA).

General receipts represent 95.5 percent of the Village's total receipts, and of this amount, 71 percent are other taxes consisting of lodging and kWh taxes. Eighteen percent of receipts are the loan proceeds from the OWDA used to construct the Menard, Inc. water and sewer line extension. Property taxes, grants and entitlements, interest, and miscellaneous revenue make up the balance of the Village's general receipts (11 percent).

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Public Health Services are the county health department assessments; the Basic Utility Services are the water and sewer line tap fees for Chase Brass, which are paid to the Village of Montpelier; and Transportation is the cost of maintaining the roads.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for basic utilities and capital outlay, which account for 37.7 and 23.8 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 23.4 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$100,961	\$100,961	\$132,785	\$132,785
Public Health Services	4,533	4,533	5,547	5,547
Basic Utility Services	162,666	162,666	172,125	172,125
Transportation	409	(4,391)	57	(4,108)
Capital Outlay	102,721	102,721	449,679	449,679
Principal Retirement	20,853	20,853	15,853	15,853
Interest & Fiscal Charges	39,696	16,650	40,146	40,146
Total Expenses	\$431,839	\$403,993	\$816,192	\$812,027

The dependence upon other tax receipts (lodging and kWh) is apparent as over 93.6 percent of governmental activities are supported through these general receipts.

\$104,886 was received from the Ohio Water Development Authority as loan proceeds on paid invoices for the Menard Distribution Center's water/sewer infrastructure and water tower projects.

Business-type Activities

The electric operation of the Village is relatively large and reports receipts and cash disbursements that are relatively equal considering the dollar amounts: \$6,006,252 and \$5,935,609, respectively.

The Village's Funds

Total governmental funds had receipts and other financing sources of \$613,221 and disbursements of \$431,839, not including transfers. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$136,919 as the result of a reduction in capital spending from the previous year.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

During 2007, the General Fund budget in total did not require amending. Final budgeted receipts remained unchanged from the original budget. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements and other financing uses were budgeted at \$850,000 while actual disbursements and other financing uses were \$343,041. The Village kept spending low vs. budgeted amounts as documented by the reported variances. This is due to the fact that the Village is preparing for additional infrastructure expenditures expected to occur in the near future.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Village's outstanding debt included \$355,000 in general obligation bonds issued for the building of Village Hall; and \$84,872 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$762,783 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects.

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on other local taxes (lodging and kWh) to help build infrastructure to better serve our community and prepare for our current and future growth.

For now, the presence of the Menard Distribution Center has not yet been fully felt within the community as its construction is still in progress. However, we anticipate increasing electric revenues and expenses as various phases of the project are completed. In addition, we will be looking to future growth expansion and the probable need of an electric substation to deal with rising electric demand.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 County Road. M; Holiday City, Ohio 43543-9785.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2007**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$844,996	\$240,772	\$1,085,768
 Net Assets			
Restricted for:			
Capital Projects	\$28,124		\$28,124
Debt Service	23,046		23,046
Other Purposes	19,269		19,269
Unrestricted	774,557	\$240,772	1,015,329
<i>Total Net Assets</i>	\$844,996	\$240,772	\$1,085,768

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2007**

	Program Cash Receipts		
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities			
General Government	\$100,961		
Public Health Services	4,533		
Basic Utility Services	162,666		
Transportation	409	\$4,800	
Capital Outlay	102,721		
Debt Service:			
Principal	20,853		
Interest	39,696		\$23,046
<i>Total Governmental Activities</i>	431,839	4,800	23,046
Business Type Activities			
Electric Operating	5,935,609	\$5,991,789	
Total	\$6,367,448	\$5,991,789	\$4,800

General Receipts

Property Taxes Levied for General Purposes
Other Taxes
Grants and Entitlements not Restricted to Specific Programs
Other Debt Proceeds
Interest
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$100,961)		(\$100,961)
(4,533)		(4,533)
(162,666)		(162,666)
4,391		4,391
(102,721)		(102,721)
(20,853)		(20,853)
(16,650)		(16,650)
(403,993)		(403,993)
	\$56,180	56,180
(403,993)	56,180	(347,813)
22,653		22,653
417,458	802	418,260
11,094		11,094
104,886		104,886
28,594		28,594
690	13,661	14,351
585,375	14,463	599,838
181,382	70,643	252,025
663,614	170,129	833,743
\$844,996	\$240,772	\$1,085,768

