



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of New Holland
10 East Main St
New Holland, OH 43145

We have reviewed the *Independent Auditor's Report* of the Village of New Holland, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 New Holland is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

June 13, 2019

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VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

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 New Holland, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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 such 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 2 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, 2018 and 2017, 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 New Holland, Pickaway County as of December 31, 2018 and 2017, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, 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.



BHM CPA Group, Inc.
Piketon, Ohio
March 22, 2019

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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 Taxes	\$ 24,375	\$ 56,262	\$ -	\$ -	\$ 80,637
Intergovernmental	31,270	44,359	-	12,000	87,629
Special Assessments	264	11,609	-	-	11,873
Charges for Services	-	2,625	-	-	2,625
Fines, Licenses, and Permits	46,322	-	-	-	46,322
Earnings on Investments	3,352	232	-	-	3,584
Miscellaneous	517	2,914	-	-	3,431
Total Cash Receipts	<u>106,100</u>	<u>118,001</u>	<u>-</u>	<u>12,000</u>	<u>236,101</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	74,645	15,639	-	-	90,284
Public Health Services	2,000	27,797	-	-	29,797
Leisure Time Activities	-	16,348	-	-	16,348
Community Environment	170	-	-	-	170
Transportation	-	26,514	-	-	26,514
General Government	56,104	662	-	-	56,766
Capital Outlay	38,240	27,048	-	96,647	161,935
Debt Service:					
Redemption of Principal	1,985	4,278	3,867	-	10,130
Interest and Fiscal Charges	718	590	-	-	1,308
Total Cash Disbursements	<u>173,862</u>	<u>118,876</u>	<u>3,867</u>	<u>96,647</u>	<u>393,252</u>
Excess of Receipts Over/(Under) Disbursements	(67,762)	(875)	(3,867)	(84,647)	(157,151)
Other Financing Receipts (Disbursements):					
Other Debt Proceeds	27,836	-	-	77,344	105,180
Transfers-In	437	-	3,867	17,303	21,607
Transfers-Out	-	(10,170)	-	-	(10,170)
Other Uses	-	-	-	-	-
Total Other Financing Receipts (Disbursements)	<u>28,273</u>	<u>(10,170)</u>	<u>3,867</u>	<u>94,647</u>	<u>116,617</u>
Net Change in Fund Cash Balances	(39,489)	(11,045)	-	10,000	(40,534)
Fund Cash Balances, January 1	<u>132,470</u>	<u>248,037</u>	<u>-</u>	<u>390</u>	<u>380,897</u>
Fund Cash Balances, December 31					
Restricted	-	231,990	-	-	231,990
Committed	-	5,002	-	10,390	15,392
Unassigned (Deficit)	<u>92,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,981</u>
Fund Cash Balances, December 31	<u>\$ 92,981</u>	<u>\$ 236,992</u>	<u>\$ -</u>	<u>\$ 10,390</u>	<u>\$ 340,363</u>

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

VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 494,146	\$ -	\$ 494,146
Miscellaneous	14	-	14
	<u>494,160</u>	<u>-</u>	<u>494,160</u>
Total Operating Cash Receipts	494,160	-	494,160
Operating Cash Disbursements:			
Personal Services	148,775	-	148,775
Employee Fringe Benefits	23,164	-	23,164
Contractual Services	77,919	-	77,919
Supplies and Materials	19,538	-	19,538
Other	4,138	360	4,498
	<u>273,534</u>	<u>360</u>	<u>273,894</u>
Total Operating Cash Disbursements	273,534	360	273,894
Operating Income (Loss)	220,626	(360)	220,266
Non-Operating Receipts (Disbursements)			
Other Non-operating cash receipts	1,736	16	1,752
Capital Outlay	(28,511)	-	(28,511)
Principal Retirement	(40,960)	-	(40,960)
Interest and Fiscal Charges	(31,507)	-	(31,507)
	<u>(99,242)</u>	<u>16</u>	<u>(99,226)</u>
Total Non-Operating Cash Receipts (Disbursements)	(99,242)	16	(99,226)
Income (Loss) before Transfers	121,384	(344)	121,040
Transfers Out	(11,000)	(437)	(11,437)
Net Change in Fund Cash Balances	110,384	(781)	109,603
Fund Cash Balances, January 1	867,466	2,213	869,679
Fund Cash Balances, December 31	<u>\$ 977,850</u>	<u>\$ 1,432</u>	<u>\$ 979,282</u>

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of New Holland (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, community center, and park operations. The Village has reinstated its Police department to provide security of persons and property. The Village contracts with Pic-A-Fay Fire Joint District to receive fire protection services.

