



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008..... | 5 |
| 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, 2008..... | 6 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007..... | 7 |
| 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, 2007..... | 8 |
| Notes to the Financial Statements | 9 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 15 |
| Schedule of Findings..... | 17 |
| Schedule of Prior Audit Findings..... | 21 |

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

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

To the Village Council:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 19, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of New Holland, Pickaway County, Ohio as of December 31, 2008 and 2007, 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 August 19, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

August 19, 2009

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Governmental Fund Types</u> | | <u>Totals</u> |
|--|--------------------------------|----------------------------|------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>(Memorandum Only)</u> |
| Cash Receipts: | | | |
| Property and Local Taxes | \$ 24,857 | \$ 46,127 | \$ 70,984 |
| Intergovernmental | 40,689 | 46,204 | 86,893 |
| Charges for Services | - | 250 | 250 |
| Fines, Licenses and Permits | 2,106 | 355 | 2,461 |
| Earnings on Investments | 5,637 | 466 | 6,103 |
| Miscellaneous | 280 | 604 | 884 |
| | <u>73,569</u> | <u>94,006</u> | <u>167,575</u> |
| Total Cash Receipts | | | |
| | <u>73,569</u> | <u>94,006</u> | <u>167,575</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons & Property | 23,128 | 799 | 23,927 |
| Public Health Services | 1,847 | 28,884 | 30,731 |
| Leisure Time Activities | - | 6,703 | 6,703 |
| Community Environment | 513 | - | 513 |
| Transportation | - | 42,585 | 42,585 |
| General Government | 32,928 | 332 | 33,260 |
| Capital Outlay | 1,322 | 14,378 | 15,700 |
| | <u>59,738</u> | <u>93,681</u> | <u>153,419</u> |
| Total Cash Disbursements | | | |
| | <u>59,738</u> | <u>93,681</u> | <u>153,419</u> |
| Total Receipts Over Disbursements | 13,831 | 325 | 14,156 |
| Fund Cash Balance, January 1 | <u>76,789</u> | <u>95,452</u> | <u>172,241</u> |
| Fund Cash Balance, December 31 | <u>\$ 90,620</u> | <u>\$ 95,777</u> | <u>\$ 186,397</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 406</u> | <u>\$ 59</u> | <u>\$ 465</u> |

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>Proprietary Fund Types</u> | <u>Fiduciary Fund Types</u> | <u>Totals</u> |
|--|-----------------------------------|---------------------------------|------------------------------|
| | <u>Enterprise</u> | <u>Agency</u> | <u>(Memorandum Only)</u> |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 338,568 | \$ - | \$ 338,568 |
| Total Operating Cash Receipts | <u>338,568</u> | <u>-</u> | <u>338,568</u> |
| Operating Cash Disbursements: | | | |
| Current: | | | |
| Personal Services | 45,857 | - | 45,857 |
| Employee Fringe Benefits | 4,855 | - | 4,855 |
| Contractual Services | 82,756 | - | 82,756 |
| Supplies and Materials | 33,406 | - | 33,406 |
| Other | 4,220 | - | 4,220 |
| Total Operating Cash Disbursements | <u>171,094</u> | <u>-</u> | <u>171,094</u> |
| Operating Income | <u>167,474</u> | <u>-</u> | <u>167,474</u> |
| Non-Operating Receipts/Disbursements: | | | |
| Intergovernmental | 377,501 | - | 377,501 |
| Fines and Forfeitures | - | 1,716 | 1,716 |
| Disbursement of Fines and Forfeitures | - | (2,016) | (2,016) |
| Earnings on Investments | 120 | - | 120 |
| Other Debt Proceeds | 45,243 | - | 45,243 |
| Capital Outlay | (536,730) | - | (536,730) |
| Redemption of Principal | (29,454) | - | (29,454) |
| Interest and Other Fiscal Charges | (31,913) | - | (31,913) |
| Total Non-Operating Receipts/Disbursements | <u>(175,233)</u> | <u>(300)</u> | <u>(175,533)</u> |
| Net (Loss) Before Interfund Transfers | <u>(7,759)</u> | <u>(300)</u> | <u>(8,059)</u> |
| Transfers-In | 62,700 | - | 62,700 |
| Transfers-Out | <u>(62,700)</u> | <u>-</u> | <u>(62,700)</u> |
| Net Receipts (Under) Disbursements | (7,759) | (300) | (8,059) |
| Fund Cash Balance, January 1 | <u>579,787</u> | <u>1,095</u> | <u>580,882</u> |
| Fund Cash Balance, December 31 | <u>\$ 572,028</u> | <u>\$ 795</u> | <u>\$ 572,823</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 821</u> | <u>\$ -</u> | <u>\$ 821</u> |

