

**VILLAGE OF HOLLANSBURG**

DAYTON REGION, DARKE COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Hollansburg

We have reviewed the Independent Auditor's Report of the Village of Hollansburg, Darke County, prepared by Vanderhorst & Manning CPAs, LLC for the audit period January 1, 2002 through December 31, 2003. 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 Hollansburg is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 18, 2004

**This Page is Intentionally Left Blank.**

VILLAGE OF HOLLANSBURG  
DARKE COUNTY

TABLE OF CONTENTS

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Report of Independent Auditors'  | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes<br>in Fund Cash Balances – All Governmental Fund Types<br>- For the Year Ended December 31, 2003 | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes<br>in Fund Cash Balances – All Governmental Fund Types<br>- For the Year Ended December 31, 2002 | 4           |
| Notes to the Financial Statements  | 5 - 8       |
| Report of Independent Accountants' on Compliance and On Internal<br>Control Required By <i>Government Auditing Standards</i>   | 10          |



**Vanderhorst & Manning CPAs, LLC**  
**6105 North Dixie Drive**  
**Dayton, Ohio 45414**

**REPORT OF INDEPENDENT AUDITORS'**

Village Council  
Village of Hollansburg  
P.O. Box 48  
Hollansburg, Ohio 45332

We have audited the accompanying financial statements of the Village of Hollansburg, Darke County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hollansburg, Darke County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report on considering the results of our audit.

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

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

June 3, 2004

**This page intentionally left blank**



**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

|  | GOVERNMENTAL FUND TYPES |                        |                     | Total<br>(Memorandum<br>Only) |
|--|-------------------------|------------------------|---------------------|-------------------------------|
|  | General                 | Special<br>Revenue     | Capital<br>Projects |                               |
| <b>Cash Receipts:</b>                        |                         |                        |                     |                               |
| Taxes  | \$ 14,177               | \$ 7,529               | \$ 0                | \$ 21,706                     |
| Intergovernmental Receipts                   | 51,105                  | 8,049                  | 29,599              | 88,753                        |
| Interest                                     | 243                     | 0                      | 0                   | 243                           |
| Miscellaneous                                | <u>1,773</u>            | <u>270</u>             | <u>0</u>            | <u>2,043</u>                  |
| Total Cash Receipts                          | <u>\$ 67,298</u>        | <u>\$ 15,848</u>       | <u>\$ 29,599</u>    | <u>\$ 112,745</u>             |
| <b>Cash Disbursements:</b>                   |                         |                        |                     |                               |
| General Government                           | \$ 14,755               | \$ 0                   | \$ 0                | \$ 14,755                     |
| Security of Persons and Property             | 13,910                  | 5,647                  | 0                   | 19,557                        |
| Public Health Services                       | 630                     | 0                      | 0                   | 630                           |
| Leisure Time Activities                      | 8,830                   | 0                      | 0                   | 8,830                         |
| Basic Utility Services                       | 15,009                  | 0                      | 0                   | 15,009                        |
| Transportation                               | 4,346                   | 7,034                  | 0                   | 11,380                        |
| Capital Outlay                               | <u>0</u>                | <u>3,688</u>           | <u>29,599</u>       | <u>33,287</u>                 |
| Total Cash Disbursements                     | <u>\$ 57,480</u>        | <u>\$ 16,369</u>       | <u>\$ 29,599</u>    | <u>\$ 103,448</u>             |
| Total Receipts Over/ (Under) Disbursements   | \$ 9,818                | \$ (521)               | \$ 0                | \$ 9,297                      |
| <b>Fund Cash Balances, January 1, 2003</b>   | <u>12,033</u>           | <u>9,663</u>           | <u>0</u>            | <u>21,696</u>                 |
| <b>Fund Cash Balances, December 31, 2003</b> | <u><u>\$ 21,851</u></u> | <u><u>\$ 9,142</u></u> | <u><u>\$ 0</u></u>  | <u><u>\$ 30,993</u></u>       |