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

Note 2 - Summary of Significant Accounting Policies

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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Funds.

Park Fund The park operation and maintenance fund accounts for and reports all financial resources according to the general laws of Ohio.

Community Center Fund The community center operation and maintenance fund accounts for and reports all financial resources according to the general laws of Ohio.

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Street Debt Service – This fund accounts for the expenditure of principal and interest payments related to the North Main Street project.

Capital Project Funds The 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:

Other Capital Projects Fund– The North Main Street project construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction upgrade. These funds are provided through a Grant and Loan from the OPWC. The Total amount of the Grant and Loan will be \$310,180.00.

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

Water Fund- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Fund The Village’s only fiduciary fund includes an agency fund. Agency funds a purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Villages disburses these funds as directed by the individual, organization or other government. The Village’s agency fund accounts for unclaimed monies.

Basis of Accounting

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 Board 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.

Budgetary Process

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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 approve estimated resources.

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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

Capital Assets

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

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.

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:

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

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.

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.

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 New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,510	\$134,373	\$41,863
Special Revenue	128,620	118,001	(10,619)
Debt Service	3,867	3,867	0
Capital Projects	836,317	106,647	(729,670)
Enterprise	535,880	495,896	(39,984)
Fiduciary	0	16	16
Total	\$1,597,194	\$858,800	(\$738,394)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,676	\$173,862	\$1,814
Special Revenue	289,490	129,046	160,444
Debt Service	3,867	3,867	0
Capital Projects	836,573	96,647	739,926
Enterprise	566,436	385,512	180,924
Fiduciary	1,432	797	635
Total	\$1,873,474	\$789,731	\$1,083,743

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – 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>2018</u>
Demand deposits	<u>\$ 1,319,645</u>
Total Deposits	<u><u>\$ 1,319,645</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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.

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

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (most recent information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017 (latest information available). These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Government’s share of these unpaid claims collectible in future years is approximately \$17,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2018 Contributions to PEP</u>
\$ 26,420

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Five employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

Note 8 - Postemployment Benefits

OPERS 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2018.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OPWC Loan CF50I	\$93,799	0.00%
OPWC Loan CT95M	41,600	0.00%
OPWC Loan CQ42U	73,476	0.00%
USDA Loan 91-03	208,000	5.00%
USDA Loan 91-05	488,117	2.50%
USDA Loan 91-07	192,030	2.50%
OWDA Loan 4689	164,550	1.50%
Municipal Finance Ford Credit Lease	18,516	4.75%
First State Bank Government Lease	25,851	4.41%
Total	\$1,305,939	

The Ohio Public Works Commission (OPWC) loan #CT50I relates to the wastewater treatment plant improvements project. The Village received \$170,566 for this project in 2009. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT95M relates to the water tower replacement project. The Village received \$52,000 for this project in 2012. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

During 2007 the Village effectively refinanced its existing OWDA loans (#4103 and #4476) by combining those loans with its OWDA Wastewater Treatment Plant Improvements Project loan (#4689); this new loan was awarded to the Village for an amount of \$215,037. The loan is collateralized by water and sewer receipts. The Village has set utility rates sufficient to cover OWDA debt service requirements.

The USDA Loans were initiated for the construction of the water treatment plant and Water Tower replacement in 1982 and 2012, respectively. The Village received USDA loan 91-03 \$338,000 and two loans for the Water Tower USDA loan 91-05 \$531,000 and USDA loan 91-07 for \$214,000 respectively for these projects. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The USDA loans require the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2016 is \$60,851.

The Ohio Public Works Commission (OPWC) loan #CQ42U relates to the water tower replacement project. The Village received \$77,344 for this project in 2018. The loan is collateralized by water debt receipts.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Amortization

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

Year Ending December 31:	USDA Loans	OPWC Loans	OWDA Loans	Leases
2019	\$50,093	\$14,123	\$8,928	\$12,745
2020	50,127	14,123	8,928	12,745
2021	49,940	14,123	8,928	4,633
2022	50,063	14,123	8,928	4,633
2023	50,148	14,123	8,928	4,633
2024-2028	250,348	70,614	44,640	6,949
2029-2033	250,250	40,789	44,640	0
2034-2038	148,421	26,069	40,176	0
2039-2043	148,504	7,800	0	0
2044-2048	148,351	0	0	0
5049-2053	148,414	0	0	0
Total	<u>\$1,344,659</u>	<u>\$215,887</u>	<u>\$174,096</u>	<u>\$46,338</u>

