



Dave Yost • Auditor of State

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

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Dave Yost • Auditor of State

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

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 Village 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 5, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009. 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. 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(A) mandates the Auditor of State to audit Ohio governments. 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, 2010 and 2009 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, 2010 and 2009, 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 New Holland, Pickaway County, Ohio, as of December 31, 2010 and 2009, 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 May 5, 2011, 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.



Dave Yost
Auditor of State

May 5, 2011

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$ 25,897	\$ 54,964	\$ -	\$ 80,861
Intergovernmental	36,188	48,589	-	84,777
Charges for Services	-	245	-	245
Fines, Licenses and Permits	1,352	135	-	1,487
Earnings on Investments	4,098	189	-	4,287
Miscellaneous	3,633	1,600	-	5,233
	<u>71,168</u>	<u>105,722</u>	<u>-</u>	<u>176,890</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons & Property	20,406	150	-	20,556
Public Health Services	1,852	27,277	-	29,129
Leisure Time Activities	5,333	11,615	-	16,948
Community Environment	175	-	-	175
Transportation	-	27,708	-	27,708
General Government	45,246	334	-	45,580
Capital Outlay	4,076	16,771	375	21,222
	<u>77,088</u>	<u>83,855</u>	<u>375</u>	<u>161,318</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(5,920)	21,867	(375)	15,572
Fund Cash Balance, January 1	<u>82,118</u>	<u>94,409</u>	<u>3,086</u>	<u>179,613</u>
Fund Cash Balance, December 31	<u>\$ 76,198</u>	<u>\$ 116,276</u>	<u>\$ 2,711</u>	<u>\$ 195,185</u>
Reserve for Encumbrances, December 31	<u>\$ 154</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 256</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 332,594	\$ -	\$ 332,594
Miscellaneous	4,275	-	4,275
Total Operating Cash Receipts	<u>336,869</u>	<u>-</u>	<u>336,869</u>
Operating Cash Disbursements:			
Current:			
Personal Services	68,709	-	68,709
Employee Fringe Benefits	7,318	-	7,318
Contractual Services	126,560	-	126,560
Supplies and Materials	34,806	-	34,806
Other	5,261	-	5,261
Total Operating Cash Disbursements	<u>242,654</u>	<u>-</u>	<u>242,654</u>
Operating Income/(Loss)	<u>94,215</u>	<u>-</u>	<u>94,215</u>
Non-Operating Receipts/Disbursements			
Fines and Forfeitures	-	803	803
Disbursement of Fines and Forfeitures	-	(803)	(803)
Other Debt Proceeds	32,852	-	32,852
Capital Outlay	(46,394)	-	(46,394)
Redemption of Principal	(59,105)	-	(59,105)
Interest and Other Fiscal Charges	(32,738)	-	(32,738)
Total Non-Operating Receipts/Disbursements	<u>(105,385)</u>	<u>-</u>	<u>(105,385)</u>
Net Income Before Interfund Transfers and Advances	<u>(11,170)</u>	<u>-</u>	<u>(11,170)</u>
Transfers-In	77,867	-	77,867
Transfers-Out	(77,867)	-	(77,867)
Net Receipts Over/(Under) Disbursements	(11,170)	-	(11,170)
Fund Cash Balance, January 1	<u>617,162</u>	<u>704</u>	<u>617,866</u>
Fund Cash Balance, December 31	<u>\$ 605,992</u>	<u>\$ 704</u>	<u>\$ 606,696</u>
Reserve for Encumbrances, December 31	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 838</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$ 23,121	\$ 50,219	\$ -	\$ 73,340
Intergovernmental	34,975	44,160	-	79,135
Charges for Services	-	300	-	300
Fines, Licenses and Permits	1,490	135	-	1,625
Earnings on Investments	4,940	299	-	5,239
Miscellaneous	176	-	-	176
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,702	95,113	-	159,815
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Security of Persons & Property	24,830	341	-	25,171
Public Health Services	1,891	27,392	-	29,283
Leisure Time Activities	4,073	9,079	-	13,152
Community Environment	325	-	-	325
Transportation	-	56,112	-	56,112
General Government	43,871	238	-	44,109
Capital Outlay	-	3,370	20,650	24,020
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	74,990	96,532	20,650	192,172
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(10,288)	(1,419)	(20,650)	(32,357)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing (Disbursements):				
Sale of Fixed Assets	-	-	23,736	23,736
Advances-In	1,645	-	-	1,645
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,645	-	23,736	25,381
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(8,643)	(1,419)	3,086	(6,976)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1	90,761	95,828	-	186,589
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$ 82,118</u>	<u>\$ 94,409</u>	<u>\$ 3,086</u>	<u>\$ 179,613</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 1,782</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 2,382</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 330,063	\$ -	\$ 330,063
Miscellaneous	2,196	-	2,196
Total Operating Cash Receipts	<u>332,259</u>	<u>-</u>	<u>332,259</u>
Operating Cash Disbursements:			
Current:			
Personal Services	55,894	-	55,894
Employee Fringe Benefits	5,650	-	5,650
Contractual Services	102,084	-	102,084
Supplies and Materials	33,533	-	33,533
Other	5,197	-	5,197
Total Operating Cash Disbursements	<u>202,358</u>	<u>-</u>	<u>202,358</u>
Operating Income/(Loss)	<u>129,901</u>	<u>-</u>	<u>129,901</u>
Non-Operating Receipts/Disbursements			
Intergovernmental	4,910	-	4,910
Fines and Forfeitures	-	664	664
Disbursement of Fines and Forfeitures	-	(755)	(755)
Other Debt Proceeds	20,385	-	20,385
Capital Outlay	(44,206)	-	(44,206)
Redemption of Principal	(34,352)	-	(34,352)
Interest and Other Fiscal Charges	(29,886)	-	(29,886)
Total Non-Operating Receipts/Disbursements	<u>(83,149)</u>	<u>(91)</u>	<u>(83,240)</u>
Net Income (Loss) Before Interfund Transfers and Advances	<u>46,752</u>	<u>(91)</u>	<u>46,661</u>
Transfers-In	58,800	-	58,800
Transfers-Out	(58,800)	-	(58,800)
Advances-Out	(1,645)	-	(1,645)
Net Receipts Over/(Under) Disbursements	45,107	(91)	45,016
Fund Cash Balance, January 1	<u>572,055</u>	<u>795</u>	<u>572,850</u>
Fund Cash Balance, December 31	<u>\$ 617,162</u>	<u>\$ 704</u>	<u>\$ 617,866</u>
Reserve for Encumbrances, December 31	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 18</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 New Holland, Pickaway County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Pic-A-Fay Fire District to provide fire protection 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. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit at cost.