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Governmental Fund Types</u> | | <u>Totals</u> |
|--|--------------------------------|----------------------------|------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>(Memorandum Only)</u> |
| Cash Receipts: | | | |
| Property and Local Taxes | \$ 25,779 | \$ 49,120 | \$ 74,899 |
| Intergovernmental | 38,675 | 42,309 | 80,984 |
| Charges for Services | - | 4,403 | 4,403 |
| Fines, Licenses and Permits | 4,285 | 563 | 4,848 |
| Earnings on Investments | 5,695 | 527 | 6,222 |
| Miscellaneous | 2,914 | - | 2,914 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 77,348 | 96,922 | 174,270 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons & Property | 31,396 | - | 31,396 |
| Public Health Services | 876 | 40,699 | 41,575 |
| Leisure Time Activities | - | 7,392 | 7,392 |
| Community Environment | 450 | - | 450 |
| Basic Utility Services | 42,290 | - | 42,290 |
| Transportation | - | 38,981 | 38,981 |
| General Government | 36,318 | 342 | 36,660 |
| Capital Outlay | - | 8,937 | 8,937 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 111,330 | 96,351 | 207,681 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | (33,982) | 571 | (33,411) |
| | <hr/> | <hr/> | <hr/> |
| Other Financing (Disbursements): | | | |
| Advances-Out | (1,645) | - | (1,645) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (1,645) | - | (1,645) |
| | <hr/> | <hr/> | <hr/> |
| Excess of Cash Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements | (35,627) | 571 | (35,056) |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balance, January 1 | 112,416 | 94,881 | 207,297 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balance, December 31 | <u>\$ 76,789</u> | <u>\$ 95,452</u> | <u>\$ 172,241</u> |

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Proprietary Fund Types</u> | <u>Fiduciary Fund Types</u> | <u>Totals</u> |
|--|-----------------------------------|---------------------------------|------------------------------|
| | <u>Enterprise</u> | <u>Agency</u> | <u>(Memorandum Only)</u> |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 345,701 | \$ - | \$ 345,701 |
| Total Operating Cash Receipts | <u>345,701</u> | <u>-</u> | <u>345,701</u> |
| Operating Cash Disbursements: | | | |
| Current: | | | |
| Personal Services | 45,561 | - | 45,561 |
| Employee Fringe Benefits | 5,897 | - | 5,897 |
| Contractual Services | 86,481 | - | 86,481 |
| Supplies and Materials | 19,636 | - | 19,636 |
| Other | 2,200 | - | 2,200 |
| Total Operating Cash Disbursements | <u>159,775</u> | <u>-</u> | <u>159,775</u> |
| Operating Income/(Loss) | <u>185,926</u> | <u>-</u> | <u>185,926</u> |
| Non-Operating Receipts/Disbursements | | | |
| Intergovernmental | 433,478 | - | 433,478 |
| Fines and Forfeitures | - | 5,148 | 5,148 |
| Disbursement of Fines and Forfeitures | - | (4,146) | (4,146) |
| Earnings on Investments | 1,023 | - | 1,023 |
| Other Debt Proceeds | 97,477 | - | 97,477 |
| Capital Outlay | (532,979) | - | (532,979) |
| Redemption of Principal | (23,418) | - | (23,418) |
| Interest and Other Fiscal Charges | (25,489) | - | (25,489) |
| Total Non-Operating Receipts/Disbursements | <u>(49,908)</u> | <u>1,002</u> | <u>(48,906)</u> |
| Net Income Before Interfund Transfers and Advances | <u>136,018</u> | <u>1,002</u> | <u>137,020</u> |
| Transfers-In | 19,200 | - | 19,200 |
| Transfers-Out | (19,200) | - | (19,200) |
| Advances-In | 1,645 | - | 1,645 |
| Net Receipts Over/(Under) Disbursements | <u>137,663</u> | <u>1,002</u> | <u>138,665</u> |
| Fund Cash Balance, January 1 | <u>442,124</u> | <u>93</u> | <u>442,217</u> |
| Fund Cash Balance, December 31 | <u><u>\$ 579,787</u></u> | <u><u>\$ 1,095</u></u> | <u><u>\$ 580,882</u></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, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Holland, Pickaway County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Pic-A-Fay Fire District to receive 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.

