

Village of New Holland

Pickaway County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

BALESTRA, HARR & SCHERER, CPAs, INC.

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**Auditor of State
Betty Montgomery**

Members of Village Council
Village of New Holland
New Holland, Ohio

We have reviewed the *Independent Auditor's Report* of the Village of New Holland, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Holland is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 23, 2006

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Village of New Holland, Ohio
Pickaway County, Ohio
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

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, 2004 and 2003. 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004, 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, 2004, or its changes in financial position or cash flows of its proprietary funds for the year 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, as of the December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 December 29, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2005

Village of New Holland, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2004*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Local Taxes	\$20,804	\$42,874	\$63,678
Intergovernmental	40,702	30,497	71,199
Charges for Services	0	560	560
Fines, Licenses and Permits	9,068	2,303	11,371
Earnings on Investments	2,593	387	2,980
Miscellaneous	68	2,983	3,051
Total Cash Receipts	73,235	79,604	152,839
Cash Disbursements:			
Security of Persons and Property	39,467	2,203	41,670
Public Health Service	1,488	19,437	20,925
Leisure Time Activities	0	8,560	8,560
Community Environment	100	0	100
Transportation	0	24,521	24,521
General Government	20,850	1,141	21,991
Debt Service:			
Principal Payments	5,385	0	5,385
Interest Payments	530	0	530
Capital Outlay	0	2,285	2,285
Total Cash Disbursements	67,820	58,147	125,967
Total Cash Receipts Over Cash Disbursements	5,415	21,457	26,872
Fund Cash Balances, January 1, 2004	10,825	63,343	74,168
Fund Cash Balances, December 31, 2004	\$16,240	\$84,800	\$101,040
Reserved for Encumbrances, December 31, 2004	\$529	\$413	\$942

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

Village of New Holland, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2004*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$326,214	\$0	\$326,214
Total Operating Cash Receipts	<u>326,214</u>	<u>0</u>	<u>326,214</u>
Operating Cash Disbursements:			
Personal Services	52,537	0	52,537
Employee Fringe Benefits	10,191	0	10,191
Contractual Services	80,203	0	80,203
Supplies and Materials	22,318	0	22,318
Other	840	0	840
Capital Outlay	46,688	0	46,688
Total Operating Cash Disbursements	<u>212,777</u>	<u>0</u>	<u>212,777</u>
Operating Income	113,437	0	113,437
Non-Operating Cash Receipts			
Earnings on Investments	10	0	10
Other Non-Operating Cash Receipts	0	13,510	13,510
Total Non-Operating Cash Receipts:	<u>10</u>	<u>13,510</u>	<u>13,520</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	13,555	13,555
Principal Payments	99,035	0	99,035
Interest and Other Fiscal Charges	49,805	0	49,805
Total Non-Operating Cash Disbursements:	<u>148,840</u>	<u>13,555</u>	<u>162,395</u>
Net Receipts Over/(Under) Disbursements	(35,393)	(45)	(35,438)
Other Financing Sources/(Uses):			
Transfers In	12,200	0	12,200
Transfers Out	(12,200)	0	(12,200)
Proceeds from loan	10,000	0	10,000
Total Other Financing Sources/(Uses)	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(25,393)	(45)	(25,438)
Fund Cash Balances, January 1	<u>224,468</u>	<u>138</u>	<u>224,606</u>
Fund Cash Balances, December 31	<u>\$199,075</u>	<u>\$93</u>	<u>\$199,168</u>
Reserved for Encumbrances, December 31	<u>\$3,135</u>	<u>\$0</u>	<u>\$3,135</u>

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

Village of New Holland, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2003*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Local Taxes	\$20,821	\$40,021	\$60,842
Intergovernmental	37,145	28,259	65,404
Charges for Services	0	620	620
Fines, Licenses and Permits	10,797	0	10,797
Earnings on Investments	1,876	434	2,310
Miscellaneous	195	697	892
Total Cash Receipts	70,834	70,031	140,865
Cash Disbursements:			
Security of Persons and Property	40,782	4,914	45,696
Public Health Service	1,587	16,263	17,850
Leisure Time Activities	0	4,984	4,984
Community Environment	325	0	325
Transportation	0	32,926	32,926
General Government	19,629	1,690	21,319
Debt Service:			
Principal Payments	5,124	0	5,124
Interest Payments	791	0	791
Capital Outlay	0	7,904	7,904
Total Cash Disbursements	68,238	68,681	136,919
Total Cash Receipts Over Cash Disbursements	2,596	1,350	3,946
Other Financing Sources/(Uses):			
Transfers In	0	4,469	4,469
Transfers Out	0	(4,469)	(4,469)
Total Other Financing Sources/(Uses)	0	0	0
Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses	2,596	1,350	3,946
Fund Cash Balances, January 1, 2003	8,229	61,993	70,222
Fund Cash Balances, December 31, 2003	\$10,825	\$63,343	\$74,168
Reserved for Encumbrances, December 31, 2003	\$374	\$340	\$714