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 Funds:

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

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. 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:

Community Center Fund – This fund receives proceeds from the sale of assets. The proceeds are being used to make improvements to the community center building.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

5. Fiduciary Funds

Fiduciary funds include an agency fund.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for activity of the Village's Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Contrary to Ohio Rev. Code Section 5705.41(D) the Village did not properly certify all funds prior to commitment.

A summary of 2010 and 2009 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 Deposits

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 697,012	\$ 693,212
Certificates of deposit	104,869	104,267
Total deposits	<u>\$ 801,881</u>	<u>\$ 797,479</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,989	71,168	\$5,179
Special Revenue	89,153	105,722	16,569
Capital Projects	-	-	-
Enterprise	489,238	447,588	(41,650)
Total	\$644,380	\$624,478	(\$19,902)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,782	\$77,242	\$20,540
Special Revenue	132,976	83,957	49,019
Capital Projects	0	375	(375)
Enterprise	569,145	458,758	110,387
Total	\$799,903	\$620,332	\$179,571

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,551	\$64,702	(\$849)
Special Revenue	85,706	95,113	9,407
Capital Projects	63,736	23,736	(40,000)
Enterprise	495,548	416,354	(79,194)
Total	\$710,541	\$599,905	(\$110,636)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,065	\$76,772	\$19,293
Special Revenue	116,096	97,132	18,964
Capital Projects	23,736	20,650	3,086
Enterprise	456,522	369,620	86,902
Total	\$692,419	\$564,174	\$128,245

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CQ13G	\$ 19,170	0.00%
OPWC Loan #CT501	162,038	0.00%
USDA Loan #92-01	220,000	5.00%
USDA Loan #91-03	268,500	5.25%
OWDA Loan #4689	198,976	1.50%
OWDA Loan #5155	23,109	2.00%
Total	<u>\$ 891,793</u>	

The Ohio Public Works Commission (OPWC) loan #CQ13G relates to the sanitary sewer rehabilitation project. The Village received \$26,442 for this project in 2005. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT501 relates to the wastewater treatment plant improvements project. The Village received \$4,365 for this project in 2009. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The USDA Loans were initiated for the construction of the water and waste water treatment plants in 1982 and 1994, respectively. The Village received \$338,000 and \$523,000 respectively for these projects. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