Note 10 – Leases

The Village leases vehicles under non-cancelable leases. The Village disbursed \$10,815 to pay lease costs for the year ended December 31, 2018

Note 11 – Jointly Governed Organization

Pic-A-Fay Joint Fire District:

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

The Fire District’s three-member Board of Trustees is comprised of one representative from each participating subdivision, with each member having an ongoing financial interest and responsibility proportionate to their interest in the District; each has an equal vote. The Board appoints a clerk to maintain all financial recordkeeping. The District’s financial statements can be obtained by submitting a request to the Pic-A-Fay Joint Fire District, P.O. Box 385, New Holland, Ohio 43145.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2018

New Holland Union Cemetery:

The New Holland Union Cemetery (the Cemetery) is a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three-member Board of Trustees, appointed by the Township and the Village. The Village receives taxes from the County Auditor and then remits those taxes to the Cemetery; taxes disbursed to the Cemetery totaled \$26,700.00 in 2018. The Village also carries their Workers Compensation and paid \$819.46 for their coverage. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 75, New Holland, Ohio 43145.

Note 12 – Related Party Transactions

The village employed the Mayor's son as a Maintenance Worker during the audit period.

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**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 23,562	\$ 57,082	\$ -	\$ 80,644
Intergovernmental	29,707	44,595	273,936	348,238
Special Assessments	770	12,412	-	13,182
Charges for Services	-	2,877	-	2,877
Fines, Licenses, and Permits	32,620	-	-	32,620
Earnings on Investments	1,029	185	-	1,214
Miscellaneous	22,263	5,449	-	27,712
	<u>109,951</u>	<u>122,600</u>	<u>273,936</u>	<u>506,487</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	61,215	12,490	-	73,705
Public Health Services	1,427	24,002	-	25,429
Leisure Time Activities	-	9,533	-	9,533
Community Environment	86	-	-	86
Transportation	-	42,574	-	42,574
General Government	52,152	1,331	-	53,483
Capital Outlay	8,134	17,556	285,046	310,736
Debt Service:				
Redemption of Principal	-	4,083	-	4,083
Interest and Fiscal Charges	-	785	-	785
	<u>123,014</u>	<u>112,354</u>	<u>285,046</u>	<u>520,414</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	(13,063)	10,246	(11,110)	(13,927)
Other Financing Receipts (Disbursements):				
Transfers-In	-	-	11,500	11,500
Transfers-Out	-	(10,000)	-	(10,000)
Other Uses	-	(1,500)	-	(1,500)
	<u>-</u>	<u>(11,500)</u>	<u>11,500</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	(13,063)	(1,254)	390	(13,927)
Fund Cash Balances, January 1	145,533	249,291	-	394,824
	<u>145,533</u>	<u>249,291</u>	<u>-</u>	<u>394,824</u>
Fund Cash Balances, December 31				
Restricted	-	238,921	-	238,921
Committed	-	9,116	390	9,506
Unassigned (Deficit)	132,470	-	-	132,470
	<u>132,470</u>	<u>-</u>	<u>-</u>	<u>132,470</u>
Fund Cash Balances, December 31				
	<u>\$ 132,470</u>	<u>\$ 248,037</u>	<u>\$ 390</u>	<u>\$ 380,897</u>

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

**VILLAGE OF NEW HOLLAND
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 502,215	\$ -	\$ 502,215
Miscellaneous	120	-	120
Total Operating Cash Receipts	<u>502,335</u>	<u>-</u>	<u>502,335</u>
Operating Cash Disbursements:			
Personal Services	151,420	-	151,420
Employee Fringe Benefits	23,052	-	23,052
Contractual Services	89,483	-	89,483
Supplies and Materials	13,424	-	13,424
Other	5,875	-	5,875
Total Operating Cash Disbursements	<u>283,254</u>	<u>-</u>	<u>283,254</u>
Operating Income (Loss)	219,081	-	219,081
Non-Operating Receipts (Disbursements)			
Other Non-operating cash receipts	-	1,258	1,258
Capital Outlay	(30,187)	-	(30,187)
Principal Retirement	(39,928)	-	(39,928)
Interest and Fiscal Charges	(32,481)	-	(32,481)
Total Non-Operating Cash Receipts (Disbursements)	<u>(102,596)</u>	<u>1,258</u>	<u>(101,338)</u>
Income (Loss) before Transfers	116,485	1,258	117,743
Transfers Out	<u>(1,500)</u>	<u>-</u>	<u>(1,500)</u>
Net Change in Fund Cash Balances	114,985	1,258	116,243
Fund Cash Balances, January 1	<u>752,481</u>	<u>955</u>	<u>753,436</u>
Fund Cash Balances, December 31	<u>\$ 867,466</u>	<u>\$ 2,213</u>	<u>\$ -</u>
	<u>\$ 869,679</u>	<u>\$ 869,679</u>	<u>\$ 869,679</u>

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of New Holland (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, community center, and park operations. The Village has reinstated its Police department to provide security of persons and property. The Village contracts with Pic-A-Fay Fire Joint District to receive fire protection services.

