

**VILLAGE OF HOLMESVILLE**  
**HOLMES COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 & 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Members of the Village Council  
Village of Holmesville  
205 S. Millersburg Rd  
Holmesville, OH 44633-0113

We have reviewed the *Independent Auditor's Report* of the Village of Holmesville, Holmes County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Holmesville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 01, 2023

**This page intentionally left blank.**

**VILLAGE OF HOLMESVILLE  
HOLMES COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report .....	1 - 3
Financial Statements:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2022 .....	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2022 .....	5
Notes to the Financial Statements – For the Year Ended December 31, 2022.....	6 - 12
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2021 .....	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2021 .....	14
Notes to the Financial Statements – For the Year Ended December 31, 2021.....	15 - 21
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	22 - 23
Schedule of Findings and Responses.....	24

**This page intentionally left blank.**

## Independent Auditor's Report

Village of Holmesville  
Holmes County  
P.O. Box 113  
Holmesville, Ohio 44633

To the Members of the Village Council:

### **Report on the Audit of the Financial Statements**

#### *Unmodified and Adverse Opinions*

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Holmesville, Holmes County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Holmesville, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

#### *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*" section of our report, the accompanying 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 of Holmesville, as of December 31, 2022 and 2021, or changes in financial position, and cash flows thereof for the years then ended.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are required to be independent of the Village of Holmesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of Holmesville on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Though the Village of Holmesville 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(C) permit. Our opinion on this accounting basis is in the “*Unmodified Opinion on Regulatory Basis of Accounting*” paragraph above.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Holmesville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Holmesville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



Village of Holmesville  
Holmes County  
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Holmesville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023 on our consideration of the Village of Holmesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Holmesville's 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 of Holmesville's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 14, 2023

**Village of Holmesville, Ohio**  
*Holmes County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$17,170	\$13,799	\$30,969
Intergovernmental	23,408	53,638	77,046
Fines, Licenses and Permits	40	-	40
Earnings on Investments	6	276	282
Miscellaneous	7	19,500	19,507
<i>Total Cash Receipts</i>	<u>40,631</u>	<u>87,213</u>	<u>127,844</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	9,944	6,125	16,069
Public Health Services	1,808	-	1,808
Transportation	-	40,333	40,333
General Government	29,851	991	30,842
Interest and Fiscal Charges	-	839	839
<i>Total Cash Disbursements</i>	<u>41,603</u>	<u>48,288</u>	<u>89,891</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(972)</u>	<u>38,925</u>	<u>37,953</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	4,815	4,815
Transfers Out	(4,815)	-	(4,815)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,815)</u>	<u>4,815</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(5,787)	43,740	37,953
<i>Fund Cash Balances, January 1 - restated</i>	<u>6,004</u>	<u>67,931</u>	<u>73,935</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$217</u></u>	<u><u>\$111,671</u></u>	<u><u>\$111,888</u></u>

*See accompanying notes to the financial statements*

**Village of Holmesville, Ohio**  
*Holmes County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2022*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$286,778
Miscellaneous	41
	286,819
<i>Total Operating Cash Receipts</i>	<i>286,819</i>
<b>Operating Cash Disbursements</b>	
Personal Services	12,636
Employee Fringe Benefits	1,683
Contractual Services	90,277
Supplies and Materials	14,093
	118,689
<i>Total Operating Cash Disbursements</i>	<i>118,689</i>
<i>Operating Income (Loss)</i>	<i>168,130</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	110
Principal Retirement	(24,847)
Interest and Other Fiscal Charges	(4,855)
	(29,592)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(29,592)</i>
<i>Income (Loss) before Transfers</i>	<i>138,538</i>
Transfers In	30,000
Transfers Out	(30,000)
<i>Net Change in Fund Cash Balances</i>	<i>138,538</i>
<i>Fund Cash Balances, January 1</i>	<i>255,127</i>
	<i>255,127</i>
<i>Fund Cash Balances, December 31</i>	<i>\$393,665</i>
	<i>\$393,665</i>

*See accompanying notes to the financial statements*

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 1 - Reporting Entity**

The Village of Holmesville, Holmes County, Ohio (the Village) 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 general governmental services, street repair and maintenance, and sewer utilities to the residents of the Village. The Prairie Township provides fire protection services to the Village residents. The Village contracts with the Holmes County Sheriff's Department to provide security of persons and property.

***Public Entity Risk Pool and Jointly Governed Organization***

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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 the proprietary fund type which are all 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 Fund:

***Street Construction, Maintenance and Repair Fund*** This fund accounts for and reports the 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 a portion of the gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of the State Route that runs through the Village.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

***Street Light Fund*** This fund receives money from the real estate tax settlement from a levy that was placed on the ballot and voted on to maintain the street lights within the Village.

