



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of New Holland (the Village) as of and for the years ended December 31, 2002, and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As further discussed in Note 9 to the financial statements, the Village restated the January 1, 2001 fund balance to correct certain errors.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of New Holland  
Pickaway County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

September 15, 2003

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$18,833	\$45,759	\$64,592
Intergovernmental Receipts	41,783	28,426	70,209
Charges for Services	0	600	600
Fines, Licenses, and Permits	7,126	333	7,459
Earnings on Investments	2,208	504	2,712
Miscellaneous	38	0	38
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	69,988	75,622	145,610
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	45,224	11,697	56,921
Public Health Services	2,303	14,620	16,923
Leisure Time Activities	0	3,838	3,838
Community Environment	400	0	400
Transportation		21,305	21,305
General Government	25,079	210	25,289
Debt Service:			
Principal Payments	0	3,489	3,489
Interest Payments	0	981	981
Capital Outlay	0	3,016	3,016
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	73,006	59,156	132,162
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(3,018)	16,466	13,448
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		4,098	4,098
Transfers-Out	(4,098)	0	(4,098)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,098)	4,098	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(7,116)	20,564	13,448
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	15,345	41,429	56,774
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$8,229</b>	<b>\$61,993</b>	<b>\$70,222</b>
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	<b>\$2,277</b>	<b>\$2,670</b>	<b>\$4,947</b>

*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 - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$223,028	\$0	\$223,028
Miscellaneous	1,389	0	1,389
Total Operating Cash Receipts	<u>224,417</u>	<u>0</u>	<u>224,417</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	45,091	0	45,091
Fringe Benefits	6,667	0	6,667
Contractual Services	45,408	0	45,408
Supplies and Materials	12,706	0	12,706
Other	1,301	0	1,301
Capital Outlay	<u>32,828</u>	<u>0</u>	<u>32,828</u>
Total Operating Cash Disbursements	<u>144,001</u>	<u>0</u>	<u>144,001</u>
Operating Income	<u>80,416</u>	<u>0</u>	<u>80,416</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	420	0	420
Intergovernmental Receipts	25,687	0	25,687
Proceeds from Notes	5,261	0	5,261
Other Non-Operating Receipts	<u>0</u>	<u>8,642</u>	<u>8,642</u>
Total Non-Operating Cash Receipts	<u>31,368</u>	<u>8,642</u>	<u>40,010</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	16,900	0	16,900
Interest and Other Fiscal Charges	34,611	0	34,611
Other Non-Operating Cash Disbursements	<u>0</u>	<u>8,615</u>	<u>8,615</u>
Total Non-Operating Cash Disbursements	<u>51,511</u>	<u>8,615</u>	<u>60,126</u>
Net Receipts Over Disbursements	60,273	27	60,300
Fund Cash Balances, January 1	<u>125,398</u>	<u>66</u>	<u>125,464</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$185,671</u></b>	<b><u>\$93</u></b>	<b><u>\$185,764</u></b>
Reserve for Encumbrances, December 31	<u>\$10,135</u>	<u>\$0</u>	<u>\$10,135</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 - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$17,667	\$38,952	\$56,619
Intergovernmental Receipts	55,378	27,533	82,911
Charges for Services	17,217	250	17,467
Fines, Licenses, and Permits	11,251	2,712	13,963
Earnings on Investments	3,232	234	3,466
Miscellaneous	6,639	658	7,297
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	111,384	70,339	181,723
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	75,304	14,377	89,681
Public Health Services	1,521	13,996	15,517
Leisure Time Activities	0	2,783	2,783
Community Environment	360	0	360
Transportation	0	31,333	31,333
General Government	24,644	194	24,838
Debt Service:			
Principal Payments	0	1,191	1,191
Interest Payments	0	3,279	3,279
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	101,829	67,153	168,982
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	9,555	3,186	12,741
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	0	4,470	4,470
Advances-In	2,000	2,000	4,000
Transfers-Out	(4,470)	0	(4,470)
Advances-Out	(2,000)	(2,000)	(4,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,470)	4,470	0
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>			
	5,085	7,656	12,741
Fund Cash Balances, January 1	10,260	33,773	44,033
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$15,345</b>	<b>\$41,429</b>	<b>\$56,774</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$54	\$54	\$108
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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 - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$178,840	\$0	\$178,840
Total Operating Cash Receipts	<u>178,840</u>	<u>0</u>	<u>178,840</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	39,001	0	39,001
Fringe Benefits	10,927	0	10,927
Contractual Services	39,908	0	39,908
Supplies and Materials	12,677	0	12,677
Other	800	0	800
Capital Outlay	2,465	0	2,465
Total Operating Cash Disbursements	<u>105,778</u>	<u>0</u>	<u>105,778</u>
Operating Income	<u>73,062</u>	<u>0</u>	<u>73,062</u>
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	147	0	147
Other Non-Operating Receipts	0	15,460	15,460
Total Non-Operating Cash Receipts	<u>147</u>	<u>15,460</u>	<u>15,607</u>
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	15,800	0	15,800
Interest and Other Fiscal Charges	36,061	0	36,061
Other Non-Operating Cash Disbursements	0	18,003	18,003
Total Non-Operating Cash Disbursements	<u>51,861</u>	<u>18,003</u>	<u>69,864</u>
Net Receipts Over/(Under) Disbursements	21,348	(2,543)	18,805
Fund Cash Balances, January 1	<u>104,050</u>	<u>2,609</u>	<u>106,659</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$125,398</u></b>	<b><u>\$66</u></b>	<b><u>\$125,464</u></b>
Reserve for Encumbrances, December 31	<u>\$3,031</u>	<u>\$0</u>	<u>\$3,031</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, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Holland, Pickaway County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities and police services. The Village contracts with the PIC-A-FAY Joint Fire District to provide fire protection services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

