



Dave Yost • Auditor of State

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

July 7, 2011

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$63,019, or 6 percent, from the prior year.

The Village's general receipts are primarily lodging and kWh taxes. These receipts represent respectively 16 and 69 percent of the total cash received for governmental activities during the year.

Net Assets of the Electric operation, the Village's lone business-type activity, increased by \$220,943 during 2010.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets, state and federal grants and property, lodging and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major enterprise fund, the Electric Operating Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$ 1,188,703	\$ 1,125,684	\$ 589,369	\$ 368,426	\$ 1,778,072	\$ 1,494,110
Total Assets	\$ 1,188,703	\$ 1,125,684	\$ 589,369	\$ 368,426	\$ 1,778,072	\$ 1,494,110
Net Assets						
Restricted for:						
Debt Service	\$ 21,618	\$ 650			\$ 21,618	\$ 650
Capital Outlay	1,690	17,344			1,690	17,344
Other Purposes	23,585	18,104	\$ 750	\$ 900	24,335	19,004
Unrestricted	1,141,810	1,089,586	588,619	367,526	1,730,429	1,457,112
Total Net Assets	\$ 1,188,703	\$ 1,125,684	\$ 589,369	\$ 368,426	\$ 1,778,072	\$ 1,494,110

As mentioned previously, net assets of governmental activities increased \$63,019 or 6 percent during 2010. The primary reason contributing to the increases in cash balances is an increase in the miscellaneous revenue, attributed to the contributions from Menard, Inc. for debt service on the Village's loan with the Ohio Water Development Authority (OWDA)

Net assets of business-type activities increased significantly, by \$220,943 or 60 percent during 2010. The primary reason contributing to the increase in cash balances is a reduction of expenses during the year, mostly contributed to a decrease in contractual services.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities, business-type activities, and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Cash Receipts:						
Program Receipts:						
Charges for Services and Sales			\$ 6,575,046	\$ 6,270,829	6,575,046	6,270,829
Operating Grants & Contributions	\$5,481	\$ 5,008			5,481	5,008
Total Program Receipts	5,481	5,008	6,575,046	6,270,829	6,580,527	6,275,837
General Receipts:						
Property Levied for						
General Purposes	10,829	14,014	571	900	11,400	14,914
Other Taxes	393,276	359,932			393,276	359,932
Grants & Entitlements Not Restricted						
to Specific Programs	22,588	22,213			22,588	22,213
Interest	4,326	5,526			4,326	5,526
Miscellaneous	22,556	701	11,767	1,746	34,323	2,447
Total General Receipts	453,575	402,386	12,338	2,646	465,913	405,032
Total Cash Receipts	459,056	407,394	6,587,384	6,273,475	7,046,440	6,680,869
Cash Disbursements:						
General Government	141,145	111,984			141,145	111,984
Public Health Services	3,900	3,271			3,900	3,271
Basic Utilities	147,717	142,857			147,717	142,857
Transportation		1,975				1,975
Capital Outlay	44,914	25,086			44,914	25,086
Debt Service:						
Principal Retirement	20,853	20,853			20,853	20,853
Interest and Fiscal Charges	37,508	37,696			37,508	37,696
Electric Operating			6,366,291	6,153,606	6,366,291	6,153,606
Electric Deposits			150	150	150	150
Total Cash Disbursements	396,037	343,722	6,366,441	6,153,756	6,762,478	6,497,478
Increase in Net Assets	63,019	63,672	220,943	119,719	283,962	183,391
Net Assets, January 1,	1,125,684	1,062,012	368,426	248,707	1,494,110	1,310,719
Net Assets, December 31,	\$ 1,188,703	\$ 1,125,684	\$ 589,369	\$ 368,426	\$ 1,778,072	\$ 1,494,110

Program receipts represent a little over one percent of total receipts. These are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent over 98.8 percent of the Village's total receipts, and of this amount, 87 percent are local taxes, consisting of lodging and kWh taxes. Property taxes, grants and entitlements, interest and miscellaneous revenue make up the balance of the Village's general receipts (13 percent).

