



Dave Yost • Auditor of State

**VILLAGE OF HOLLAND
LUCAS COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Holland
Lucas County
1245 Clarion Avenue
Holland, Ohio 43528-8394

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Holland, Lucas County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Holland, Lucas County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 30, 2017

Village of Holland, Ohio

Lucas County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$43,751			\$43,751
Municipal Income Tax	2,845,667		\$1,219,572	4,065,239
Intergovernmental	77,096	\$98,051	2,395,484	2,570,631
Special Assessments	6,209			6,209
Charges for Services	80,990			80,990
Fines, Licenses and Permits	8,921	4,262		13,183
Earnings on Investments	50,374	5,207	20,495	76,076
Miscellaneous	179,576	1,918	18,103	199,597
<i>Total Cash Receipts</i>	<u>3,292,584</u>	<u>109,438</u>	<u>3,653,654</u>	<u>7,055,676</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,189,422			1,189,422
Public Health Services	43,616			43,616
Leisure Time Activities	71,502			71,502
Community Environment	86,656			86,656
Basic Utility Services	55,422			55,422
Transportation		380,708	138,653	519,361
General Government	543,677		69,099	612,776
Capital Outlay	37,717	1,350	2,934,838	2,973,905
<i>Total Cash Disbursements</i>	<u>2,028,012</u>	<u>382,058</u>	<u>3,142,590</u>	<u>5,552,660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,264,572</u>	<u>(272,620)</u>	<u>511,064</u>	<u>1,503,016</u>
Other Financing Receipts (Disbursements)				
Transfers In		338,546	425,600	764,146
Transfers Out	(338,546)		(425,600)	(764,146)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(338,546)</u>	<u>338,546</u>		
<i>Net Change in Fund Cash Balances</i>	926,026	65,926	511,064	1,503,016
<i>Fund Cash Balances, January 1</i>	<u>9,797,850</u>	<u>962,420</u>	<u>3,927,172</u>	<u>14,687,442</u>
Fund Cash Balances, December 31				
Restricted		962,891		962,891
Committed	235,295	65,455	747,431	1,048,181
Assigned			3,690,805	3,690,805
Unassigned	10,488,581			10,488,581
<i>Fund Cash Balances, December 31</i>	<u>\$10,723,876</u>	<u>\$1,028,346</u>	<u>\$4,438,236</u>	<u>\$16,190,458</u>

See accompanying notes to the basic financial statements

Village of Holland, Ohio
Lucas County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Agency Fund
For the Year Ended December 31, 2016

	<u>Agency</u>
Operating Cash Disbursements	
Contractual Services	\$80,016
Claims	<u>2,839</u>
<i>Operating Loss</i>	<u>(82,855)</u>
Non-Operating Receipts	
Property and Other Local Taxes	1,603,155
Earnings on Investments	1,715
Miscellaneous Receipts	<u>12,624</u>
<i>Total Non-Operating Receipts</i>	<u>1,617,494</u>
<i>Net Change in Fund Cash Balance</i>	1,534,639
<i>Fund Cash Balance, January 1</i>	<u>309,686</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,844,325</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Holland, Lucas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, street maintenance, police and contracted fire and EMS services. The Village appropriates general fund money to support a contract with Springfield Township for fire and EMS services.

The Village participates in a public entity risk pool. Note 9 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:
Ohio Plan Risk Management, Inc

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

B. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the Agency fund, which are organized on a fund type basis.

C. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

E. 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:

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund – This fund receives a portion of income tax revenue to fund major capital projects (e.g., major road constructions, maintenance, and repair), purchases, or cash transfers to other capital project funds.

State Issue 2 Fund – This fund receives transfers from the Capital Projects Fund and Ohio Public Works Commission grant funds for approved major road reconstruction projects.

4. Agency Fund

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Holland – Springfield Joint Economic Development Zone income tax receipts and contractual disbursements.

F. Budgetary Process

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

1. Appropriations

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

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

J. Joint Economic Development Zone

The Village of Holland entered into a joint economic development zone (JEDZ) agreement with Springfield Township in 2014. This JEDZ is located entirely within Springfield Township. In 2014 the voters of Springfield Township approved a ballot issue that authorized the JEDZ and a government board was created. In early 2015 the JEDZ Board enacted a 1.5% income tax on the zone and collection began July 1, 2015. In June, 2015 a lawsuit was filed challenging the validity of this JEDZ. Summary judgment by the Lucas County Common Pleas Court were granted in part and denied in part. At year end the case has not been settled and appeals have been filed.

The JEDZ is governed by a Board of Directors consisting of six (6) members. The Board consists of three (3) members appointed by the Village and three (3) members appointed by the Township. The main source of income is a tax levied upon the income earned by persons working within the JEDZ boundaries and the net profits of businesses located within the zone.