***Coronavirus Relief Fund*** This fund received COVID-19 funding for pandemic related disbursements.

***American Rescue Plan Act*** This fund was established in 2021. Funds were received from the federal government passed down to the state passed down to the county auditor's office and then passed to the Village. Total award was approved for the amount of \$42,110 in which 50% of the award was directly deposited into the account held by the Village and is restricted to be used towards specific projects as per the guidelines given by the Treasury Department. Guidelines are subject to change.

***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:

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

***Sewer Reserve Fund*** This fund is used for major purchases of equipment needed at the sewer plant. A monthly transfer is received from the Sewer fund as approved at the beginning of each year.

***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 (C). 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 disbursements 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 (C) permit.

***Budgetary Process***

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

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

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

A summary of 2022 budgetary activity appears in Note 3.

***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.

***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.

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2022 follows:

**2022 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual receipts</b>	<b>Variance</b>
General	\$51,773	\$40,631	(\$11,142)
Special Revenue	\$84,311	\$92,028	\$7,717
Enterprise	\$259,620	\$316,929	\$57,309

**2022 Budgeted vs. Actual Budgetary Basis Disbursements**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Disbursements</b>	<b>Variance</b>
General	\$56,245	\$46,418	\$9,827
Special Revenue	\$137,565	\$48,288	\$89,277
Enterprise	\$416,600	\$178,391	\$238,209

**Note 4 - Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand Deposits	\$483,496
Certificate of Deposit	<u>22,059</u>

Total carrying amount of deposits and investments held in pool \$505,555

The Village does not use a separate payroll clearing account. The disbursements included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding no unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 6 – Risk Management**

***Ohio Plan Risk Management***

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest available information).

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

You can read the completed audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 7 - Defined Benefit Pension Plans**

Some employees of the Village 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, 2022.

***Social Security***

Those Village employees not contributing to OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 - Postemployment Benefits**

OPERS offers 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 OPERS members in the Traditional Pension Plan or Combined Plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022.

**Note 9 - Debt**

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC LOAN # CN35R	\$12,232	0.00%
OPWC LOAN # CN36R	55,426	0.00%
OPWC LOAN # CN32W	21,821	0.00%
OWDA LOAN # 6868	9,031	0.78%
OWDA LOAN # 9313	987,965	0.50%
Total	\$1,086,475	

The Village borrowed \$17,474 in 2016 from Ohio Public Works Commission (OPWC) – Loan #CN35R for the Wastewater Treatment Improvement – Loan 1 project. The interest rate is 0.00% due in semi-annual payments of \$437 through 2036 repaid out of the Sewer Fund (Enterprise fund-type).

The Village borrowed \$79,179 in 2016 from OPWC – Loan #CN36R for the Wastewater Treatment Improvement – Loan 2 project. The interest rate is 0.00% due in semi-annual payments of \$1,979 through 2036 repaid out of the Sewer Fund (Enterprise fund-type).

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

The Village borrowed \$25,178 in 2020 from OPWC – Loan #CN32W for the Jackson, Main, Millersburg and 3<sup>rd</sup> Street Resurfacing project. The interest rate is 0.00% due in semi-annual payments of \$839 through 2035 repaid out of the Street Maintenance and Repair Fund (Special Revenue fund-type).

The Village borrowed \$14,048 beginning in 2016 from the Ohio Water Development Authority (OWDA) project loan number 6868 for the Mechanical Screening Process Upgrade, to be repaid in semi-annual installments of \$360 at a 0.78% interest out of the Sewer Fund (Enterprise fund-type) with the maturity date in 2035.

The Village borrowed \$1,068,000 beginning in 2022 from the OWDA project loan number 9313 for the Refinance of USDA-RD #92-01 Sanitary Sewer & WWTP, to be repaid in semi-annual installments of \$27,286 at a 0.50% interest out of the Sewer Fund (Enterprise fund-type) with the maturity date in 2041.

***Amortization***

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

Year	OPWC #CN35R	OPWC #CN36R	OPWC #CN32W	OWDA #6868	OWDA #9313	Total
2023	\$ 874	\$ 3,959	\$ 1,679	\$ 760	\$ 54,572	\$ 61,844
2024	874	3,959	1,679	760	54,573	61,845
2025	874	3,959	1,679	760	54,572	61,844
2026	874	3,959	1,679	760	54,573	61,845
2027	874	3,959	1,679	3,800	54,573	64,885
2028-2032	4,369	19,795	8,393	2,660	272,860	308,077
2033-2037	3,495	15,836	5,036		327,433	351,800
2038-2042			-		163,717	163,717
	<u>\$ 12,234</u>	<u>\$ 55,426</u>	<u>\$ 21,824</u>	<u>\$ 9,500</u>	<u>\$ 1,036,873</u>	<u>\$ 1,135,857</u>

**Note 10 - Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 - Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village had no outstanding encumbrances at December 31, 2022.

