



**Auditor of State
Betty Montgomery**

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Holiday City
Williams County
14723 County Road M
Holiday City, OH 43543-9786

To the Village Council:

We have audited the accompanying financial statements of the Village of Holiday City, Williams County, (the Village) as of and for the years ended December 31, 2002 and 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 audits.

We conducted our audits 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 audits 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 audits provide 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 2001, 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 July 18, 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 audits.

This report is intended solely for the information and use of the audit committee, management, 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

July 18, 2003

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$313,687				\$313,687
Intergovernmental Receipts	10,768	\$2,519			13,287
Earnings on Investments	4,967	39		\$433	5,439
Miscellaneous	251				251
	<u>329,673</u>	<u>2,558</u>		<u>433</u>	<u>332,664</u>
Cash Disbursements:					
Current:					
Public Health Services	3,788				3,788
Basic Utility Services	139,194				139,194
Transportation		28			28
General Government	78,831				78,831
Debt Service:					
Principal Payments			\$2,927		2,927
Capital Outlay				146,991	146,991
	<u>221,813</u>	<u>28</u>	<u>2,927</u>	<u>146,991</u>	<u>371,759</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>107,860</u>	<u>2,530</u>	<u>(2,927)</u>	<u>(146,558)</u>	<u>(39,095)</u>
Other Financing Receipts and (Disbursements):					
Sale of Bonds or Notes				400,000	400,000
Transfers-In			2,927		2,927
Transfers-Out	(2,927)				(2,927)
	<u>(2,927)</u>				<u>(2,927)</u>
Total Other Financing Receipts and (Disbursements)	<u>(2,927)</u>		<u>2,927</u>	<u>400,000</u>	<u>400,000</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	104,933	2,530		253,442	360,905
Fund Cash Balances, January 1	200,228	2,996			203,224
Fund Cash Balances, December 31	<u>\$305,161</u>	<u>\$5,526</u>		<u>\$253,442</u>	<u>\$564,129</u>
Reserves for Encumbrances, December 31	<u>\$467</u>				<u>\$467</u>

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$212,591			\$212,591
Intergovernmental Receipts	11,306	\$2,148	\$117,064	130,518
Earnings on Investments	7,739	142		7,881
Miscellaneous	11,368			11,368
Total Cash Receipts	<u>243,004</u>	<u>2,290</u>	<u>117,064</u>	<u>362,358</u>
Cash Disbursements:				
Current:				
Public Health Services	3,752			3,752
Basic Utility Services	72,060			72,060
Transportation		4,716		4,716
General Government	74,510			74,510
Capital Outlay	81,943		117,064	199,007
Total Cash Disbursements	<u>232,265</u>	<u>4,716</u>	<u>117,064</u>	<u>354,045</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	10,739	(2,426)		8,313
Fund Cash Balances, January 1	<u>189,489</u>	<u>5,422</u>		<u>194,911</u>
Fund Cash Balances, December 31	<u>\$200,228</u>	<u>\$2,996</u>		<u>\$203,224</u>
Reserves for Encumbrances, December 31				

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

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$4,601,918</u>
Total Operating Cash Receipts	<u>4,601,918</u>
Operating Cash Disbursements:	
Contractual Services	<u>4,547,553</u>
Total Operating Cash Disbursements	<u>4,547,553</u>
Operating Income	54,365
Fund Cash Balances, January 1	<u>49,118</u>
Fund Cash Balances, December 31	<u><u>\$103,483</u></u>
Reserve for Encumbrances, December 31	<u><u> </u></u>

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS 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 Holiday City, Williams 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 electric utilities.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual 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 Fund

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 Fund:

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

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

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Ohio Public Works Commission Loan Fund - This fund receives transfer monies from the General Fund to make debt payments.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Selwyn Drive Fund - This fund receives Ohio Public Works Commission monies to extend the water and sewer lines from Chase Brass to 20/20 Custom Molded Plastics.

New Village Hall Fund - This fund receives note proceeds used to construct a new municipal building.

5. 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 Fund:

Electric Fund - This fund receives payments from the Chase Brass & Copper Company for the use of the Village's electric lines.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level, 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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

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.

A summary of 2002 and 2001 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.

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	\$631,131	\$206,245
STAR Ohio	102,278	100,462
Total deposits and investments	\$733,409	\$306,707

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 and mutual funds 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 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$305,535	\$329,673	\$24,138
Special Revenue	2,140	2,558	418
Debt Service	2,927	2,927	
Capital Projects	400,000	400,433	433
Enterprise	4,605,900	4,034,844	(571,056)
Total	\$5,316,502	\$4,770,435	(\$546,067)

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$505,763	\$225,207	\$280,556
Special Revenue	5,136	28	5,108
Debt Service	2,927	2,927	
Capital Projects	400,000	146,991	253,009
Enterprise	4,709,383	3,969,047	740,336
Total	<u>\$5,623,209</u>	<u>\$4,344,200</u>	<u>\$1,279,009</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,196	\$243,004	\$12,808
Special Revenue	2,100	2,290	190
Capital Projects	158,905	117,064	(41,841)
Enterprise	6,002,000	4,601,918	(1,400,082)
Total	<u>\$6,393,201</u>	<u>\$4,964,276</u>	<u>(\$1,428,925)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$419,685	\$232,265	\$187,420
Special Revenue	7,522	4,716	2,806
Capital Projects	158,905	117,064	41,841
Enterprise	6,051,118	4,547,553	1,503,565
Total	<u>\$6,637,230</u>	<u>\$4,901,598</u>	<u>\$1,735,632</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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$114,138	Zero

The Ohio Public Works Commission Loan (OPWC) loan relates to a water and sewer line extension project from Chase Brass to 20\20 Custom Molded Plastics. The OPWC has approved up to \$158,905 in a loan to the Village for this project. The loan will be repaid in semiannual installments of \$2,927 over 20 years. The payment schedule below is based on the actual \$117,064 that was borrowed to date.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OPWC Loan
2003	\$2,927
2004	5,854
2005	5,854
2006	5,854
2007	5,854
2008 – 2012	29,265
2013 – 2017	29,265
2018 – 2022	29,265
Total	\$114,138

6. RETIREMENT SYSTEM

The Village's elected officials and Administrator 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, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- General liability.
- Errors and omissions.
- UAN Computer.



**Auditor of State
Betty Montgomery**

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

Village of Holiday City
Williams County
14723 County Road M
Holiday City, OH 43543-9786

To the Village Council:

We have audited the accompanying financial statements of the Village of Holiday City, Williams County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 18, 2003. We conducted our audits 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 audits 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 audits, 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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 18, 2003.

Village of Holiday City
Williams County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and 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

July 18, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
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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
AUGUST 21, 2003**