STAR Ohio is recorded at share values reported by the fund.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

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

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

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

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

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

**4. Fiduciary Funds (Agency Funds)**

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

*Mayors Court Fund* – This fund is used to account for the resources provided from fines assessed in the Mayors Court.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$174,611	\$122,850
STAR Ohio	81,375	59,388
Total deposits and investments	\$255,986	\$182,238

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,045	\$69,988	\$1,943
Special Revenue	80,625	79,720	(905)
Enterprise	254,180	255,785	1,605
Total	\$402,850	\$405,493	\$2,643

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,971	\$79,381	5,590
Special Revenue	109,664	61,826	47,838
Enterprise	270,193	205,647	64,546
Total	\$464,828	\$346,854	117,974

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,663	\$111,384	\$721
Special Revenue	72,581	74,809	2,228
Enterprise	180,191	178,987	(1,204)
Total	\$363,435	\$365,180	\$1,745

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$121,609	\$106,353	\$15,256
Special Revenue	106,300	67,207	39,093
Enterprise	229,249	160,670	68,579
Total	\$457,158	\$334,230	\$122,928

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Farmer's Home Administration (Revenue Bonds) - Water	\$ 308,700	5.25%
Farmer' s Home Administration (Revenue Bonds) - Sewer	351,000	5.00%
Ohio Water Development Authority Loan	5,261	0.00%
Emergency One, Inc. Loan	11,863	6.39%
Total	\$ 676,824	

The Farmer's Home Administration Revenue Bonds were initiated for the construction of the water and waste water treatment plants in 1982 and 1994 respectively. These revenue bonds are direct obligations of the Village for which its full faith, credit and resources are pledged and are payable from user charges. The Emergency One Inc. loan represents the Village's portion of the debt for the purchase of a new fire truck by the Joint Fire Board. The other Fire Board (Pick-A-Fay) members (Perry Township - Pickaway County and Marion Township - Fayette County) are responsible for the balance of the debt. All members present their share of the payment to the Village prior to the due date and these payments are forwarded to Emergency One, Inc. This debt is the obligation of the Joint Fire Department and it's members.

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

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

<u>Year ending December 31</u>	<u>FmHA Water</u>	<u>FmHA Sewer</u>	<u>Emergency One</u>
2003	\$ 20,407	\$ 31,550	\$ 4,470
2004	20,386	31,850	4,470
2005	20,355	31,100	4,470
2006	20,414	31,350	0
2007	20,356	31,550	0
Subsequent	529,783	370,400	0
Total	\$ 631,701	\$ 527,800	\$ 13,410

The Ohio Water Development Authority (OWDA) loan relates to the purchase of a water generator. The OWDA has approved up to \$9,105 in loans to the Village for this project. The loan has not been completely drawn and therefore the schedule for payment is not reflected in these notes at December 31, 2002. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. CAPITALIZED LEASES**

During fiscal year ending 2001, the Village entered into a capitalized lease for a Police Vehicle. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease has been recorded at the present value of future minimum lease payments as of the inception date. The following is a schedule of the future minimum lease payments required under the capital lease and presents value of the minimum lease payments as of December 31, 2002.