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Village of Holmesville, Ohio**  
*Holmes County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,112	\$10,546	\$28,658
Intergovernmental	33,813	55,224	89,037
Earnings on Investments	2	29	31
<i>Total Cash Receipts</i>	<u>51,927</u>	<u>65,799</u>	<u>117,726</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	7,048	4,508	11,556
Public Health Services	4,137	-	4,137
Transportation	-	56,983	56,983
General Government	32,723	36,319	69,042
Interest and Fiscal Charges	-	2,518	2,518
<i>Total Cash Disbursements</i>	<u>43,908</u>	<u>100,328</u>	<u>144,236</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,019</u>	<u>(34,529)</u>	<u>(26,510)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	9,411	9,411
Transfers Out	(9,411)	-	(9,411)
Other Financing Uses	(15)	-	(15)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,426)</u>	<u>9,411</u>	<u>(15)</u>
<i>Net Change in Fund Cash Balances</i>	(1,407)	(25,118)	(26,525)
<i>Fund Cash Balances, January 1</i>	<u>7,370</u>	<u>93,049</u>	<u>100,419</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,963</u>	<u>\$67,931</u>	<u>\$73,894</u>

*See accompanying notes to the financial statements*

**Village of Holmesville, Ohio**  
*Holmes County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$240,800
Miscellaneous	20
	240,820
<i>Total Operating Cash Receipts</i>	<i>240,820</i>
<b>Operating Cash Disbursements</b>	
Personal Services	10,950
Employee Fringe Benefits	1,389
Contractual Services	91,729
Supplies and Materials	17,540
	121,608
<i>Total Operating Cash Disbursements</i>	<i>121,608</i>
<i>Operating Income (Loss)</i>	<i>119,212</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	1,759
Earnings on Investments	1,410
Loans Issued	1,016,808
Capital Outlay	(37,797)
Principal Retirement	(1,040,725)
Interest and Other Fiscal Charges	(28,181)
Other Financing Uses	(99)
	(86,825)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(86,825)</i>
<i>Income (Loss) before Transfers</i>	<i>32,387</i>
Transfers In	55,000
Transfers Out	(55,000)
	32,387
<i>Net Change in Fund Cash Balances</i>	<i>32,387</i>
<i>Fund Cash Balances, January 1</i>	<i>222,741</i>
<i>Fund Cash Balances, December 31</i>	<i>\$255,128</i>

*See accompanying notes to the financial statements*

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 1 - Reporting Entity**

The Village of Holmesville, Holmes County, Ohio (the Village) 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 general governmental services, street repair and maintenance, and sewer utilities to the residents of the Village. The Prairie Township provides fire protection services to the Village residents. The Village contracts with the Holmes County Sheriff's Department to provide security of persons and property.

***Public Entity Risk Pool and Jointly Governed Organization***

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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 the proprietary fund type which are all 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 Fund:

***Street Construction, Maintenance and Repair Fund*** This fund accounts for and reports the portion of the state gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Coronavirus Relief Fund*** This fund received COVID-19 funding for pandemic related disbursements.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**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:

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

**Sewer Reserve Fund** This fund is used for major purchases of equipment needed at the sewer plant. A monthly transfer is received from the Sewer fund as approved at the beginning of each year.

***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 (C). 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 disbursements 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 (C) permit.

***Budgetary Process***

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

**Appropriations** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

***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.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

***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.

***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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2021 follows:

**2021 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual receipts</b>	<b>Variance</b>
General	\$50,868	\$51,927	\$1,059
Special Revenue	\$76,668	\$75,210	(\$1,458)
Enterprise	\$1,275,118	\$1,315,797	\$40,679

**2021 Budgeted vs. Actual Budgetary Basis Disbursements**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Disbursements</b>	<b>Variance</b>
General	\$56,369	\$53,334	\$ 3,035
Special Revenue	\$131,278	\$100,328	\$30,950
Enterprise	\$1,362,824	\$1,283,410	\$79,414

**Note 4 - Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand Deposits	\$307,076
Certificate of Deposit	<u>21,948</u>

Total carrying amount of  
deposits and investments held in pool \$329,024

The Village does not use a separate payroll clearing account. The disbursements included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding no unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 6 – Risk Management**

***Ohio Plan Risk Management***

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

You can read the completed audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

---

**Note 7 - Defined Benefit Pension Plans**

Some employees of the Village 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, 2021.