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Public Health Services are the county health department assessments; the Basic Utilities are the water and sewer line tap fees for Chase Brass, which are paid to the Village of Montpelier; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursement for governmental activities are for basic utilities and general government, which account for 72.9 percent of all governmental disbursements. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
General Government	\$141,145	\$141,145	\$111,984	\$111,984
Public Health Services	3,900	3,900	3,271	3,271
Basic Utilities	147,717	147,717	142,857	142,857
Transportation		(5,481)	1,975	(3,033)
Capital Outlay	44,914	44,914	25,086	25,086
Principal Retirement	20,853	20,853	20,853	20,853
Interest & Fiscal Charges	37,508	37,508	37,696	37,696
Total Expenses	\$396,037	\$390,556	\$343,722	\$338,714

The dependence upon other (lodging and kWh) tax receipts is apparent as over 98.6 percent of governmental activities are supported through these general receipts. This percentage is lower than the previous year as a result of the contributions from Menard, Inc. for debt service on the Village's loan with the Ohio Water Development Authority (OWDA), which were reported as capital grants in the 2010 Statement of Activities.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Business-type Activities

The electric operation of the Village is relatively large. The operating and non-operating receipts of the electric operations were \$6,587,384 and \$6,273,475, for 2010 and 2009, respectively. This represents an approximate 5 percent increase, largely attributed to an increase in Chase Brass electrical usage.

The Village's Funds

Total governmental funds had receipts of \$459,056 and disbursements of \$396,037, not including transfers. The greatest change within the governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$52,224 as the result of an increase in kWh taxes.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final budgeted receipts remained unchanged from the original budget. Actual receipts exceeded final budgeted receipts by 8 percent the variance was a result of higher than expected kWh tax collections (Other Taxes).

Final disbursements and other financing uses were budgeted at \$850,457 while actual disbursements and other financing uses were \$384,702. The Village kept spending low versus budgeted amounts as documented by the reported variances due to the fact that it is preparing for additional infrastructure expenditures expected to occur in the near future.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2010, the Village's outstanding debt included \$310,000 in general obligation bonds issued for the building of Village Hall; and \$67,312 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$762,783 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects.

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to help build infrastructure to better serve our community and prepare for our current and future growth.

Utility Committees of both Holiday City and the Village of Montpelier began meeting this year to negotiate a water/sewer agreement between the two villages. Talks continue as details of the contract are being worked out.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)
(Continued)**

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 Co. Rd. M; Holiday City, Ohio 43543-9785.

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,188,703	\$589,369	\$1,778,072
Net Assets			
Restricted for:			
Capital Projects	\$1,690		\$1,690
Debt Service	21,618		21,618
Other Purposes	23,585	\$750	24,335
Unrestricted	1,141,810	588,619	1,730,429
<i>Total Net Assets</i>	<u>\$1,188,703</u>	<u>\$589,369</u>	<u>\$1,778,072</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Cash Receipts	
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities		
General Government	\$141,145	
Public Health Services	3,900	
Basic Utility Services	147,717	
Transportation		\$5,481
Capital Outlay	44,914	
Debt Service:		
Principal	20,853	
Interest	37,508	
<i>Total Governmental Activities</i>	396,037	5,481
Business Type Activities		
Electric Operating	6,366,291	\$6,575,046
Electric Deposits Fund	150	
<i>Total Business Type Activities</i>	6,366,441	6,575,046
Total	\$6,762,478	\$5,481

General Receipts

Property Taxes Levied for General Purposes
 Other Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Interest
 Miscellaneous
Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$141,145)		(\$141,145)
(3,900)		(3,900)
(147,717)		(147,717)
5,481		5,481
(44,914)		(44,914)
(20,853)		(20,853)
(37,508)		(37,508)
(390,556)		(390,556)
	\$208,755	208,755
	(150)	(150)
	208,605	208,605
(\$390,556)	\$208,605	(\$181,951)
10,829		10,829
393,276	571	393,847
22,588		22,588
4,326		4,326
22,556	11,767	34,323
453,575	12,338	465,913
63,019	220,943	283,962
1,125,684	368,426	1,494,110
\$1,188,703	\$589,369	\$1,778,072

