

Village of Holloway
Belmont County, Ohio

Regular Audit

For the Years Ended December 31, 2000 - 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

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Village Council
Village of Holloway
P.O. Box 152
Holloway, Ohio 43985

We have reviewed the Independent Auditor's Report of the Village of Holloway, Belmont County, prepared by Knox & Knox, for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Holloway is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 30, 2001

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VILLAGE OF HOLLOWAY
BELMONT COUNTY

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KNOX & KNOX

Accountants and Consultants

Report of Independent Accountants

Holloway Village Council
Village of Holloway
Belmont County
P.O. Box 152
Holloway, Ohio 43985

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Holloway, Belmont County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards 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 of the Village of Holloway, Belmont County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2001 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
June 22, 2001

VILLAGE OF HOLLOWAY
BELMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

| | Governmental Funds Types | | | | Total |
|---|--------------------------|--------------------|------------------|---------------------|----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | (Memorandum Only) |
| Cash Receipts: | | | | | |
| Local Taxes | \$ 3,720 | \$ 18,690 | \$ -0- | \$ -0- | \$22,410 |
| Intergovernmental | 52,712 | 6,989 | -0- | -0- | 59,701 |
| Fines, License and Permits | 31 | -0- | -0- | -0- | 31 |
| Miscellaneous | <u>2,856</u> | <u>187</u> | <u>1,388</u> | <u>-0-</u> | <u>4,431</u> |
| Total Cash Receipts | 59,319 | 25,866 | 1,388 | -0- | 86,573 |
| Cash Disbursements: | | | | | |
| Security of Persons and Property | 7,154 | 13,640 | -0- | -0- | 20,794 |
| Public Health | 451 | -0- | -0- | -0- | 451 |
| Transportation | 15,736 | 7,504 | -0- | -0- | 23,240 |
| General Government | 17,008 | - 0- | -0- | -0- | 17,008 |
| Capital Outlay | -0- | -0- | -0- | 1,596 | 1,596 |
| Debt Service | <u>11,017</u> | <u>- 0-</u> | <u>-0-</u> | <u>-0-</u> | <u>11,017</u> |
| Total Cash Disbursements | <u>51,366</u> | <u>21,144</u> | <u>-0-</u> | <u>1,596</u> | <u>74,106</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | 7,953 | 4,722 | 1,388 | < 1,596 > | 12,467 |
| Total Other Financing Receipts/ Disbursements: | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 7,953 | 4,722 | 1,388 | <1,596 > | 12,467 |
| Fund Cash Balances, January 1, 2000 | <u>4,477</u> | <u>14,167</u> | <u>15,741</u> | <u>2,800</u> | <u>37,185</u> |
| Fund Cash Balances, December 31, 2000 | <u>\$ 12,430</u> | <u>\$ 18,889</u> | <u>\$ 17,129</u> | <u>\$ 1,204</u> | <u>\$ 49,652</u> |

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

VILLAGE OF HOLLOWAY
BELMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

| | <u>Proprietary Fund Type Enterprise</u> |
|---|---|
| Operating Cash Receipts: | |
| Charges for Services | \$ 59,741 |
| Miscellaneous | <u>552</u> |
| Total Operating Cash Receipts | 60,293 |
| | |
| Operating Cash Disbursements: | |
| Personal Services | 27,943 |
| Contractual Services | 11,460 |
| Supplies and Materials | <u>7,046</u> |
| Total Operating Cash Disbursements | <u>46,449</u> |
| Operating Income/(Loss) | 13,844 |
| | |
| Total Non-Operating Cash Receipts | -0- |
| Non-Operating Cash Disbursements: | |
| Debt Service | <u>13,151</u> |
| Total Non-Operating Cash Disbursements | <u>13,151</u> |
| Excess of Non-Operating Receipts Over(under) Non-Operating Disbursements | <u><13,151></u> |
| Net Receipts Over/(Under) Disbursements | 693 |
| Fund Cash Balances, January 1, 2000 | <u>38,711</u> |
| Fund Cash Balances, December 31, 2000 | <u>\$ 39,404</u> |