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

Note 2 - Summary of Significant Accounting Policies

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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Funds.

Park Fund The park operation and maintenance fund accounts for and reports all financial resources according to the general laws of Ohio.

Community Center Fund The community center operation and maintenance fund accounts for and reports all financial resources according to the general laws of Ohio.

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Capital Project Funds The 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:

Other Capital Projects Fund– The North Main Street project construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction upgrade. These funds are provided through a Grant and Loan from the OPWC. The Total amount of the Grant and Loan will be \$310,180.00.

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

Water Fund- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Fund The Village's only fiduciary fund includes an 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 unclaimed monies.

Basis of Accounting

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 Board 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.

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 or object 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.

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 approve estimated resources.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

Capital Assets

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

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.

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:

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

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.

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.

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.

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,018	\$109,951	\$20,933
Special Revenue	49,190	122,600	73,410
Capital Projects	563,223	285,436	(277,787)
Enterprise	430,451	502,335	71,884
Fiduciary	0	1,258	1,258
Total	\$1,131,882	\$1,021,580	(\$110,302)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,781	\$123,014	\$31,767
Special Revenue	260,648	123,854	136,794
Capital Projects	563,223	285,046	278,177
Enterprise	499,951	387,350	112,601
Fiduciary	900	0	900
Total	\$1,479,503	\$919,264	\$560,239

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – 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>2017</u>
Demand deposits	<u>\$ 1,250,576</u>
Total Deposits	<u><u>\$ 1,250,576</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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.

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

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

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$16,000.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$ 25,533
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Five employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

Note 8 - Postemployment Benefits

OPERS 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CF50I	\$102,328	0.00%
OPWC Loan CT95M	43,334	0%
USDA Loan 91-03	217,000	5.00%
USDA Loan 91-05	496,817	2.50%
USDA Loan 91-07	195,530	2.50%
OWDA Loan 4689	171,196	1.50%
Municipal Finance Ford Credit Lease	<u>25,647</u>	4.75%
Total	<u>\$1,251,852</u>	

The Ohio Public Works Commission (OPWC) loan #CT50I relates to the wastewater treatment plant improvements project. The Village received \$170,566 for this project in 2009. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT95M relates to the water tower replacement project. The Village received \$52,000 for this project in 2012. The loan is collateralized by water debt receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

During 2007 the Village effectively refinanced its existing OWDA loans (#4103 and #4476) by combining those loans with its OWDA Wastewater Treatment Plant Improvements Project loan (#4689); this new loan was awarded to the Village for an amount of \$215,037. The loan is collateralized by water and sewer receipts. The Village has set utility rates sufficient to cover OWDA debt service requirements.

The USDA Loans were initiated for the construction of the water treatment plant and Water Tower replacement in 1982 and 2012, respectively. The Village received USDA loan 91-03 \$338,000 and two loans for the Water Tower USDA loan 91-05 \$531,000 and USDA loan 91-07 for \$214,000 respectively for these projects. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The USDA loans require the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2017 is \$60,851.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Amortization

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

Year Ending December 31:	USDA Loans	OPWC Loans	OWDA Loans	Leases
2018	\$49,598	\$10,256	\$8,928	\$8,113
2019	49,594	10,256	8,928	8,113
2020	49,608	10,256	8,928	8,112
2021	49,388	10,256	8,928	0
2022	49,486	10,256	8,928	0
2023-2027	235,252	51,278	44,640	0
2028-2032	237,023	29,975	44,640	0
2033-2037	162,063	8,667	44,640	0
2038-2042	146,184	8,667	4,464	0
2043-2047	150,163	866		0
2048-2052	154,751	0		0
2053	21,630	0		0
Total	<u>\$1,354,740</u>	<u>\$150,733</u>	<u>\$183,024</u>	<u>\$24,338</u>

Note 10 – Leases

The Village leases vehicles under non-cancelable leases. The Village disbursed \$8,113 to pay lease costs for the year ended December 31, 2017

Note 11 – Jointly Governed Organization

Pic-A-Fay Joint Fire District:

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

The Fire District's three-member Board of Trustees is comprised of one representative from each participating subdivision, with each member having an ongoing financial interest and responsibility proportionate to their interest in the District; each has an equal vote. The Board appoints a clerk to maintain all financial recordkeeping. The District's financial statements can be obtained by submitting a request to the Pic-A-Fay Joint Fire District, P.O. Box 385, New Holland, Ohio 43145.

