



Dave Yost • Auditor of State

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of New Holland, Pickaway as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of New Holland adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 5, 2013

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**NEW HOLLAND VILLAGE
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, 2012**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$ 23,436	\$ 59,262	\$ 82,698
Intergovernmental	27,259	99,918	127,177
Charges for Services	-	2,520	2,520
Fines, Licenses and Permits	1,703	-	1,703
Earnings on Investments	1,254	203	1,457
Miscellaneous	2,816	3,992	6,808
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	56,468	165,895	222,363
Cash Disbursements:			
Current:			
Security of Persons and Property	7,107	6,337	13,444
Public Health Services	-	24,377	24,377
Leisure Time Activities	-	20,386	20,386
Community Environment	50	-	50
Transportation	-	40,283	40,283
General Government	30,348	590	30,938
Capital Outlay	6,000	67,770	73,770
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	43,505	159,743	203,248
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	12,963	6,152	19,115
Other Financing Receipts/(Disbursements):			
Advances In	15,000	15,000	30,000
Advances Out	(15,000)	(15,000)	(30,000)
Other Financing Sources	-	3,400	3,400
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	3,400	3,400
Net Change in Fund Cash Balances	<hr/>	<hr/>	<hr/>
	12,963	9,552	22,515
Fund Cash Balance, January 1	<hr/>	<hr/>	<hr/>
	82,932	136,466	219,398
Fund Cash Balance, December 31			
Nonspendable	396	-	396
Restricted	-	131,059	131,059
Assigned	-	14,959	14,959
Unassigned (Deficit)	95,499	-	95,499
<i>Fund Cash Balance, December 31</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 95,895	\$ 146,018	\$ 241,913

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

**NEW HOLLAND VILLAGE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 371,412
Total Operating Cash Receipts	371,412
Operating Cash Disbursements:	
Personal Services	75,031
Employee Fringe Benefits	12,549
Contractual Services	76,936
Supplies and Materials	31,951
Other	6,550
Total Operating Cash Disbursements	203,017
Operating Income/(Loss)	168,395
Non-Operating Receipts/Disbursements	
Intergovernmental	559,366
Other Debt Proceeds	670,964
Miscellaneous Receipts	21,145
Capital Outlay	(1,200,008)
Principal Retirement	(68,973)
Interest and Other Fiscal Charges	(16,850)
Other Financing Uses	(6,032)
Total Non-Operating Receipts/Disbursements	(40,388)
Income before Transfers	128,007
Transfers In	17,460
Transfers Out	(17,460)
Net Change in Fund Cash Balances	128,007
Fund Cash Balance, January 1	374,102
Fund Cash Balance, December 31	\$ 502,109

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

**NEW HOLLAND VILLAGE
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, 2011**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 22,185	\$ 44,476	\$ -	\$ 66,661
Intergovernmental	36,365	46,440	-	82,805
Charges for Services	-	1,705	-	1,705
Fines, Licenses and Permits	1,184	697	-	1,881
Earnings on Investments	2,262	50	-	2,312
Miscellaneous	525	2,053	-	2,578
Total Cash Receipts	62,521	95,421	-	157,942
Cash Disbursements:				
Current:				
Security of Persons and Property	13,766	614	-	14,380
Public Health Services	2,889	25,333	-	28,222
Leisure Time Activities	-	20,581	-	20,581
Community Environment	173	-	-	173
Transportation	-	49,639	-	49,639
General Government	38,804	355	-	39,159
Capital Outlay	155	6,691	2,711	9,557
Total Cash Disbursements	55,787	103,213	2,711	161,711
Total Receipts Over/(Under) Disbursements	6,734	(7,792)	(2,711)	(3,769)
Other Financing Receipts				
Other Financing Sources	-	25,107	-	25,107
Total Other Financing Receipts	-	25,107	-	25,107
Net Change in Fund Cash Balances	6,734	17,315	(2,711)	21,338
Fund Cash Balance, January 1	76,198	119,151	2,711	195,185
Fund Cash Balance, December 31				
Nonspendable	90	-	-	90
Restricted	-	118,198	-	118,198
Assigned	-	18,268	-	18,268
Unassigned (Deficit)	82,842	-	-	82,842
Fund Cash Balance, December 31	\$ 82,932	\$ 136,466	\$ -	\$ 219,398