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,141,810	\$46,893	\$1,188,703
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$4,969	\$1,690	\$6,659
Unreserved:			
Undesignated, Reported in:			
General Fund	1,136,841		1,136,841
Special Revenue Funds		23,585	23,585
Debt Service Funds		21,618	21,618
<i>Total Fund Balances</i>	\$1,141,810	\$46,893	\$1,188,703

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

	General	Other Governmental Funds	Total
Receipts			
Property and Other Local Taxes	\$404,037		\$404,037
Intergovernmental	22,656	\$5,424	28,080
Interest	4,326	57	4,383
Miscellaneous	938	21,618	22,556
<i>Total Receipts</i>	<u>431,957</u>	<u>27,099</u>	<u>459,056</u>
Disbursements			
Current:			
General Government	141,145		141,145
Public Health Services	3,900		3,900
Basic Utility Services	147,717		147,717
Capital Outlay	29,259	15,655	44,914
Debt Service:			
Principal Retirement		20,853	20,853
Interest and Fiscal Charges		37,508	37,508
<i>Total Disbursements</i>	<u>322,021</u>	<u>74,016</u>	<u>396,037</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,936</u>	<u>(46,917)</u>	<u>63,019</u>
Other Financing Sources (Uses)			
Transfers In		57,712	57,712
Transfers Out	(57,712)		(57,712)
<i>Total Other Financing Sources (Uses)</i>	<u>(57,712)</u>	<u>57,712</u>	
<i>Net Change in Fund Balances</i>	52,224	10,795	63,019
Fund Balances Beginning of Year	<u>1,089,586</u>	<u>36,098</u>	<u>1,125,684</u>
Fund Balances End of Year	<u><u>\$1,141,810</u></u>	<u><u>\$46,893</u></u>	<u><u>\$1,188,703</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$373,222	\$373,222	\$404,037	\$30,815
Intergovernmental	19,020	19,020	22,656	3,636
Interest	5,500	5,500	4,326	(1,174)
Miscellaneous	650	650	938	288
<i>Total Receipts</i>	<u>398,392</u>	<u>398,392</u>	<u>431,957</u>	<u>33,565</u>
Disbursements				
Current:				
General Government	166,849	190,349	144,725	45,624
Public Health Services	3,500	3,900	3,900	
Basic Utility Services	180,000	180,000	147,717	32,283
Capital Outlay	442,396	418,496	30,648	387,848
<i>Total Disbursements</i>	<u>792,745</u>	<u>792,745</u>	<u>326,990</u>	<u>465,755</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(394,353)</u>	<u>(394,353)</u>	<u>104,967</u>	<u>499,320</u>
Other Financing Uses				
Transfers Out	(57,712)	(57,712)	(57,712)	
<i>Net Change in Fund Balance</i>	(452,065)	(452,065)	47,255	499,320
<i>Unencumbered Cash Balance Beginning of Year</i>	1,089,129	1,089,129	1,089,129	
Prior Year Encumbrances Appropriated	457	457	457	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$637,521</u>	<u>\$637,521</u>	<u>\$1,136,841</u>	<u>\$499,320</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2010**

	Business-Type Activities		
	Electric Operating	Nonmajor Enterprise Fund	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$588,619	\$750	\$589,369
Net Assets			
Restricted for:			
Other Purposes		\$750	\$750
Unrestricted	\$588,619		\$588,619
<i>Total Net Assets</i>	\$588,619	\$750	\$589,369