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

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

|  | GOVERNMENTAL FUND TYPES |                    |                     | Total<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|---------------------|-------------------------------|
|  | General                 | Special<br>Revenue | Capital<br>Projects |                               |
| <b>Cash Receipts:</b>                        |                         |                    |                     |                               |
| Taxes  | \$ 14,451               | \$ 9,697           | \$ 0                | \$ 24,148                     |
| Intergovernmental Receipts                   | 48,860                  | 7,317              | 288,285             | 344,462                       |
| Interest                                     | 687                     | 0                  | 0                   | 687                           |
| Miscellaneous                                | 1,026                   | 122                | 0                   | 1,148                         |
| Total Cash Receipts                          | <u>\$ 65,024</u>        | <u>\$ 17,136</u>   | <u>\$ 288,285</u>   | <u>\$ 370,445</u>             |
| <b>Cash Disbursements:</b>                   |                         |                    |                     |                               |
| General Government                           | \$ 18,618               | \$ 0               | \$ 0                | \$ 18,618                     |
| Security of Persons and Property             | 11,784                  | 13,164             | 0                   | 24,948                        |
| Public Health Services                       | 702                     | 0                  | 0                   | 702                           |
| Leisure Time Activities                      | 4,824                   | 0                  | 0                   | 4,824                         |
| Basic Utility Services                       | 16,544                  | 0                  | 0                   | 16,544                        |
| Transportation                               | 4,451                   | 7,162              | 0                   | 11,613                        |
| Capital Outlay                               | 28,385                  | 6,211              | 288,285             | 322,881                       |
| Total Cash Disbursements                     | <u>\$ 85,308</u>        | <u>\$ 26,537</u>   | <u>\$ 288,285</u>   | <u>\$ 400,130</u>             |
| Total Receipts Over/ (Under) Disbursements   | \$ (20,284)             | \$ (9,401)         | \$ 0                | \$ (29,685)                   |
| <b>Fund Cash Balances, January 1, 2002</b>   | <u>32,317</u>           | <u>19,064</u>      | <u>0</u>            | <u>51,381</u>                 |
| <b>Fund Cash Balances, December 31, 2002</b> | <u>\$ 12,033</u>        | <u>\$ 9,663</u>    | <u>\$ 0</u>         | <u>\$ 21,696</u>              |

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Hollansburg of Darke County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations, leisure time activities, and police services. The Village contracts with the Darke County Sheriff's Office to provide security of persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village does not have any investments as of December 31, 2003. All funds are maintained in a general checking account.

**D. Fund Accounting**

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

**General Fund:**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds:**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Fund Accounting** (Continued)

**Special Revenue Funds:** (Continued)

**Law Enforcement Fund** - Receives money from semiannual tax settlements from the county auditor and is used to pay the expenses related to providing security of persons and property.

**E. Budgetary Process**

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

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

**NOTES TO THE FINACIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

|                 | 2003             | 2002             |
|-----------------|------------------|------------------|
| Demand deposits | <u>\$ 30,993</u> | <u>\$ 21,696</u> |

**Deposits:**

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2003, and 2002 was as follows:

**2003 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance          |
|-----------------|----------------------|--------------------|-------------------|
| General         | \$ 66,500            | \$ 67,298          | \$ 798            |
| Special Revenue | 14,900               | 15,848             | 948               |
| Capital Project | <u>37,515</u>        | <u>29,599</u>      | <u>(7,916)</u>    |
| Total           | <u>\$118,915</u>     | <u>\$112,745</u>   | <u>\$ (6,170)</u> |

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|-----------------|----------------------------|---------------------------|------------------|
| General         | \$ 78,533                  | \$ 57,480                 | \$ 21,053        |
| Special Revenue | 24,564                     | 16,369                    | 8,195            |
| Capital Project | <u>37,515</u>              | <u>29,599</u>             | <u>7,916</u>     |
| Total           | <u>\$140,612</u>           | <u>\$103,448</u>          | <u>\$ 37,164</u> |

**2002 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance          |
|-----------------|----------------------|--------------------|-------------------|
| General         | \$ 74,680            | \$ 65,024          | \$ ( 9,656)       |
| Special Revenue | 16,150               | 17,136             | ( 986)            |
| Capital Project | <u>325,800</u>       | <u>288,285</u>     | <u>(37,515)</u>   |
| Total           | <u>\$416,630</u>     | <u>\$370,445</u>   | <u>\$(46,185)</u> |

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|-----------------|----------------------------|---------------------------|------------------|
| General         | \$104,998                  | \$ 85,308                 | \$ 19,690        |
| Special Revenue | 34,611                     | 26,537                    | 8,074            |
| Capital Project | <u>325,800</u>             | <u>288,285</u>            | <u>37,515</u>    |
| Total           | <u>\$465,409</u>           | <u>\$400,130</u>          | <u>\$ 65,279</u> |

**VILLAGE OF HOLLANSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

---

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2003, the Village has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

In 2003 and 2002, the Village had obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

**This page intentionally left blank**

**Vanderhorst & Manning CPAs, LLC  
6105 North Dixie Drive  
Dayton, Ohio 45414**

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

Village Council  
Village of Hollansburg  
P.O. Box 48  
Hollansburg, Ohio 45332

We have audited the financial statements of the Village of Hollansburg, Darke County (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 3, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated June 3, 2004.

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

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

June 3, 2004





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF HOLLANSBURG**

**DARKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2004**