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

**NEW HOLLAND VILLAGE
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, 2011**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 344,011	\$ -	\$ 344,011
Miscellaneous	3,314	-	3,314
Total Operating Cash Receipts	347,325	-	347,325
Operating Cash Disbursements:			
Personal Services	76,278	-	76,278
Employee Fringe Benefits	8,561	-	8,561
Contractual Services	149,080	-	149,080
Supplies and Materials	23,829	-	23,829
Other	5,761	-	5,761
Total Operating Cash Disbursements	263,509	-	263,509
Operating Income/(Loss)	83,816	-	83,816
Non-Operating Receipts/Disbursements			
Earnings on Investments (proprietary funds only)	5	-	5
Disbursement of Fines and Forfeitures	-	(704)	(704)
Other Debt Proceeds	43,112	-	43,112
Capital Outlay	(39,425)	-	(39,425)
Principal Retirement	(283,362)	-	(283,362)
Interest and Other Fiscal Charges	(33,161)	-	(33,161)
Total Non-Operating Receipts/Disbursements	(312,831)	(704)	(313,535)
Loss before Transfers	(229,015)	(704)	(229,719)
Transfers In	192,577	-	192,577
Transfers Out	(192,577)	-	(192,577)
Net Change in Fund Cash Balances	(229,015)	(704)	(229,719)
Fund Cash Balance, January 1	603,117	704	603,821
Fund Cash Balance, December 31	<u>\$ 374,102</u>	<u>\$ -</u>	<u>\$ 374,102</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, 2012 AND 2011**

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, and park operations. 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

The Village's accounting basis includes deposits as assets.

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.

Cemetery Fund – This fund receives real estate tax for the operation of New Holland Union Cemetery.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 and grant proceeds. 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.

Water and Sewer Debt Service Fund - This fund receives a utility surcharge to repay loan proceeds from the U.S. Department of Agriculture that financed Capital Projects.

Water Tower Construction Fund - This fund received loan proceeds from the Ohio Water Development Authority Program, grant proceeds from the U.S. Department of Agriculture and the Ohio Public Works Commission. These monies financed the construction of the Water Tower.

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.

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 re-appropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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. Change in Accounting Principle

For fiscal year 2011, the Village reclassified a fund as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 increased fund balances previously reported as of December 31, 2010 in the Special Revenue fund type by \$2,875 and decreased the Enterprise fund type by the same amount. New activity receipted to the General Fund for unclaimed monies in fiscal year 2012 and 2011 were \$306 and \$90, respectively.

3. 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:

	2011	2012
Demand deposits	\$ 593,500	\$ 744,022
Total deposits	\$ 593,500	\$ 744,022

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, 2012 AND 2011
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 is as follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,407	\$56,468	\$14,061
Special Revenue	161,189	169,295	8,106
Enterprise	1,935,593	1,640,347	(295,246)
Total	\$2,139,189	\$1,866,110	(\$273,079)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$96,873	\$43,505	\$53,368
Special Revenue	207,860	169,357	38,503
Enterprise	1,913,335	1,572,860	340,475
Total	\$2,218,068	\$1,785,722	\$432,346

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,957	\$62,431	\$474
Special Revenue	111,908	120,528	8,620
Enterprise	584,691	583,019	(1,672)
Total	\$758,556	\$765,978	\$7,422

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,154	\$55,787	\$19,367
Special Revenue	161,298	103,213	58,085
Capital Projects	2,711	2,711	0
Enterprise	928,989	812,034	116,955
Total	\$1,168,152	\$973,745	\$194,407

5. 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.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Property Tax (Continued)

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

6. Debt –

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
OPWC Loan #CT501	144,982	0.00%
USDA Loan #91-03	255,600	5.25%
OWDA Loan #4689	185,545	1.50%
Total	<u>\$ 586,127</u>	

The Ohio Public Works Commission (OPWC) loan #CT501 relates to the wastewater treatment plant improvements project. The Village received original loan for \$170,566 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 Loan #91-03 was initiated for the construction of the water and waste water treatment. In 1991, the Village received \$338,000 for the project. 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 2008, 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.

During the reporting period, the Ohio Water Development Authority (OWDA) funded the waste water improvement project with an interim loan in the amount of \$734,705. The loan amount was subsequently replaced with USDA loan in 2013 and is not included in the amortization schedule below.

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

Year ending December 31:	OPWC #CT501	USDA #91-03	OWDA #4689
2013	8,528	20,356	8,990
2014	8,528	20,356	8,990
2015	8,528	20,356	8,990
2016-2020	34,112	101,884	44,948
2021-2024	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>\$ 144,982</u>	<u>\$ 468,355</u>	<u>\$ 224,740</u>

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a 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 2012 and 2011, 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, 2012.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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.

9. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

A Grant was received from the Ohio Public Works Commission (OPWC) in the amount of \$294,973 during 2012 for the construction of a new water tower.

A Grant was received from the United States Department of Agriculture (USDA) in the amount of \$224,519 during 2012 for the construction of a new water tower.