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.

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.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

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.

3. 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.

4. Fiduciary Funds

Fiduciary funds include an agency fund.

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

E. Budgetary Process

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

1. Appropriations

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

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.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

| | 2008 | 2007 |
|-------------------------|-----------|-----------|
| Demand deposits | \$702,869 | \$696,515 |
| Certificates of deposit | 55,556 | 55,513 |
| Total Deposits | \$758,425 | \$752,028 |

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$70,756 | \$73,569 | \$2,813 |
| Special Revenue | 90,506 | 94,006 | 3,500 |
| Enterprise | 778,241 | 824,132 | 45,891 |
| Total | \$939,503 | \$991,707 | \$52,204 |

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (continued)

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$83,496 | \$60,145 | \$23,351 |
| Special Revenue | 130,987 | 93,740 | 37,247 |
| Enterprise | 950,596 | 832,712 | 117,884 |
| Total | \$1,165,079 | \$986,597 | \$178,482 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$70,756 | \$77,348 | \$6,592 |
| Special Revenue | 90,506 | 96,922 | 6,416 |
| Enterprise | 734,741 | 896,879 | 162,138 |
| Total | \$896,003 | \$1,071,149 | \$175,146 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$135,000 | \$111,330 | \$23,670 |
| Special Revenue | 133,515 | 96,351 | 37,164 |
| Enterprise | 770,700 | 760,861 | 9,839 |
| Total | \$1,039,215 | \$968,542 | \$70,673 |

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.

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt

Debt outstanding at December 31, 2008 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--------------------|------------------|----------------------|
| OPWC - Loan #CQ13G | \$21,814 | 0.00% |
| USDA - Loan #92-01 | 257,000 | 5.00% |
| USDA - Loan #91-03 | 280,100 | 5.25% |
| OWDA Loan #4689 | 210,764 | 1.50% |
| Total | <u>\$769,679</u> | |

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

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

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

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

| Year ending December 31: | <u>OPWC #CQ13G</u> | <u>USDA #92-01</u> | <u>USDA #91-03</u> | <u>OWDA #4689</u> |
|--------------------------|------------------------|------------------------|------------------------|-----------------------|
| 2009 | 1,322 | 30,700 | 20,356 | 8,990 |
| 2010 | 1,322 | 30,700 | 20,356 | 8,990 |
| 2011 | 1,322 | 30,700 | 20,356 | 8,990 |
| 2012 | 1,322 | 30,700 | 20,356 | 8,990 |
| 2013 | 1,322 | 30,700 | 20,356 | 8,990 |
| 2014-2018 | 6,610 | 153,500 | 101,780 | 44,948 |
| 2019-2023 | 6,610 | 30,700 | 101,780 | 44,948 |
| 2024-2028 | 1,984 | 0 | 101,780 | 44,948 |
| 2029-2033 | 0 | 0 | 101,780 | 44,948 |
| 2034-2038 | 0 | 0 | 0 | 35,958 |
| Total | <u>\$21,814</u> | <u>\$337,700</u> | <u>\$508,900</u> | <u>\$260,700</u> |

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of its police officer's wages. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

8. Jointly Governed Organizations

Pic-A-Fay Joint Fire District:

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

The Fire District's four 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.

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 \$28,143 in 2008 and \$40,000 in 2007. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 55, New Holland, Ohio 43145.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the financial statements of the Village of New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 19, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated August 19, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-002 and 2008-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 19, 2009.

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



Mary Taylor, CPA
Auditor of State

August 19, 2009

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Financial Statement Adjustments – Material Weakness

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

The following audit adjustments were made to the December 31, 2008 financial statements:

1. A reclassification in the Enterprise Funds of \$45,243 to reduce Intergovernmental Receipts and increase Other Debt Proceeds to properly present proceeds of new debt.
2. An adjustment in the Enterprise Funds to increase Intergovernmental Receipts and related Capital Outlay expenditures by \$234,968 to present payments made by the Ohio Public Works Commission on behalf of the Village.
3. Beginning fund balances were adjusted to account for the difference noted in #1 below.