***Social Security***

Those Village employees not contributing to OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 8 - Postemployment Benefits**

OPERS offers 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 OPERS members in the Traditional Pension Plan or Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021.

**Note 9 - Debt**

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC LOAN # CN35R	\$12,669	0.00%
OPWC LOAN # CN36R	57,405	0.00%
OPWC LOAN # CN32W	22,660	0.00%
OWDA LOAN # 6868	8,954	0.78%
OWDA LOAN # 9313	1,010,396	0.50%
Total	<u>\$1,112,084</u>	

The Village borrowed \$17,474 in 2016 from Ohio Public Works Commission (OPWC) – Loan #CN35R for the Wastewater Treatment Improvement – Loan 1 project. The interest rate is 0.00% due in semi-annual payments of \$437 through 2036 repaid out of the Sewer Fund (Enterprise fund-type).

The Village borrowed \$79,179 in 2016 from OPWC – Loan #CN36R for the Wastewater Treatment Improvement – Loan 2 project. The interest rate is 0.00% due in semi-annual payments of \$1,979 through 2036 repaid out of the Sewer Fund (Enterprise fund-type).

**Village of Holmesville**  
*Holmes County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

The Village borrowed \$25,178 in 2020 from OPWC – Loan #CN32W for the Jackson, Main, Millersburg and 3<sup>rd</sup> Street Resurfacing project. The interest rate is 0.00% due in semi-annual payments of \$839 through 2035 repaid out of the Street Maintenance and Repair Fund (Special Revenue fund-type).

The Village borrowed \$14,048 beginning in 2016 from the Ohio Water Development Authority (OWDA) project loan number 6868 for the Mechanical Screening Process Upgrade, to be repaid in semi-annual installments of \$360 at a 0.78% interest out of the Sewer Fund (Enterprise fund-type) with the maturity date in 2035.

The Village borrowed \$1,068,000 beginning in 2022 from the OWDA project loan number 9313 for the Refinance of USDA-RD #92-01 Sanitary Sewer & WWTP, to be repaid in semi-annual installments of \$27,286 at a 0.50% interest out of the Sewer Fund (Enterprise fund-type) with the maturity date in 2041.

***Amortization***

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

Year	OPWC #CN35R	OPWC #CN36R	OPWC #CN32W	OWDA #6868	OWDA #9313	Total
2022	\$ 874	\$ 1,979	\$ 839	\$ 760	\$ 54,572	\$ 59,024
2023	874	3,959	1,679	760	54,573	61,845
2024	874	3,959	1,679	760	54,572	61,844
2025	874	3,959	1,679	760	54,573	61,845
2026	874	3,959	1,679	3,800	54,573	64,885
2027-2031	4,369	19,795	9,232	2,660	272,861	308,917
2032-2036	3,932	19,795	5,875		272,860	302,462
2037-2041			-		245,575	245,575
	<u>\$ 12,671</u>	<u>\$ 57,405</u>	<u>\$ 22,662</u>	<u>\$ 9,500</u>	<u>\$ 1,064,159</u>	<u>\$ 1,166,397</u>

**Note 10 - Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 - Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village had no outstanding encumbrances at December 31, 2021.

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Village of Holmesville  
Holmes County  
P.O. Box 113  
Holmesville, Ohio 44633

To the Members of the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Holmesville, Holmes County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated July 14, 2023, wherein we noted as described in Note 2 to the financial statements, the Village of Holmesville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village of Holmesville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Holmesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Holmesville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Holmesville's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Village of Holmesville

Holmes County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Holmesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Village of Holmesville's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village of Holmesville's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Holmesville's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Holmesville's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Holmesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

July 14, 2023

**VILLAGE OF HOLMESVILLE  
HOLMES COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2021-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

- During 2021, principal disbursements were increased \$23,917 and interest was decreased \$23,917.
- During 2021, the Village improperly recorded \$65,416 of a certificate of deposit closing proceeds as intergovernmental receipts in the Sewer Operating Fund (Enterprise Fund Type) and other financing uses in the Enterprise Debt Service Reserve (Enterprise Fund Type). These amounts should not have been recorded.
- During 2021, the Village refinanced an U.S. Department of Agriculture loan to an OWDA loan. The following was recorded to properly record this transaction in the Sewer Operating Fund (Enterprise Fund Type): intergovernmental receipts were decreased \$6,412, other financing uses were decreased \$6,412, principal retirement disbursements were increased \$1,016,808, and loans issued was increased \$1,016,808.
- During 2022, the Village improperly recorded \$24,847 of loan principal disbursements as interest disbursements in the Sewer Operating Fund (Enterprise Fund Type).

The financial statements and notes have been adjusted to properly report the activity as well as the Village's accounting system.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HOLMESVILLE**

**HOLMES COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/14/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)