NOTE 2 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2016</u>
Demand deposits	<u>\$5,587,011</u>
Certificates of deposit	<u>9,232,587</u>
Total deposits	<u>14,819,598</u>
STAR Ohio	<u>3,215,185</u>
Total deposits and investments	<u><u>\$18,034,783</u></u>

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

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

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,683,732	\$3,292,584	\$608,852
Special Revenue	441,743	447,984	6,241
Capital Projects	6,193,816	4,079,254	(2,114,562)
Total	<u>\$9,319,291</u>	<u>\$7,819,822</u>	<u>(\$1,499,469)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,010,723	\$2,601,853	\$408,870
Special Revenue	514,002	447,513	66,489
Capital Projects	6,364,077	4,315,621	2,048,456
Total	<u>\$9,888,802</u>	<u>\$7,364,987</u>	<u>\$2,523,815</u>

NOTE 4 - PROPERTY TAX

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

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

NOTE 5 - LOCAL INCOME TAX

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 6 - RETIREMENT SYSTEMS

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

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

The Ohio Revised Code also prescribes contribution rates. In 2016 OP&F participants contributed 12.25% of their wages and the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

NOTE 7 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

NOTE 8 – MISCELLANEOUS REVENUE

General Fund miscellaneous revenue is primarily comprised of utility franchise fees, police security services provided to Springfield School District, and reimbursement of Township millage.

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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 equity at December 31, 2016.

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

	2016
Assets	\$14,765,712
Liabilities	(\$9,531,506)
Members' Equity	\$5,234,206

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, www.ohioplan.org.

NOTE 10 - CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 11 - TAX ABATEMENTS

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures" was effective. This GASB pronouncement had no effect on beginning net position as reported December 31, 2015.

For purposes of GASB Statement No 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4)

The Village of Holland has an active Community Reinvestment Area (CRA). In 2016, eleven (11) parcels participated in this CRA. The purpose of the CRA was to facilitate new commercial construction within the Holland Business Center. Tax abated that effects the Village of Holland is property tax millage. Ordinance No. 30-1989, approved by Village of Holland Council on 7/11/1989 established this CRA. Procedures for abatement include an application to the Village zoning administrator for new construction. Once approved the applications are forwarded to the Lucas County Auditor for abatement. There is no method for recapture of abated taxes by the Village of Holland. Tax abatement recipients commit to new construction of business facilities as established in their application.

In 2016, per the Lucas County Auditor, Village of Holland property taxes totaling \$1,013 were abated by 11 total properties.

No commitments by the Village of Holland, other than to abate taxes, were part of the abatement agreements.

No amounts will be received from other governments in association with the foregone tax revenue.

Village of Holland, Ohio

Lucas County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2015

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$41,358			\$41,358
Municipal Income Tax	2,557,016		\$1,095,864	3,652,880
Intergovernmental	46,752	\$99,796	455,446	601,994
Special Assessments	7,406			7,406
Charges for Services	74,503			74,503
Fines, Licenses and Permits	11,078			11,078
Earnings on Investments	46,731	4,926	17,816	69,473
Miscellaneous	165,403	7,372		172,775
<i>Total Cash Receipts</i>	<u>2,950,247</u>	<u>112,094</u>	<u>1,569,126</u>	<u>4,631,467</u>
Cash Disbursements				
Current:				
Security of Persons and Property	982,581	1,250		983,831
Public Health Services	11,635			11,635
Leisure Time Activities	78,169			78,169
Community Environment	83,637			83,637
Basic Utility Services	59,241			59,241
Transportation		384,954	89,324	474,278
General Government	538,053		20,229	558,282
Capital Outlay	135,359		477,197	612,556
<i>Total Cash Disbursements</i>	<u>1,888,675</u>	<u>386,204</u>	<u>586,750</u>	<u>2,861,629</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,061,572</u>	<u>(274,110)</u>	<u>982,376</u>	<u>1,769,838</u>
Other Financing Receipts (Disbursements)				
Transfers In		343,900	758,580	1,102,480
Transfers Out	(343,900)		(758,580)	(1,102,480)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(343,900)</u>	<u>343,900</u>		
<i>Net Change in Fund Cash Balances</i>	717,672	69,790	982,376	1,769,838
<i>Fund Cash Balances, January 1</i>	<u>9,080,178</u>	<u>892,630</u>	<u>2,944,796</u>	<u>12,917,604</u>
Fund Cash Balances, December 31				
Restricted		891,248		891,248
Committed	353,657	71,172	140,527	565,356
Assigned			3,786,645	3,786,645
Unassigned	9,444,193			9,444,193
<i>Fund Cash Balances, December 31</i>	<u>\$9,797,850</u>	<u>\$962,420</u>	<u>\$3,927,172</u>	<u>\$14,687,442</u>