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$774,557	\$70,439	\$844,996
Fund Balances			
Reserved:			
Reserved for Encumbrances		\$26,085	\$26,085
Unreserved:			
Undesignated, Reported in:			
General Fund	\$774,557		774,557
Special Revenue Funds		19,269	19,269
Debt Service Fund		23,046	23,046
Capital Projects Funds		2,039	2,039
<i>Total Fund Balances</i>	\$774,557	\$70,439	\$844,996

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$438,892		\$438,892
Intergovernmental	12,313	\$4,800	17,113
Interest	28,065	529	28,594
Miscellaneous	690	23,046	23,736
<i>Total Receipts</i>	<u>479,960</u>	<u>28,375</u>	<u>508,335</u>
Disbursements			
Current:			
General Government	100,961		100,961
Public Health Services	4,533		4,533
Basic Utility Services	162,666		162,666
Transportation		409	409
Capital Outlay	14,332	88,389	102,721
Debt Service:			
Principal Retirement		20,853	20,853
Interest and Fiscal Charges		39,696	39,696
<i>Total Disbursements</i>	<u>282,492</u>	<u>149,347</u>	<u>431,839</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>197,468</u>	<u>(120,972)</u>	<u>76,496</u>
Other Financing Sources (Uses)			
Other Debt Proceeds		104,886	104,886
Transfers In		60,549	60,549
Transfers Out	(60,549)		(60,549)
<i>Total Other Financing Sources (Uses)</i>	<u>(60,549)</u>	<u>165,435</u>	<u>104,886</u>
<i>Net Change in Fund Balances</i>	136,919	44,463	181,382
Fund Balances Beginning of Year	<u>637,638</u>	<u>25,976</u>	<u>663,614</u>
<i>Fund Balances End of Year</i>	<u><u>\$774,557</u></u>	<u><u>\$70,439</u></u>	<u><u>\$844,996</u></u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$447,221	\$447,221	\$438,892	(\$8,329)
Intergovernmental	11,215	11,215	12,313	1,098
Interest	11,000	11,000	28,065	17,065
Miscellaneous	300	300	690	390
<i>Total Receipts</i>	<u>469,736</u>	<u>469,736</u>	<u>479,960</u>	<u>10,224</u>
Disbursements				
Current:				
General Government	180,550	182,135	100,961	81,174
Public Health Services	6,000	6,000	4,533	1,467
Basic Utility Services	184,050	184,065	162,666	21,399
Capital Outlay	418,797	417,197	14,332	402,865
<i>Total Disbursements</i>	<u>789,397</u>	<u>789,397</u>	<u>282,492</u>	<u>506,905</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(319,661)</u>	<u>(319,661)</u>	<u>197,468</u>	<u>517,129</u>
Other Financing Uses				
Transfers Out	(60,603)	(60,603)	(60,549)	54
<i>Net Change in Fund Balance</i>	(380,264)	(380,264)	136,919	517,183
<i>Fund Balance Beginning of Year</i>	<u>637,638</u>	<u>637,638</u>	<u>637,638</u>	
<i>Fund Balance End of Year</i>	<u><u>\$257,374</u></u>	<u><u>\$257,374</u></u>	<u><u>\$774,557</u></u>	<u><u>\$517,183</u></u>

See accompanying notes to the financial statements

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

Statement of Fund Net Assets - Cash Basis
Proprietary Fund
December 31, 2007

	<u>Business-Type Activities</u>
	<u>Electric Operating Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$240,772</u>
Net Assets	
Unrestricted	<u>\$240,772</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Fund
For the Year Ended December 31, 2007**