Village of New Holland
Pickaway County
Notes to the Financial Statements
For the Year Ended December 31, 2017

New Holland Union Cemetery:

The New Holland Union Cemetery (the Cemetery) is a jointly governed organization comprised of Perry Township (the Township) and the Village of New Holland (the Village). The Cemetery is directed by an appointed three-member Board of Trustees, appointed by the Township and the Village. The Village receives taxes from the County Auditor and then remits those taxes to the Cemetery; taxes disbursed to the Cemetery totaled \$23,000.00 in 2017. The Cemetery provides grounds maintenance, grave openings and closings and the sale of lots. The Cemetery's financial statements can be obtained by submitting a request to P.O. Box 75, New Holland, Ohio 43145.

Note 12 – Related Party Transactions

The village employed the Mayor's son as a Maintenance Worker during the audit period.

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

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

To the Village Council:

We have audited, 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 New Holland, Pickaway County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated March 22, 2019 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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

Village's Response to Findings

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

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 report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
March 22, 2019

**Village of New Holland
Pickaway County
Schedule of Findings
December 31, 2018 and 2017**

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2018-001

Financial Statement Presentation – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The following adjustments were noted for the year ended December 31, 2018 and applied to the audited financial statements and the Village's ledgers, as appropriate:

- Reclassify special assessments as Intergovernmental in the amount of \$14,166 in the Capital Projects Fund.
- Reclassify special assessments as Proceeds from Loan in the amount of \$75,178 in the Capital Projects Fund.
- Reclassify Rents and Leases as Principal Payments in the amount of \$1,985 in the General Fund, \$2,164 in the Special Revenue Funds and \$1,442 in the Enterprise Funds.
- Reclassify Rents and Leases as Interest Payments in the amount of \$718 in the General Fund, \$270 in the Special Revenue Funds and \$180 in the Enterprise Funds.
- Recorded the proceeds from First Governmental Lease in the amount of \$24,300.
- Reclassify special assessments as charges for services in the amount of \$69,351 in the Enterprise funds.
- Reclassify the restricted fund balance as committed in the amount of \$10,254 in the Capital Projects fund.

The following adjustments were noted for the year ended December 31, 2017 and applied to the audited financial statements and the Village's ledgers, as appropriate:

- Reclassify special assessments as Intergovernmental in the amount of \$273,936 in the Capital Projects Fund.
- Reclassify Rents and Leases as Principal Payments in the amount of \$4,083 in the Special Revenue Funds and \$2,720 in the Enterprise Funds.
- Reclassify Rents and Leases as Interest Payments in the amount of \$785 in the Special Revenue Funds and \$524 in the Enterprise Funds.
- Reclassify homestead and rollback receipts as intergovernmental revenue rather than property taxes in the amount of \$4,040 in the General Fund and \$6,937 in the Special Revenue Funds.
- Reclassify agency fund receipts as other non-operating receipts rather than special items in the amount of \$1,258.
- Reclassify special assessments as charges for services in the amount of \$76,992 in the Enterprise funds.
- Reclassify the restricted fund balance as committed in the amount of \$254 in the Capital Projects fund.

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. Not posting receipts and disbursements accurately to the ledgers resulted in materially misstated financial statements requiring audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

**Village of New Holland
Pickaway County
Schedule of Findings
December 31, 2018 and 2017**

FINDING NUMBER 2018-001
(Continued)

We recommend the Village's Fiscal Officer take steps to help ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year. In addition, the Village should establish financial recording and reporting control procedures, including review of the ledgers and financial reports by management or council.

Officials' Response: The Village council is given reports monthly which includes Funds, Revenues, Appropriations, Reconciliations and all payments made for the month.

**Village of New Holland
Pickaway County
Schedule of Prior Audit Findings
December 31, 2018 and 2017**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Classification of Revenues-Noncompliance and Material Weakness	Yes	
2016-002	Financial Statement Presentation – Material Weakness	No	Reissued as Finding 2018-001

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF NEW HOLLAND

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2019**