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Business-Type Activities		
	Electric Operating Fund	Other Enterprise Fund	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$6,575,046		\$6,575,046
Other Operating Receipts	8,456		8,456
<i>Total Operating Receipts</i>	<u>6,583,502</u>		<u>6,583,502</u>
Operating Disbursements			
Employee Fringe Benefits	717		717
Contractual Services	6,360,794		6,360,794
Supplies and Materials	1,680		1,680
Other	3,100	\$150	3,250
<i>Total Operating Disbursements</i>	<u>6,366,291</u>	<u>150</u>	<u>6,366,441</u>
<i>Operating Income (Loss)</i>	217,211	(150)	217,061
Non-Operating Receipts			
Property and Other Local Taxes	571		571
Miscellaneous Receipts	3,311		3,311
<i>Total Non-Operating Receipts</i>	<u>3,882</u>		<u>3,882</u>
<i>Change in Net Assets</i>	221,093	(150)	220,943
<i>Net Assets Beginning of Year</i>	<u>367,526</u>	<u>900</u>	<u>368,426</u>
<i>Net Assets End of Year</i>	<u><u>\$588,619</u></u>	<u><u>\$750</u></u>	<u><u>\$589,369</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. Reporting Entity

The Village of Holiday City, Williams County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Village. The Village provides general government services, electric utility, and contracted maintenance of Village roads and bridges.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *cash* basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has one major governmental fund, the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has the following major enterprise fund:

Electric Operating Fund - The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2010, the Village invested in a STAR Ohio and an interest bearing sweep account.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 was \$4,326 which includes \$1,266 assigned from other Village funds.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$4,969
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4. Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. Deposits and Investments (Continued)

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

As of December 31, 2010, the Village had \$172,530 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. Deposits and Investments (Continued)

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Village. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009 the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009, and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of 2010 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2010 is zero percent. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Village receives property taxes from Williams County. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

5. Property Taxes (Continued)

The assessed values upon which the fiscal year 2010 taxes were collected are:

Real Property	
Residential	\$248,260
Agricultural	453,790
Commercial/Industrial/Mineral	6,065,380
Tangible Personal Property	
Business	2,420,590
Public Utility	56,080
Total Assessed Value	<u>\$9,244,100</u>

Tax rate per \$1,000 of Assessed Valuation: \$1.60

6. Risk Management

A. Risk Pool Membership

Through December 31, 2008, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

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

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk Management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

6. Risk Management (Continued)

OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009 (the latest information available). The Village does not participate in this coverage.

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

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members' Equity	\$6,323,701	\$105,185	\$6,428,886	\$5,184,333

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

B. Workers' Compensation

The Village pays the State Workers' Compensation System (the System) a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

7. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Village's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009 and 2008 were \$10,256, \$5,150, and \$4,405, respectively. These obligations are paid on a cash basis with 100 percent contributed for 2010, 2009, and 2008.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; The Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report, which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The postemployment healthcare plan was established under, and is administrated in accordance with Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement healthcare through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The portion of employer contributions allocated to healthcare for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. Postemployment Benefits (Continued)

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$5,841, \$3,583, and \$4,405, respectively. These obligations are paid on a cash basis with 100 percent contributed for 2010, 2009, and 2008. Active members do not make contributions to the postemployment healthcare plan.

9. Debt

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$325,000		\$15,000	\$310,000	\$15,000
2002 Ohio Public Works						
Commission Loan	0%	73,165		5,853	67,312	5,853
2005 Ohio Water						
Development Authority Loan	3%	762,783			762,783	32,987
Total Governmental Activities		<u>\$1,160,948</u>		<u>\$20,853</u>	<u>\$1,140,095</u>	<u>\$53,840</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The bonds were issued to finance construction of the town hall with final maturity in 2023.

The 2002 OPWC loan relates to a water and sewer line extension project to a local business. The loan is repaid in semiannual installments over 20 years. Money is transferred from the General Fund each year to cover the OPWC debt service requirements.