During 2007 the Village effectively refinanced its existing OWDA loans (#4103 and #4476) by combining those loans with its OWDA Wastewater Treatment Plant Improvements Project loan (#4689); this new loan was awarded to the Village for an amount not to exceed \$216,527. The loan is collateralized by water and sewer receipts. The Village has set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt (Continued)

The Ohio Water Development Authority (OWDA) has approved the Village for a loan (#5155) of up to \$93,219 for design costs related to construction of a new water tower. The Village will repay the loan in semiannual installments of \$9,842, including interest, over 5 years. As of December 31, 2010 the Village has repaid \$27,000 of loan principal. OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan; the Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OPWC #CQ13G	OPWC #CT501	USDA #92-01	USDA #91-03	OWDA #4689
2011	\$ 1,322	\$ 8,528	\$ 30,700	\$ 20,356	\$ 8,990
2012	1,322	8,528	30,700	20,356	8,990
2013	1,322	8,528	30,700	20,356	8,990
2014	1,322	8,528	30,700	20,356	8,990
2015	1,322	8,528	30,700	20,356	8,990
2016-2020	6,610	34,112	122,800	101,884	44,948
2021-2024	5,950	34,112	-	101,780	44,948
2025-2028	-	34,112	-	101,780	44,948
2029-2032	-	17,062	-	61,131	44,948
2033-2037	-	-	-	-	17,978
Total	<u>\$ 19,170</u>	<u>\$ 162,038</u>	<u>\$ 276,300</u>	<u>\$ 468,355</u>	<u>\$ 242,720</u>

6. Retirement Systems

The Village's Police Officer belongs to the Police and Fire Pension Fund (OP&F). Other 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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of its police officer's wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Village has not incurred significant reduction in insurance coverage from the prior year by category or risk.

8. Jointly Governed Organizations

Pic-A-Fay Joint Fire District:

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

The Fire District's three member Board of Trustees is comprised of one representative from each participating subdivision, with each member having an ongoing financial interest and responsibility proportionate to their interest in the District; each has an equal vote. The Board appoints a clerk to maintain all financial recordkeeping. During 2010 and 2009, the Village paid the District \$150 and \$1,824, respectively. The District's financial statements can be obtained by submitting a request to the Pic-A-Fay Joint Fire District, P.O. Box 385, New Holland, Ohio 43145.

New Holland Union Cemetery:

The New Holland Union Cemetery (the Cemetery) is a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three member Board of Trustees, appointed by the Township and the Village. The Village receives taxes from the County Auditor and then remits those taxes to the Cemetery; taxes disbursed to the Cemetery totaled \$27,244 in 2010 and \$27,392 in 2009. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 55, New Holland, Ohio 43145.

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Dave Yost • 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 New Holland
Pickaway County
10 East Front Street
New Holland, Ohio 43145

To the Village Council:

We have audited the financial statements of the Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 5, 2011, 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 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-002 and 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 5, 2011.

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

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

Dave Yost
Auditor of State

May 5, 2011

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Financial Statement Adjustments – Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2010 financial statements:

1. A reclassification entry in the Enterprise Funds to increase Interest and Fiscal Charges by \$30,961, decrease Capital Outlay expenditures by \$13,297, and decrease Redemption of Principal by \$17,664, to properly reflect actual debt service expenditures.
2. An audit adjustment to include \$803 of receipts and \$803 of expenditures to present the financial activity of the Mayor's Court.

The following audit adjustments were made to the December 31, 2009 financial statements:

1. Entries to increase the Beginning Fund Balance in the Street Construction Maintenance and Repair Fund and decrease the Beginning Fund Balance in the General Fund for \$3,522 to post audit adjustments from a prior audit.
2. An adjustment in the Enterprise Funds to increase Proceeds of Debt and related Capital Outlay expenditures by \$4,365 to present payments made by the Ohio Public Works Commission on behalf of the Village.
3. A reclassification entry in the Enterprise Funds to increase Interest and Fiscal Charges by \$17,036, decrease Capital Outlay expenditures by \$7,927, and decrease Redemption of Principal by \$9,109, to properly reflect actual debt service expenditures.
4. An audit adjustment to include \$664 of receipts and \$755 of expenditures to present the financial activity of the Mayor's Court.

The above audit adjustments were posted to the Village's financial statements and accounting system.