See accompanying notes to the basic financial statements

Village of Holland, Ohio
Lucas County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Agency Fund
For the Year Ended December 31, 2015

	<u>Agency</u>
Operating Cash Disbursements	
Contractual Services	<u>\$16,297</u>
<i>Operating Loss</i>	<u>(16,297)</u>
Non-Operating Receipts	
Property and Other Local Taxes	325,940
Earnings on Investments	<u>43</u>
<i>Total Non-Operating Receipts</i>	<u>325,983</u>
<i>Net Change in Fund Cash Balance</i>	309,686
<i>Fund Cash Balance, January 1</i>	<u> </u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$309,686</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Holland, Lucas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, street maintenance, police and contracted fire and EMS services. The Village appropriates general fund money to support a contract with Springfield Township for fire and EMS services.

The Village participates in a public entity risk pool. Note 9 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:
Ohio Plan Risk Management, Inc

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

B. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the Agency fund, which are organized on a fund type basis.

C. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

E. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund – This fund receives a portion of income tax revenue to fund major capital projects (e.g., major road constructions, maintenance, and repair), purchases, or cash transfers to other capital project funds.

State Issue 2 Fund – This fund receives transfers from the Capital Projects Fund and Ohio Public Works Commission grant funds for approved major road reconstruction projects.

4. Agency Fund

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Holland – Springfield Joint Economic Development Zone income tax receipts and contractual disbursements.

F. 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-object level of control and appropriations may not exceed

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

J. Joint Economic Development Zone

The Village of Holland entered into a joint economic development zone (JEDZ) agreement with Springfield Township in 2014. This JEDZ is located entirely within Springfield Township. In 2014 the voters of Springfield Township approved a ballot issue that authorized the JEDZ and a government board was created. In early 2015 the JEDZ Board enacted a 1.5% income tax on the zone and collection began July 1, 2015. In June, 2015 a lawsuit was filed challenging the validity of this JEDZ. Summary judgment by the Lucas County Common Pleas Court were granted in part and denied in part. At year end the case has not been settled and appeals have been filed.

The JEDZ is governed by a Board of Directors consisting of six (6) members. The Board consists of three (3) members appointed by the Village and three (3) members appointed by the Township. The main source of income is a tax levied upon the income earned by persons working within the JEDZ boundaries and the net profits of businesses located within the zone.

NOTE 2 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

	<u>2015</u>
Demand deposits	\$4,087,886
Certificates of deposit	8,939,744
Other time deposits (savings account)	<u>250,000</u>
Total deposits	<u>13,277,630</u>
STAR Ohio	<u>1,719,498</u>
Total deposits and investments	<u><u>\$14,997,128</u></u>

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

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

NOTE 3 - Budgetary Activity

Budgetary activity for the year ending 2015 follows:

<u>2015 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$2,693,692	\$2,950,247	\$256,555
Special Revenue	449,415	455,994	6,579
Capital Projects	<u>6,321,868</u>	<u>2,327,706</u>	<u>(3,994,162)</u>
Total	<u><u>\$9,464,975</u></u>	<u><u>\$5,733,947</u></u>	<u><u>(\$3,731,028)</u></u>

<u>2015 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	
	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$3,043,042	\$2,586,232	\$456,810
Special Revenue	507,593	457,375	50,218
Capital Projects	<u>5,360,092</u>	<u>1,485,858</u>	<u>3,874,234</u>
Total	<u><u>\$8,910,727</u></u>	<u><u>\$4,529,465</u></u>	<u><u>\$4,381,262</u></u>

NOTE 4 - PROPERTY TAX

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

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

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

NOTE 5 - LOCAL INCOME TAX

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 6 - RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. From January through June, 2015, OP&F participants contributed 11.5% of their wages. From July through December 2015 OP&F participants contributed 12.25% of their wages and the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

NOTE 7 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

NOTE 8 - MISCELLANEOUS REVENUE

General Fund miscellaneous revenue is primarily comprised of utility franchise fees, police services provided to Springfield School District, and reimbursement of Township millage.

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

VILLAGE OF HOLLAND
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

OPRM coverage programs 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 as of December 31, 2015.

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 equity at December 31, 2015.

	<u>2015</u>
Assets	\$14,643,667
Liabilities	(9,112,030)
Members' Equity	<u>\$5,531,637</u>

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

NOTE 10- CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

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

Village of Holland
Lucas County
1245 Clarion Avenue
Holland, Ohio 43528-8394

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Holland, Lucas County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated November 30, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

November 30, 2017



Dave Yost • Auditor of State

VILLAGE OF HOLLAND

LUCAS 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
DECEMBER 14, 2017