The purpose of the OWDA loan was for the water and sewer line extension to service a business development. The Village has been approved for a loan amount of \$762,783. The loan will be repaid in semiannual installments of interest only for the first five years, beginning July 1, 2006, and payments of \$88,858 including interest over the remaining 10 years beginning July 1, 2011. Monies collected under an infrastructure agreement between the Village and Menards, Inc. will be used to finance these payments.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

9. Debt (Continued)

The following is a summary of the Village's future annual debt service requirements:

Year	OWDA Loan		G.O. Bonds		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2011	32,987	22,883	15,000	13,950	5,853
2012	67,466	21,392	15,000	13,275	5,853
2013	69,505	19,353	20,000	12,600	5,853
2014	71,606	17,252	20,000	11,700	5,853
2015	73,771	15,087	20,000	10,800	5,853
2014-2118	403,676	40,613	125,000	39,150	29,266
2019-2023	43,772	657	95,000	8,775	8,781
Totals	<u>\$762,783</u>	<u>\$137,237</u>	<u>\$310,000</u>	<u>\$110,250</u>	<u>\$67,312</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2010, were an overall debt margin of \$660,631 and an unvoted debt margin of \$198,426.

10. Interfund Transfers

During 2010 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$29,625
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6	<u>22,234</u>
Total Transfers from the General Fund	<u>\$57,712</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

11. Contractual Commitment

The Village has a contract with American Municipal Power, Inc. (AMP) to provide electric power and energy for its municipal electric system. This service is transmitted to the Village through a joint venture of four subdivisions located within Williams County. This joint venture is known as Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV-4) which was created for that purpose.

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2010, as a result of this contract, the Village paid \$5,779,998.45 to AMP.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

12. Long Term Purchase Commitment

Prairie State Project

The Prairie State Energy Campus (the "PSEC") will consist of a supercritical, coal-fired, mine mouth generating facility intended to have a maximum net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. The SPEC Owners (as defined below), including AMP, own the PSEC. The generating facilities are being constructed pursuant to a TPEPC Contract (as defined herein) with Bechtel Power Corporation. The generating units and the mining facilities were originally scheduled to be in commercial operation in December 2012.

AMP's 23.26% Ownership Interest in the PSEC (the "Ownership Interest") entitles AMP to approximately 368 MW of the capacity and output from the PSEC and a proportionate share of the adjacent coal reserves and mining facilities. The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated approximately 1 MW of this project.

In addition to AMP's Ownership Interest in the PSEC, other undivided interests therein are owned by the Kentucky Municipal Power Agency ("KMPA"); the Northern Illinois Municipal Power Agency ("NIMPA"); the Illinois Municipal Electric Agency ("IMEA"); the Indiana Municipal Power Agency ("IMPA"); Lively Grove Energy Partners, LLC ("Lively Grove Energy"), currently a wholly-owned indirect subsidiary of Peabody Energy; the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"); and Prairie Power, Inc. ("PPI") and the Southern Illinois Power Cooperative ("SIPC"), both not for profit electric generation and transmission cooperatives (collectively, and together with AMP 368 LLC, the "PSEC Owners").

<u>Owner</u>	<u>Ownership Interest</u>
AMP	23.26%
IMEA	15.17
IMPA	12.64
MJMEUC	12.33
PPI	8.22
SIPC	7.90
KMPA	7.82
NIMPA	7.60
Lively Grove Energy	<u>5.06</u>
Total	100.00%

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Dave Yost • Auditor of State

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

Village of Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 7, 2011, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State

July 7, 2011

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010

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

FINDING NUMBER 2010-001

Material Weakness – Monitoring of Utility Billings

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. When designing the public office's system of internal control and the specific control activities, management should consider monitoring activities performed by service organizations.

The Village has a contract with American Municipal Power – Ohio (AMP-Ohio) to provide electric power and energy for its municipal electric system. As part of this agreement, AMP-Ohio also prepares the billing for an industrial customer located within the Village on behalf of the Village.

The Village does not monitor the billing process handled by AMP-Ohio. These billings account for 74 percent of the total revenues recorded in the electric fund during 2010.

We recommend management establish procedures that will monitor the billing process of utility customers to ensure the correct amount is billed. Management should consider taking steps to verify that the usages billed along with rates used to determine amounts due are correct.

Officials' Response:

Management will attempt to implement procedures to monitor the billing process.

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Monitoring of Utility Billings	No	Reissued as Finding 2010-001 in this report.

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VILLAGE OF HOLIDAY CITY

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 21, 2011