The following audit adjustments were made to the December 31, 2007 financial statements:

1. Adjustments for \$3,522 to decrease beginning fund balance for the General Fund and increase Special Revenue Funds to properly present beginning fund balances; these were the result of prior audit adjustments that were not input into the UAN system.
2. A reclassification entry in the Enterprise Funds to increase Capital Outlay expenditures and decrease Principal expenditures by \$12,304, to properly reflect actual debt service expenditures.
3. An adjustment in the Enterprise Funds to increase Intergovernmental Receipts and related Capital Outlay expenditures by \$91,778 to present payments made by the Ohio Public Works Commission on behalf of the Village.
4. A Reclassification in the Enterprise Funds to reduce Special Assessments by \$429,098 and increase Intergovernmental Receipts by \$341,700 and Other Debt Proceeds by \$87,398 to properly present intergovernmental receipts and debt activity.

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

In addition to the adjustments noted above, the following audit adjustments and reclassifications were inconsequential to the Village's financial statements and were not posted to the December 31, 2008 and 2007 financial statements:

1. Adjustments in the General Fund to decrease Property and Other Local Taxes and increase Intergovernmental Receipts for 2008 (\$1,624) and 2007 (\$1,246), and the Special Revenue Funds for 2008 (\$2,517) and 2007 (\$1,932); homestead and rollback receipts were posted as taxes.
2. Reclassification entry for \$741 in the Enterprise Funds to reduce Earnings on Investments and increase Charges for Services to correct a mis-posting of receipts.

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
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-001 (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.

FINDING NUMBER 2008-002

**Mayor’s Court
Material Non-Compliance and Significant Deficiency**

Ohio Rev. Code Section 1905.21 requires a mayor's court to maintain a docket, and the mayor or mayor's court magistrate must account for and dispose of all such fines, fees, and costs collected.

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

We noted at December 31, 2008 and 2007 the Mayor’s Court bank account had a balance of \$795 and \$1,095, respectively; ideally, this account’s balance would consist solely of undisbursed fines and outstanding checks, and the account would have a \$0 reconciled balance.

Of the December 31, 2007 bank balance we were able to determine that \$45 was owed to the State of Ohio and \$195 was owed to the Village. However the Village does not have effective internal controls in place which allow the Mayor’s Court to properly account for fines, fees, and costs collected. As a result, the remaining cash balances referred to above cannot be attributed to any specific parties.

We further noted the following:

- **Bank Reconciliations** – While receipt and disbursement activity is maintained in a checkbook register, the Mayor’s Court Clerk does not prepare formal bank reconciliations.
- **Case Jackets/Tickets** – Carbon copies of issued tickets are maintained by the Mayor’s Court in case jackets. However, we noted case jackets are filed by their status, not in sequential order; we also noted four of seventy-seven (5.2%) case jackets/tickets for 2008 and 2007 could not be located.
- **Docket** – Traditionally the Mayor has reviewed each case entry in the docket, compared the entry to the case jacket, and signed each entry indicating she has completed this review and the information entered in the docket is accurate. However, we noted that 100% of the 2008 docket entries and 28% of the 2007 docket entries were not signed.

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-002 (continued)

Mayor's Court
Material Non-Compliance and Significant Deficiency

- **Case Referrals** – Cases in which the defendant contests the charges are referred to the City of Circleville Municipal Court to be heard; once adjudicated the municipal court remits applicable fines and costs to the Village. However, we noted the Mayor's Court does not maintain a list of such cases, and therefore cannot determine or properly monitor whether fines, fees and costs for referred cases have been received.

We recommend the Mayor's Court prepare monthly bank reconciliations, including lists of reconciling items such as deposits in transit and outstanding checks. Reconciliations should be reviewed by the Mayor, and this should be evidenced by the Mayor's initials on the face of the reconciliation.

Case jackets should be maintained in sequential order to enable employees to easily locate them. This will ensure each case is accounted for and will also assist in the reconciliation process described in the preceding paragraph, and resolving any discrepancies which may arise.

Each case entry in the docket should be verified, and this verification should be evidenced by the Mayor's signature.

We also recommend a list of referred cases be maintained to allow management to monitor whether related fines, fees and costs have been received.

FINDING NUMBER 2008-003

Certification of Funds Prior to Commitment
Material Noncompliance

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

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

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

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-003 (continued)

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

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

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

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

Thirty-seven percent of 2008 disbursements and eleven percent of 2007 disbursements we examined were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

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

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2006-1 | Material Weakness - Monitoring of Financial Activity | No | Not Corrected – Re-Issued as Finding 2008-001. |
| 2006-2 | Material Weakness – Mayor’s Court Documentation | No | Not Corrected – Re-Issued as Finding 2008-002. |



Mary Taylor, CPA
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
SEPTEMBER 10, 2009**