	Business-Type Activities
	Electric Operating Fund
Operating Receipts	
Charges for Services	\$5,991,789
Operating Disbursements	
Employee Fringe Benefits	586
Contractual Services	5,912,187
Materials and Supplies	19,169
Other	3,667
<i>Total Operating Disbursements</i>	5,935,609
<i>Operating Income</i>	56,180
Non-Operating Receipts	
Property and Other Local Taxes	802
Miscellaneous Receipts	13,661
<i>Total Non-Operating Receipts</i>	14,463
<i>Change in Net Assets</i>	70,643
Net Assets Beginning of Year	170,129
<i>Net Assets End of Year</i>	\$240,772

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Note 1 – Reporting Entity

The Village of Holiday City, Williams County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Village. The Village provides general government services, electric utility, and contracted maintenance of Village roads and bridges.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has one major governmental fund, the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has the following major enterprise fund:

Electric Operating Fund - The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007, the Village invested in Star Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$28,065 which includes \$7,682 assigned from other Village funds.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

H. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation.

K. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

L. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis) for the General Fund.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 4 – Deposits and Investments (continued)

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

As of December 31, 2007, the Village had \$167,577 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$1.60 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 5 – Property Taxes (continued)

Real Property	\$6,389,310
Public Utility Personal Property	132,280
Tangible Personal Property	7,991,400
Total Assessed Values	\$14,512,990

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 – Risk Management

A. Risk Pool Membership

The Village 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 550 Ohio governments (the 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.

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

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, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 6 – Risk Management (continued)

B. Workers' Compensation

The Village pays the State Workers' Compensation System (the System) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members contributed 9.5 percent of covered payroll.

The Village's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1 through June 30, 2007, a portion of the Village's contribution equal to five percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to six percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$4,427, \$6,109, and \$5,091 respectively. The full amount has been contributed for 2007, 2006, and 2005.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 8 - Postemployment Benefits (continued)

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was five percent of covered payroll from January 1 through June 30, 2007, and six percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$2,980, \$2,988 and \$2,132 respectively. The full amount has been contributed for 2007, 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 9 – Debt (continued)

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation (G.O.) Bonds						
2003 Issue	4.5%	\$370,000		\$15,000	\$355,000	\$15,000
2002 Ohio Public Works Commission (OPWC) Loan	0%	90,725		5,853	84,872	5,853
2005 Ohio Water Development Authority (OWDA) Loan	3%	657,897	\$104,886		762,783	
Total Governmental Activities		<u>\$1,118,622</u>	<u>\$104,886</u>	<u>\$20,853</u>	<u>\$1,202,655</u>	<u>\$20,853</u>

The G.O. bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The bonds were issued to finance construction of the town hall with final maturity in 2023.

The 2002 OPWC loan relates to a water and sewer line extension project to a local business. The loan is repaid in semiannual installments over 20 years. Money is transferred from the General Fund each year to cover the OPWC debt service requirements.

The purpose of the OWDA loan was for the water and sewer line extension to service a business development. The construction is still in progress. The Village has been approved for a maximum loan amount of \$768,000. The loan will be repaid in semiannual installments of interest only for the first five years, beginning July 1, 2006, and payments of \$90,033 including interest over the remaining 10 years beginning July 1, 2011. The loan is still in progress with an outstanding balance of \$762,783 at December 30, 2007 and a final amortization schedule is unavailable. Monies collected under an infrastructure agreement between the Village and Menards, Inc. will be used to finance these payments.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OPWC Loan
	Principal	Interest	Principal
2008	\$15,000	\$15,975	\$5,853
2009	15,000	15,300	5,853
2010	15,000	14,625	5,853
2011	15,000	13,950	5,853
2012	15,000	13,275	5,853
2013–2017	105,000	54,000	29,266
2018–2022	140,000	27,450	26,341
2023	35,000	1,575	
Totals	<u>\$355,000</u>	<u>\$156,150</u>	<u>\$84,872</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$1,168,864 and an unvoted debt margin of \$443,214.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

Note 10 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds:	
Village Hall Bond Retirement Fund	\$31,650
OWDA (Interest) Loan Retirement Fund	23,046
OPWC Loan Retirement Fund	<u>5,853</u>
Total Transfers from the General Fund	<u>\$60,549</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11 – Contractual Commitment

The Village has a contract with American Municipal Power – Ohio (AMP-Ohio) to provide electric power and energy for its municipal electric system. This service is transmitted to the Village through a joint venture of four subdivisions located within Williams County. This joint venture is known as Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV-4) which was created for that purpose.

