



Dave Yost • Auditor of State

VILLAGE OF HOLLAND
LUCAS COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

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

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Dave Yost
Auditor of State

October 6, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village Of Holland, Lucas County, 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. 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 Holland, Lucas 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 October 6, 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.

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Dave Yost
Auditor of State

October 6, 2011

**VILLAGE OF HOLLAND
LUCAS COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$52,552				\$52,552
Municipal Income Tax	2,043,616			\$1,021,808	3,065,424
Intergovernmental	145,338	\$100,859		293,342	539,539
Special Assessments	6,465		\$72,544		79,009
Charges for Services	101,824				101,824
Fines, Licenses and Permits	33,129	6			33,135
Earnings on Investments	31,752	4,370	2,222	8,372	46,716
Miscellaneous	154,822	1,718		1,601	158,141
	<u>2,569,498</u>	<u>106,953</u>	<u>74,766</u>	<u>1,325,123</u>	<u>4,076,340</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	933,072				933,072
Public Health Services	12,069				12,069
Leisure Time Activities	73,287				73,287
Community Environment	71,791				71,791
Basic Utility Service	61,967				61,967
Transportation		347,303			347,303
General Government	435,305				435,305
Debt Service:	322,293				322,293
Redemption of Principal			54,297	21,613	75,910
Interest and Fiscal Charges			8,471		8,471
Capital Outlay		279,874		1,179,259	1,459,133
	<u>1,909,784</u>	<u>627,177</u>	<u>62,768</u>	<u>1,200,872</u>	<u>3,800,601</u>
Total Receipts Over/(Under) Disbursements	<u>659,714</u>	<u>(520,224)</u>	<u>11,998</u>	<u>124,251</u>	<u>275,739</u>
Other Financing Receipts / (Disbursements):					
Transfers-In		369,020		536,263	905,283
Transfers-Out	(369,020)			(536,263)	(905,283)
Other Financing Uses	(35,809)				(35,809)
	<u>(404,829)</u>	<u>369,020</u>			<u>(35,809)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	254,885	(151,204)	11,998	124,251	239,930
Fund Cash Balances, January 1	<u>6,258,301</u>	<u>932,736</u>	<u>428,566</u>	<u>1,375,568</u>	<u>8,995,171</u>
Fund Cash Balances, December 31	<u>\$6,513,186</u>	<u>\$781,532</u>	<u>\$440,564</u>	<u>\$1,499,819</u>	<u>\$9,235,101</u>
Reserve for Encumbrances, December 31	<u>\$103,944</u>	<u>\$32,015</u>		<u>\$99,071</u>	<u>\$235,030</u>

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

VILLAGE OF HOLLAND
LUCAS COUNTY

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$54,258				\$54,258
Municipal Income Tax	1,889,602			\$944,801	2,834,403
Intergovernmental	766,048	\$95,770		374,176	1,235,994
Special Assessments	7,775		73,905		81,680
Charges for Services	106,901				106,901
Fines, Licenses and Permits	31,627				31,627
Earnings on Investments	64,830	10,011	4,747	12,728	92,316
Miscellaneous	202,098	2,710		1,556	206,364
Total Cash Receipts	<u>3,123,139</u>	<u>108,491</u>	<u>78,652</u>	<u>1,333,261</u>	<u>4,643,543</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	904,353				904,353
Public Health Services	10,652				10,652
Leisure Time Activities	61,331				61,331
Community Environment	68,605				68,605
Basic Utility Service	32,206				32,206
Transportation		358,197			358,197
General Government	466,882				466,882
Debt Service:					
Redemption of Principal			67,237	50,817	118,054
Interest and Fiscal Charges			13,349		13,349
Capital Outlay	103,255	88,111		932,935	1,124,301
Total Cash Disbursements	<u>1,647,284</u>	<u>446,308</u>	<u>80,586</u>	<u>983,752</u>	<u>3,157,930</u>
Total Receipts Over/(Under) Disbursements	<u>1,475,855</u>	<u>(337,817)</u>	<u>(1,934)</u>	<u>349,509</u>	<u>1,485,613</u>
Other Financing Receipts / (Disbursements):					
Transfers-In		544,460		385,808	930,268
Transfers-Out	(544,460)			(385,808)	(930,268)
Other Financing Uses	(81,152)				(81,152)
Total Other Financing Receipts / (Disbursements)	<u>(625,612)</u>	<u>544,460</u>			<u>(81,152)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	850,243	206,643	(1,934)	349,509	1,404,461
Fund Cash Balances, January 1	<u>5,408,058</u>	<u>726,093</u>	<u>430,500</u>	<u>1,026,059</u>	<u>7,590,710</u>
Fund Cash Balances, December 31	<u>\$6,258,301</u>	<u>\$932,736</u>	<u>\$428,566</u>	<u>\$1,375,568</u>	<u>\$8,995,171</u>
Reserve for Encumbrances, December 31	<u>\$312,343</u>	<u>\$306,873</u>		<u>\$299,024</u>	<u>\$918,240</u>