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

Village of New Holland, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2003*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$257,779	\$0	\$257,779
Miscellaneous	906	0	906
Total Operating Cash Receipts	<u>258,685</u>	<u>0</u>	<u>258,685</u>
Operating Cash Disbursements:			
Personal Services	45,410	0	45,410
Employee Fringe Benefits	7,310	0	7,310
Contractual Services	72,173	0	72,173
Supplies and Materials	27,889	0	27,889
Other	6,603	0	6,603
Capital Outlay	67,131	0	67,131
Total Operating Cash Disbursements	<u>226,516</u>	<u>0</u>	<u>226,516</u>
Operating Income	32,169	0	32,169
Non-Operating Cash Receipts:			
Earnings on Investments	250	0	250
Other Non-Operating Cash Receipts	0	13,057	13,057
Total Non-Operating Cash Receipts:	<u>250</u>	<u>13,057</u>	<u>13,307</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	13,012	13,012
Principal Payments	20,839	0	20,839
Interest and Other Fiscal Charges	37,933	0	37,933
Total Non-Operating Cash Disbursements:	<u>58,772</u>	<u>13,012</u>	<u>71,784</u>
Net Receipts Over/(Under) Disbursements	(26,353)	45	(26,308)
Other Financing Sources/(Uses):			
Transfers In	60,858	0	60,858
Transfers Out	(60,858)	0	(60,858)
Proceeds from Debt	65,150	0	65,150
Total Other Financing Sources/(Uses)	<u>65,150</u>	<u>0</u>	<u>65,150</u>
Total Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	38,797	45	38,842
Fund Cash Balances, January 1	<u>185,671</u>	<u>93</u>	<u>185,764</u>
Fund Cash Balances, December 31	<u>\$224,468</u>	<u>\$138</u>	<u>\$224,606</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Holland, Pickaway County, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village provides water and sewer utilities and police services. The Village contracts with the Pic-A-Fay Joint 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. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the 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 prescribed or permitted by the Auditor of State.

C. Cash and 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 disbursements, respectively.

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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.

Cemetery Fund – This fund receives levy monies for the maintenance of the cemetery.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund – This fund is used to account for the resources provided from fines assessed in the 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 fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

Village of New Holland, Ohio
Notes to the Financial Statements
December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. They can request a sick leave payment to the limit set by Village Ordinance upon retirement. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$218,932	\$217,498
Certificate of deposit	81,276	81,276
Total deposits	\$300,208	\$298,774

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) are uninsured and uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

	<u>2004 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$62,279	\$73,235	\$10,956
Special Revenue	67,104	79,604	12,500
Enterprise	445,517	348,414	(97,103)
Total	\$574,900	\$501,253	(\$73,647)

	<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,582	\$66,270	\$6,312
Special Revenue	141,045	60,639	80,406
Enterprise	461,500	376,952	84,548
Total	\$675,127	\$503,861	\$171,266

Village of New Holland, Ohio
Notes to the Financial Statements
 December 31, 2004 and 2003

3. BUDGETARY ACTIVITY (Continued)

Fund Type	<u>2003 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$64,163	\$70,834	\$6,671
Special Revenue	72,043	74,500	2,457
Enterprise	410,852	384,943	(25,909)
Total	\$547,058	\$530,277	(\$16,781)

Fund Type	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$69,930	\$68,612	\$1,318
Special Revenue	112,698	73,490	39,208
Enterprise	458,948	346,146	112,802
Total	\$641,576	\$488,248	\$153,328

4. PROPERTY TAX

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

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

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, 2004 was as follows:

	Principal	Interest Rate
Farmer's Home Administration (Revenue Bonds) - Water	\$300,100	5.25%
Farmer's Home Administration (Revenue Bonds) – Sewer	322,000	5.00%
Ohio Water Development Authority Loan	10,000	0.00%
Total	\$632,100	

The Farmer's Home Administration Revenue Bonds were initiated for the construction of the water and waste water treatment plants in 1982 and 1994, respectively. These revenue bonds are direct obligations of the Village for which its full faith, credit and resources are pledged and are payable from user charges.