AMP – Ohio bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2007, as a result of this contract, the Village paid \$5,326,814 to AMP – Ohio.

Note 12 – Long Term Purchase Commitments

American Municipal Power Generating Station (AMPGS)

AMP-Ohio is currently developing a twin unit, supercritical boiler, coal-fired, steam and electric generating facility having an aggregate net rated electric generating capacity of approximately 1000 MW, to be known as the American Municipal Power Generating Station (“AMPGS”) in Meigs County, in southeastern Ohio on the Ohio River. AMP-Ohio has options on the site and has engaged an independent engineering firm for owner engineer services in connection with its efforts to obtain and evaluate proposals from three potential engineer, procure, construct (“EPC”) contractors for AMPGS. AMP-Ohio is currently negotiating with one of those EPC contractors. To the extent that AMP-Ohio’s Members do not subscribe for the full capacity in the AMPGS, AMP-Ohio expects to sell undivided ownership interests to unrelated parties. AMP-Ohio has received an air permit from the Ohio Environmental Protection Agency for the AMPGS. That permit was appealed to the Ohio Environmental Review Appeals Commission in two separate appeals. One of those appeals has been dismissed and the other remains in litigation. In addition, the Ohio Power Siting Board has issued a Certificate of Environmental Compatibility and Public Need for the AMPGS. Certain parties to that proceeding may appeal that Certificate to the Ohio Supreme Court. The appeal time ended June 27, 2008.

On November 3, 2008, the participating communities in the AMPGS project approved giving Limited Notice To Proceed (LNTP) to the EPC contractor on the project. Notice was provided following a full participants meeting in Columbus. The notification means the EPC contractor can start preliminary engineering and procurement of equipment related to the project. The EPC contractor can get started on preliminary work to keep the project moving forward. Permitting is proceeding along anticipated timelines.

Note 12 – Long Term Purchase Commitments – (continued)

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

As of January 1, 2009, AMP-Ohio estimated the total cost of AMPGS, including capitalization of all interest expense prior to the commercial operation date in 2014, will be approximately \$3.94 billion dollars. Should AMP-Ohio decide to permit unrelated parties to acquire an undivided ownership interest in AMPGS, its share of the expenses for a smaller ownership interest would be reduced proportionately.

The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated 1MW of this project.

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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 Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 29, 2009, wherein, we noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider finding 2007-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated May 29, 2009.

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 that we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the Village's management in a separate letter dated May 29, 2009.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

May 29, 2009

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007

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

FINDING NUMBER 2007-001

Material Weakness - Monitoring of Utility Billings

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. When designing the public office's system of internal control and the specific control activities, management should consider monitoring activities performed by service organizations.

The Village has a contract with American Municipal Power – Ohio (AMP-Ohio) to provide electric power and energy for its municipal electric system. As part of this agreement, AMP- Ohio also prepares the billing for an industrial customer located within the Village on behalf of the Village.

The Village does not monitor the billing process handled by AMP-Ohio. These billings account for 84 percent of the total revenues recorded in the electric fund during 2007.

We recommend management establish procedures that will monitor the billing process of utility customers to ensure the correct amount is billed. Management should consider taking steps to verify that the usages billed along with rates used to determine amounts due are correct.

Official's Response:

Management will attempt to implement procedures to monitor the billing process.

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Monitoring of Utility Billings	No	Reissued as Finding 2007-001 in this report.
2006-002	Financial Reporting	No	Partially corrected. Reissued in the management letter.



Mary Taylor, CPA
Auditor of State

VILLAGE OF HOLIDAY CITY

WILLIAMS 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
JUNE 25, 2009