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

VILLAGE OF HOLLOWAY
BELMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

| | Governmental Funds Types | | | | Total |
|---|--------------------------|--------------------|------------------|---------------------|----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | (Memorandum Only) |
| Cash Receipts: | | | | | |
| Local Taxes | \$ 3,960 | \$ 12,920 | \$ -0- | \$ -0- | 16,880 |
| Intergovernmental | 51,262 | 7,118 | -0- | 105,428 | 163,808 |
| Fines, License and Permits | 35 | -0- | -0- | -0- | 35 |
| Miscellaneous | <u>3,183</u> | <u>195</u> | <u>641</u> | <u>-0-</u> | <u>4,019</u> |
| Total Cash Receipts | 58,440 | 20,233 | 641 | 105,428 | 184,742 |
| Cash Disbursements: | | | | | |
| Security of Persons and Property | 18,233 | 3,243 | -0- | -0- | 21,476 |
| Public Health | 474 | -0- | -0- | -0- | 474 |
| Transportation | 14,797 | 7,319 | -0- | -0- | 22,116 |
| General Government | 25,525 | -0- | -0- | -0- | 25,525 |
| Capital Outlay | 1,054 | 2,077 | -0- | 104,897 | 108,028 |
| Debt Service | <u>3,089</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>3,089</u> |
| Total Cash Disbursements | <u>63,172</u> | <u>12,639</u> | <u>-0-</u> | <u>104,897</u> | <u>180,708</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | < 4,732 > | 7,594 | 641 | 531 | 4,034 |
| Other Financing Receipts/Disbursements: | | | | | |
| Transfers-In | 547 | 547 | -0- | -0- | 1,094 |
| Transfers-Out | < 547 > | < 547 > | -0- | -0- | < 1,094 > |
| Other Sources/(Uses) | <u>3,000</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>3,000</u> |
| Total Other Financing Receipts/ Disbursements: | <u>3,000</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>3,000</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | < 1,732 > | 7,594 | 641 | 531 | 7,034 |
| Fund Cash Balances, January 1, 1999 | <u>6,209</u> | <u>6,573</u> | <u>15,100</u> | <u>2,269</u> | <u>30,151</u> |
| Fund Cash Balances, December 31, 1999 | <u>\$ 4,477</u> | <u>\$ 14,167</u> | <u>\$ 15,741</u> | <u>\$ 2,800</u> | <u>\$ 37,185</u> |

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

VILLAGE OF HOLLOWAY
BELMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

| | <u>Proprietary Fund Type Enterprise</u> |
|---|---|
| Operating Cash Receipts: | |
| Charges for Services | \$ 56,393 |
| Miscellaneous | <u>994</u> |
| Total Operating Cash Receipts | 57,387 |
| Operating Cash Disbursements: | |
| Personal Services | 28,377 |
| Contractual Services | 12,907 |
| Supplies and Materials | <u>7,333</u> |
| Total Operating Cash Disbursements | <u>48,617</u> |
| Operating Income/(Loss) | <u>8,770</u> |
| Non-Operating Cash Receipts: | |
| Other Non-Operating Receipts | -0- |
| Non-Operating Cash Disbursements: | |
| Debt Service | <u>13,151</u> |
| Total Non-Operating Cash Disbursements | <u>13,151</u> |
| Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements | <u><13,151></u> |
| Net Receipts Over/Under Disbursements | < 4,381> |
| Fund Cash Balances, January 1, 1999 | <u>43,092</u> |
| Fund Cash Balances, December 31, 1999 | <u><u>\$ 38,711</u></u> |

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

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Holloway, Belmont 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 general governmental services, including water utilities, and maintenance of Village roads and bridges (public works). The Village contracts with the Holloway Volunteer Fire Department and the Belmont County Sheriff, for fire and police protection, respectively.

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

Certificates of deposit are recorded at cost.

D. Fund Accounting

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

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.

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 license tax money for constructing, maintaining and repairing Village streets.

Police Levy Fund - This fund receives property taxes to provide police protection.

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

Capital Projects Fund

This fund is used to account for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds.)

Enterprise Fund

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 Fund:

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

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. Appropriations lapse at year end.

Estimated Resources

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

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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:

| | <u>2000</u> | <u>1999</u> |
|------------------------|------------------|------------------|
| Dem and Deposits | \$ 36,945 | \$ 48,204 |
| Certificate of Deposit | <u>52,111</u> | <u>27,692</u> |
| Total Deposits | <u>\$ 89,056</u> | <u>\$ 75,896</u> |

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation.