Village of New Holland, Ohio
Notes to the Financial Statements
 December 31, 2004 and 2003

5. DEBT (Continued)

At December 31, 2002, the Village had the Emergency One, Inc. Loan outstanding. This loan represented the Village's portion of the debt for the purchase of a new fire truck by the Joint Fire Board. The other Fire Board (Pick-A-Fay) members (Perry Township – Pickaway County and Marion Township – Fayette County) were responsible for the balance of the debt. All members presented their share of the payment to the Village prior to the due date and these payments were forwarded to Emergency One, Inc. This debt was the obligation of the Joint Fire Department and its members. This debt was retired during the audit period.

November 11, 2003, the Village borrowed \$65,150 from a bank at an interest rate of 3.7% and maturity date of November 19, 2004. The debt was retired during the audit period.

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

The Revenue Bonds are collateralized by the Village's taxing authority.

	FHA Water	FHA Sewer
At December 31,		
2005	\$20,355	\$31,100
2006	20,414	31,350
2007	20,356	31,550
2008	20,389	30,700
2009	20,305	30,850
Subsequent	489,089	308,850
Total	\$590,908	\$464,300

The Ohio Water Development Authority (OWDA) loan relates to the purchase of a water generator. The OWDA has approved up to \$25,000 in loans to the Village for this project. The loan was not completely drawn down by December 31, 2004 and therefore the schedule of future payments is not reflected in these notes at December 31, 2004. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

6. CAPITALIZED LEASES

During fiscal year ending 2001, the Village entered into a capitalized lease for a police vehicle. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease has been recorded at the present value of future minimum lease payments as of the inception date. The following is a schedule of the future minimum lease payments required under the capital lease and presents value of the minimum lease payments as of December 31, 2004.

Fiscal Year Ending December 31,	
2005	\$5,915
2006	<u>2,465</u>
Total minimum lease payments	8,380
Less: interest	<u>(338)</u>
Present Value of minimum lease payments	\$ <u>8,042</u>

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS participants contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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 reductions in insurance coverage from the prior year by category or risk.

The Village also provides health insurance coverage to full-time employees through a private carrier.

9. RELATED ORGANIZATIONS

Pick-A-Fay Joint Fire District:

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

The Pick-A-Fay Joint Fire District Board is comprised of one representative from each participating subdivision, which includes former members of the New Holland Joint Fire District Board, with each member having an on-going financial interest and responsibility proportionate to their interest in the District. One appointed representative of each of the three member governments serves on the Pick-A-Fay Joint Fire District Board, each of which has an equal vote on the District Board. The Board appoints a clerk to maintain all financial recordkeeping. All fire fighting equipment, apparatus, appliances, materials, and fire hydrants purchased by the members and the former New Holland Joint Fire Board were transferred to the new District. All members of the District are required to contribute an equal one third share to the District Board until the Pick - A - Fay District Board can insure passage of an appropriate fire tax levy on all taxable property within the District.

New Holland Union Cemetery:

The Village jointly governs with Perry Township, Pickaway County, the New Holland Union Cemetery (the Cemetery). The Cemetery Board is comprised of the Village of New Holland Council, the Perry Township Trustees, and the New Holland Clerk/Treasurer. There is no apparent equity interest held by either party in the Cemetery. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 55, New Holland, Ohio 43145.

10. RELATED PARTY TRANSACTIONS

The Village expended and had related party transactions with the New Holland Union Cemetery amounting to \$15,185 in 2004, and \$17,500 in 2003.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

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, 2004 and 2003, and have issued our report thereon dated December 29, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we reported to management of the Village in a separate letter dated December 29, 2005.

This report is intended solely for the information and use of management, members of the Board, and other officials authorized to receive this report under §117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2005

Village of New Holland, Ohio
Schedule of Prior Audit Findings
For the Years Ended December 31, 2004 and 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	ORC Section 5705.41(D) Certification of Funds	No	Reissued in management letter



**Auditor of State
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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
APRIL 6, 2006**