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

**VILLAGE OF HOLLAND
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 Holland, Lucas County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, street maintenance, police, and contracted fire and EMS services. The Village appropriates general fund money to support a contract with Springfield Township for fire protection and EMS services.

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

B. Accounting Basis

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

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**VILLAGE OF HOLLAND
LUCAS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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

3. Debt Service Funds

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

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

4. Capital Project Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

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.

**VILLAGE OF HOLLAND
LUCAS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 and Investments

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$3,886,104	\$1,813,063
Certificates of deposit	4,025,000	4,690,000
Total deposits	<u>7,911,104</u>	<u>6,503,063</u>
U.S. Treasury Notes/Bills	319,495	788,669
STAR Ohio	1,004,502	1,703,439
Total investments	<u>1,323,997</u>	<u>2,492,108</u>
Total deposits and investments	<u><u>\$9,235,101</u></u>	<u><u>\$8,995,171</u></u>

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

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

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

**VILLAGE OF HOLLAND
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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	\$2,351,591	\$2,569,498	\$217,907
Special Revenue	487,444	475,973	(11,471)
Debt Service	65,748	74,766	9,018
Capital Projects	1,733,333	1,861,386	128,053
Total	<u>\$4,638,116</u>	<u>\$4,981,623</u>	<u>\$343,507</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,868,536	\$2,418,557	\$449,979
Special Revenue	764,728	659,192	105,536
Debt Service	63,902	62,768	1,134
Capital Projects	1,986,198	1,836,206	149,992
Total	<u>\$5,683,364</u>	<u>\$4,976,723</u>	<u>\$706,641</u>

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,971,433	\$3,123,139	\$151,706
Special Revenue	674,110	652,951	(21,159)
Debt Service	79,845	78,652	(1,193)
Capital Projects	1,681,546	1,719,069	37,523
Total	<u>\$5,406,934</u>	<u>\$5,573,811</u>	<u>\$166,877</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,932,003	\$2,585,239	\$346,764
Special Revenue	866,305	753,181	113,124
Debt Service	81,700	80,586	1,114
Capital Projects	1,803,312	1,668,584	134,728
Total	<u>\$5,683,320</u>	<u>\$5,087,590</u>	<u>\$595,730</u>

**VILLAGE OF HOLLAND
LUCAS 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. Local Income Tax

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

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

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bond	55,000	7.4%
Ohio Public Works Commission (OPWC) Loans	<u>56,235</u>	0%
Total	<u><u>\$111,235</u></u>	

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

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

**VILLAGE OF HOLLAND
LUCAS COUNTY**

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

6. Debt (Continued)

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

Year ending December 31:	Special Assessment Bond	OPWC Loans
2011	\$59,070	\$21,612
2012		21,612
2013		13,011
Total	\$59,070	\$56,235

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 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 full-time police members' wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

8. Risk Management

Risk Pool Membership

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF HOLLAND
LUCAS COUNTY**

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

8. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Government does participate in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Government does not participate in this coverage.

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 financial 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: 2010 and 2009:

	2010	2009
Assets	\$12,036,541	\$11,176,186
Liabilities	(4,845,056)	(4,852,485)
Members’ Equity	\$7,191,485	\$6,323,701

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

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

To the Village Council:

We have audited the financial statements of the Village of Holland, Lucas County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 6, 2011, wherein we noted the Village follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Village of Holland
Lucas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the finance/audit committee, management, 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, flowing style.

Dave Yost
Auditor of State

October 6, 2011



Dave Yost • Auditor of State

VILLAGE OF HOLLAND

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 25, 2011