Fiscal Year Ending December 31,	
2003	\$5,915
2004	5,915
2005	5,915
2006	<u>2,958</u>
Total minimum lease payments	<u>20,703</u>
Less: interest	<u>1,730</u>
Present Value of minimum lease payments	<u><u>\$18,973</u></u>

**7. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS participants contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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



**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**9. PRIOR PERIOD ADJUSTMENT**

The January 1, 2001, beginning fund balances were restated to correct errors related to the prior period (finding for adjustment previously reported as finding number 200-30665-001 in the report required by *Government Auditing Standards*). Beginning balances were adjusted at January 1, 2001 as follows to reflect this correction of an error:

	Balance at 1/1/2001	Adjustment	1/1/2001 as restated
General Fund	\$ 8,685	\$ 1,575	\$ 10,260
Special Revenue Fund Type	\$ 35,348	\$ (1,575)	\$ 33,773

These adjustments had no material effect on the excess of receipts over/under expenditures as previously reported.

**10. RELATED ORGANIZATIONS**

*New Holland Joint Fire District:*

Perry Township, Pickaway County; Marion Township, Fayette County; and the Village of New Holland, Pickaway County, entered into a contractual agreement to provide fire protection and for other purposes designated in Ohio Rev. Code Sections 505.37 through 505.44 to its residents by the creation of the New Holland Joint Fire District in 1991.

The Village of New Holland was the fiscal agent for the District during 2001 until its transfer to the Pick-A-Fay Joint Fire District established in July of 2001. Therefore, the financial activity of the District for 2001 is included in the accompanying financial statements.

*Pick-A-Fay Joint Fire District:*

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

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

All previous indebtedness of the New Holland Joint Fire District has become the obligation of the new Pick-A-Fay Fire District Board, with the exception of the Emergency One Debt.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**10. RELATED ORGANIZATIONS (Continued)**

*New Holland Union Cemetery:*

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

**11. RELATED PARTY TRANSACTIONS**

The Village was a part of the New Holland Joint Fire District Board which was later superseded by the Pick-A-Fay Joint Fire District. The amount of related party transaction expenditures to the Pick-A-Fay Joint Fire District were \$12,000 in 2002 and \$5,100 in 2001. The Village of New Holland, the fiscal agent for the New Holland Joint Fire Board until July of 2001, received \$8,434 from Perry Township, Pickaway County, and Marion Township, Fayette County, to pay their proportional share.

The Village expended and had related party transactions with the New Holland Union Cemetery amounting to \$14,000 in 2001, and \$14,000 in 2002.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of New Holland  
Pickaway County  
10 East Front Street,  
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, 2002, and December 31, 2001, and have issued our report thereon dated September 15, 2003, wherein we noted the Village restated fund balances as of January 1, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also, noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 15, 2003.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 15, 2003.

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Village of New Holland  
Pickaway County  
Independent Accountants' Report on Compliance and  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

September 15, 2003

VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

Finding Number	2002-001
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**Fiscal Officer Certification**

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance by the issuance of a certificate, a blanket certificate, or a super blanket certificate. Blanket certificates can be issued for an amount not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months, and not extending beyond the end of the current fiscal year. A super blanket certificate may be issued for any amount from a specific line item appropriation account in a specific fund, for most recurring or reasonable predictable operating expenditures.

This section also provides two exceptions to the above requirements:

A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.

B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council. On April 7th, 2003, the law increased from \$1,000 to \$3,000, the amount which a fiscal officer (other than a county auditor) can authorize payment after-the-fact without the need for further action by the governing body.

The Village did not certify that the funds were available in thirty-two percent of the transactions tested. Such certification is not only required by Ohio law, but is a key control in the disbursement process to ensure purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended. We recommend the Village implement procedures to ensure all obligations are certified, as required.

**VILLAGE OF NEW HOLLAND  
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-30665-001	Audit Adjustments for money owed the General Fund.	Yes	
2000-30665-002	ORC Section 5705.41(D) Certification of funds	No	This finding is being repeated as item 2002-001



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF NEW HOLLAND**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 6, 2003**