The following audit adjustment was not material to the financial statements and was not posted to the December 31, 2009 financial statements:

1. An entry within the Special Revenue Funds to reclassify \$1,607 from Taxes to Intergovernmental Revenue for homestead/rollback receipts posted incorrectly.

These adjustments and reclassifications should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on financial statements in subsequent years. We recommend the Village develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the financial activity of the Village and thereby increases the reliability of the financial data throughout the year.

We also recommend the Village implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-002

Mayor's Court
Material Noncompliance and Material Weakness

Ohio Rev. Code Section 1905.21 requires a mayor's court to maintain a docket. Further, a mayor's court magistrate shall account for all such fines, forfeitures, fees, and costs he collects and transfer them to the mayor. The mayor shall account for and dispose of all such fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees, and costs that are transferred to him by a mayor's court magistrate, as provided in section 733.40 of the Revised Code.

The Village operates a Mayor's Court through which the Village assesses fines primarily related to traffic violations. The Village employs a Mayor's Court Magistrate who serves as the judicial officer and a Clerk who accounts for the court's receipts and disbursements in a bank account which is separate from the Village treasury.

We noted at both December 31, 2010 and 2009 the Mayor's Court bank account had an undistributed balance of \$704; ideally, this account's balance would consist solely of undisbursed fines and outstanding checks, and the account would have a \$0 reconciled balance. However, the Village does not have effective internal controls in place which facilitate the Mayor's Court in properly accounting for fines, fees, and costs collected. As a result the Village is unable to demonstrate to whom the \$704 balance is owed.

Additionally, prior to the audit adjustments described in Finding 2010-001, the Village's financial statements did not contain any of the receipt or expenditure activity related to the Mayor's Court.

We further noted the following:

- **Bank Reconciliations** – While receipt and disbursement activity is maintained in a checkbook register, the Mayor's Court Clerk does not prepare formal bank reconciliations.
- **Case Jackets/Tickets** – Carbon copies of issued tickets are maintained by the Mayor's Court in case jackets. However, we noted case jackets are filed by their status, not in sequential order; we also noted the case jackets/tickets for 2010 and 2009 could not be located.
- **Docket** – Traditionally the Mayor has reviewed each case entry in the docket, compared the entry to the case jacket, and signed each entry indicating they have completed this review and the information entered in the docket is accurate. However, we noted that none of the 2010 or 2009 docket entries were signed.
- **Case Referrals** – In instances in which the defendant contests the charges, cases are referred to the City of Circleville Municipal Court to be heard; once adjudicated the municipal court remits applicable fines and costs to the Village. However, we noted the Mayor's Court does not maintain a list of such cases, and therefore cannot determine or properly monitor whether fines, fees and costs for referred cases have been received.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-002 (Continued)

**Mayor's Court
Material Noncompliance and Material Weakness (Continued)**

We recommend the following regarding the Mayor's Court:

- The Mayor's Court Clerk should prepare monthly bank reconciliations; reconciliations should be reviewed by the Mayor, and this should be evidenced by the Mayor's initials on the face of the reconciliation.
- Case jackets should be maintained in sequential order to enable employees to easily locate them. This will ensure each case is accounted for and will also assist in the reconciliation process described in the preceding paragraph, and resolving any discrepancies which may arise.
- Each case entry in the docket should be verified, and this verification should be evidenced by the Mayor's signature.
- We also recommend a list of referred cases be maintained to allow management to monitor whether related fines, fees and costs have been received from the Municipal Court.

Additionally, the Fiscal Officer should account for the Mayor's Court activity in an agency fund in tandem with those records maintained by the Mayor's Court Clerk. The Village should perform procedures to determine the proper distribution of the current \$704 balance in the Mayor's Court bank account.

FINDING NUMBER 2010-03

**Certification of Funds Prior to Commitment
Material Noncompliance**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-003 (Continued)

**Certification of Funds Prior to Commitment
Material Noncompliance (Continued)**

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fifty percent of 2010 disbursements and twenty-five percent of 2009 disbursements we examined were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials’ Response: We did not receive responses from Officials to any of the above findings.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Material Weakness –Monitoring of Financial Activity	No	Not Corrected – Reissued as Finding 2010-001
2008-002	Material Weakness –Mayor’s Court Documentation	No	Not Corrected – Reissued as Finding 2010-002
2008-003	Material Noncompliance –Certification of Funds prior to Commitment	No	Not Corrected – Reissued as Finding 2010-003

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VILLAGE OF NEW HOLLAND

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 19, 2011