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-----------------|
| General | \$ 57,268 | \$ 59,319 | \$ 2,051 |
| Special Revenue | 23,550 | 25,866 | 2,316 |
| Debt Service | 600 | 1,388 | 788 |
| Capital Projects | -0- | -0- | -0- |
| Enterprise | <u>58,900</u> | <u>60,293</u> | <u>1,393</u> |
| Total | <u>\$ 140,318</u> | <u>\$146,866</u> | <u>\$ 6,548</u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$ 57,380 | \$ 51,366 | \$ 6,014 |
| Special Revenue | 30,590 | 21,144 | 9,446 |
| Debt Service | -0- | -0- | -0- |
| Capital Projects | 1,596 | 1,596 | -0- |
| Enterprise | 63,301 | 59,600 | 3,701 |
| Total | <u>\$ 152,867</u> | <u>\$ 133,706</u> | <u>\$ 19,161</u> |

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

3. Budgetary Activity (Continued)

1999 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|--------------------------|
| General | \$ 56,895 | \$ 61,987 | \$ 5,092 |
| Special Revenue | 18,462 | 20,780 | 2,318 |
| Debt Service | -0- | 641 | 641 |
| Capital Projects | 135,500 | 105,428 | < 30,072> |
| Enterprise | <u>55,300</u> | <u>57,387</u> | <u>2,087</u> |
| Total | <u>\$ 266,157</u> | <u>\$ 246,223</u> | <u><\$ 19,934></u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$ 70,400 | \$ 63,719 | \$ 6,681 |
| Special Revenue | 14,122 | 13,186 | 936 |
| Debt Service | -0- | -0- | -0- |
| Capital Projects | 135,500 | 104,897 | 30,603 |
| Enterprise | <u>79,806</u> | <u>61,768</u> | <u>18,038</u> |
| Total | <u>\$ 299,828</u> | <u>\$ 243,570</u> | <u>\$ 56,258</u> |

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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

5. Debt

Debt outstanding at December 31, 2000 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| General Obligation Note | \$ 5,000 | 10.5% |
| Water Plant Improvement Revenue Bonds | \$186,051 | 4.5% |
| Litigation Settlement | \$ 7,000 | -0- |

The Village maintains a line-of-credit of \$15,000 with a local financial institution. The note is secured with certificates of deposit.

The Water Plant Improvement Bonds were for the construction of a new water plant. The bonds will be repaid in annual installments of \$13, 151, including interest, over twenty-five years. The bonds will be paid from revenues derived by the Village from the operation of the water system.

The Village reached a settlement regarding litigation to which it was a defendant. The settlement required a payment of \$15,000 on February 26, 2000, and seven annual payments of \$1,000 each, payable on or before April 1 each year, beginning in the year 2001 and ending in the year 2007.

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

| <u>Year ending December 31:</u> | <u>General Obligation Note</u> | <u>Revenue Bonds</u> | <u>Litigation Settlement</u> |
|-------------------------------------|--|--------------------------|----------------------------------|
| 2001 | \$ 5,230 | \$ 13,151 | \$ 1,000 |
| 2002 | -0- | 13,151 | 1,000 |
| 2003 | -0- | 13,151 | 1,000 |
| 2004 | -0- | 13,151 | 1,000 |
| 2005 | -0- | 13,151 | 1,000 |
| Subsequent | <u>-0-</u> | <u>228,339</u> | <u>2,000</u> |
| Total | <u>\$ 5,230</u> | <u>\$294,094</u> | <u>\$ 7,000</u> |

VILLAGE OF HOLLOWAY
BELMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

6. Retirement Systems

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. Risk Management

The Village maintains insurance coverage with private carriers for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles

8. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

KNOX & KNOX

Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS.

Holloway Village Council
Village of Holloway
Belmont County
P.O. Box 152
Holloway, Ohio 43985

To the Members of Village Council:

We have audited the financial statements of the Village of Holloway, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 22, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 would 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 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 other matters involving the internal control over financial reporting that we have reported to management of the Village, in a separate letter dated June 22, 2001.

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

KNOX & KNOX

Orrville, Ohio
June 22, 2001

VILLAGE OF HOLLOWAY
 BELMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2000 AND 1999

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i> |
|----------------|---|-------------------------|--|
| 1998-31007-001 | Ohio Revised Code, Section 5705.39 requires that total appropriations not exceed the total estimated resources for each fund. | Fully corrected in 1999 | |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF HOLLOWAY

BELMONT 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 24, 2001**