A Grant was received from the Pickaway County CDBG program during 2012 in the amount of \$51,568 for the renovation of the Community Center.

10. 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).

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

10. Jointly Governed Organizations (Continued)

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 2011, the Village paid the District delinquent tax monies of \$342. 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 \$23,858 in 2012 and \$24,767 in 2011. 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 75, New Holland, Ohio 43145.

11. Subsequent Events

The Village incurred new debts in 2012 for the construction of a Water Tower, water lines and replacement of all meters in the Village.

During the reporting period, the Ohio Water Development Authority (OWDA) funded the project with an interim loan in the amount of \$734,705. In 2013, \$63,839 was drawn to complete the project. In March 2013 the Interim loan was paid in full by the United States Department of Agriculture (USDA). As a result, the Village incurred two new debts in 2013 with the USDA. One loan in the amount of \$531,000.00 and another in the amount of \$214,000.00

In March 2013, the Village also incurred a loan from the Ohio Public Works Commission (OPWC) in the amount of \$52,000 for the Water Tower construction. An additional draw from the USDA and OPWC grants totaled \$123,481 and \$20,026, respectively.

**VILLAGE OF NEW HOLLAN
PICKAWAY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Disbursements
Funding received directly from the U.S. Department of Agriculture		
Water and Waste Disposal Systems for Rural Communities	10.760	<u>\$ 856,060</u>
Total U.S. Department of Agriculture		<u>856,060</u>
Total Federal Expenditure		<u>\$ 856,060</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of New Holland, Pickaway County, Ohio (the Village's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 St
New Holland, Ohio 43145

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated September 5, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
Columbus, Ohio

September 5, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Report on Compliance for Each Major Federal Program

We have audited the Village of New Holland's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of New Holland's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance of the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of New Holland complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 5, 2013

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 10.760 Water and Waste Disposal Systems for Rural Communities
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2012-001

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.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-001

Financial Statement Adjustments – Material Weakness

The following audit adjustments were made to the December 31, 2012 financial statements and, where applicable, to the accounting records:

1. Two reclassification entries were made in the General and Special Revenue Funds to increase Intergovernmental Revenue and decrease Taxes Revenue by \$4,215 and \$6,408, respectively.
2. An audit adjustment was made to include \$306 in unclaimed monies in the General Fund due to presentation requirements required by Generally Accepted Standards Board (GASB) statement number 54.
3. One reclassification entry was made in the Special Revenue Fund to increase Taxes and decrease Special Assessment by \$11,507.
4. Two audit adjustments were made in the Special Revenue and Enterprise Funds ranging from \$3,400 to \$10,141.
5. An audit reclassification was made in the Special Revenue Fund to increase restricted equity and decrease assigned equity for \$131,055 due to presentation requirements required by Generally Accepted Standards Board (GASB) statement number 54.
6. One reclassification entry was made in the Enterprise Fund to increase debt proceeds and decrease intergovernmental revenue by \$57,337.
7. One reclassification entry was made in the Enterprise Fund to increase intergovernmental revenue and decrease miscellaneous revenue by \$39,820.
8. One reclassification entry was made in the Enterprise Fund to increase Charges for Services and Miscellaneous revenue and decrease Special Assessment revenue by \$31,402 and \$6,035 respectively.
9. One reclassification entry was made in the Enterprise Fund to increase debt service and decrease capital outlay expense by \$48,002.

The following audit adjustments were made to the December 31, 2011 financial statements and, where applicable, to the accounting records:

1. Two reclassification entries in the General and Special Revenue Funds to increase Intergovernmental Revenue and decrease Taxes Revenue by \$4,220 and \$6,451, respectively.
2. An audit adjustment was made to include \$90 in unclaimed monies in the General Fund due to presentation requirements required by Generally Accepted Standards Board (GASB) statement number 54.
3. Two audit adjustments were made in the Special Revenue and Enterprise funds ranging from \$313 to \$25,107.
4. One reclassification entry in the Enterprise Fund to increase Charges for Services and decrease Special Assessment by \$12,683.

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.

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012 AND 2011
(Continued)

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

FINDING NUMBER 2012-001 (Continued)

Financial Statement Adjustments – Material Weakness (Continued)

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.

Client Response: “The Village Fiscal Officer and Council will work together to ensure audit adjustments are reduced or eliminated in the future”

3. FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-001	Material Weakness –Monitoring of Financial Activity	No	Not Corrected – Reissued as Finding 2012-001
2010-002	Material Weakness –Mayor’s Court Documentation	Not applicable	Mayor’s court dissolved during audit period.
2010-003	Material Noncompliance –Certification of Funds prior to Commitment	Partially	Moved to verbal comment.



Dave Yost • Auditor of State

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
OCTOBER 10, 2013**