

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Holmesville
P.O. Box 113
Holmesville, Ohio 44633

We have reviewed the *Independent Accountants' Report* of the Village of Holmesville, Holmes County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 3, 2009

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**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Village of Holmesville
Holmes County
P. O. Box 113
Holmesville OH 44633

We have audited the accompanying financial statements of the Village of Holmesville, Holmes County, as of and for the years ended December 31, 2008 and 2007. 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 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. 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair representation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Holmesville's combined funds as of December 31, 2008 and 2007, and their changes in financial position.

Village of Holmesville
Holmes County
Independent Accountants' Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Holmesville, Holmes County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2009, on our consideration of the Village of Holmesville's internal control structure over financial reporting and our tests of its compliance certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

KNOX & KNOX

Orrville Ohio
June 22, 2009

VILLAGE OF HOLMESVILLE
HOLMES COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	<u>\$170,349</u>	<u>\$132,723</u>
Total Cash and Cash Equivalents	<u>170,349</u>	<u>132,723</u>
CASH FUND BALANCES		
Governmental Fund Types:		
General Fund	25,632	11,034
Special Revenue Funds	<u>53,044</u>	<u>38,638</u>
Total Governmental Funds	<u>78,676</u>	<u>49,672</u>
Proprietary Fund Types		
Enterprise Funds	<u>91,673</u>	<u>83,051</u>
Total Proprietary Fund Types	<u>91,673</u>	<u>83,051</u>
TOTAL CASH FUND BALANCES	<u>\$170,349</u>	<u>\$132,723</u>

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:			
Property Tax and Other Local Taxes	\$16,439	\$8,161	\$24,600
Intergovernmental Receipts	36,185	24,558	60,743
Fees, Licenses, and Permits	74		74
Earnings on Investments	734	9	743
Miscellaneous	12,531		12,531
Total Cash Receipts	65,963	32,728	98,691
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	6,259	3,807	10,066
Public Health Services	1,336		1,336
Leisure Time Activities	196		196
Transportation		18,515	18,515
General Government	38,339		38,339
Total Cash Disbursements	46,130	22,322	68,452
Total Cash Receipts Over/(Under) Cash Disbursements	19,833	10,406	30,239
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Transfers-In		4,000	4,000
Transfers-Out	(5,235)		(5,235)
Total Other Financing Receipts (Disbursements)	(5,235)	4,000	(1,235)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements			
	14,598	14,406	29,004
Cash Fund Balances, January 1	11,034	38,638	49,672
CASH FUND BALANCES, DECEMBER 31	\$25,632	\$53,044	\$78,676
Reserves for Encumbrances	\$85	\$32	\$117

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

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Enterprise</u>
OPERATING CASH RECEIPTS	
Charges for Services	\$168,457
Miscellaneous	2,767
	<u>171,224</u>
OPERATING CASH DISBURSEMENTS	
Personal Services	25,156
Employee Fringe Benefits	4,105
Contractual Services	29,660
Supplies and Materials	15,217
	<u>74,138</u>
Total Cash Disbursements	<u>74,138</u>
Operating Income/(Loss)	<u>97,086</u>
NON-OPERATING CASH RECEIPTS/DISBURSEMENTS	
Earnings on Investments	930
Redemption of Principal	(25,274)
Interest and Other Fiscal Charges	(65,355)
	<u>(89,699)</u>
Total Other Financing Receipts (Disbursements)	(89,699)
Income /(Loss) Before Interfund Transfers and Advances	7,387
Transfers-In	97,235
Transfers-Out	(96,000)
	<u>8,622</u>
Net Receipts Over/(Under) Disbursements	8,622
Fund Cash Balances, January 1	<u>83,051</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$91,673</u></u>
Reserves for Encumbrances	<u><u>\$191</u></u>

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

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:			
Property Tax and Other Local Taxes	\$15,664	\$159	\$15,823
Intergovernmental Receipts	27,677	21,464	49,141
Fees, Licenses, and Permits	14		14
Earnings on Investments	814	1,016	1,830
Miscellaneous	1,370		1,370
Total Cash Receipts	45,539	22,639	68,178
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	6,207	3,668	9,875
Public Health Services	1,286		1,286
Leisure Time Activities	366		366
Transportation		20,863	20,863
General Government	33,434		33,434
Total Cash Disbursements	41,293	24,531	65,824
Total Cash Receipts Over/(Under) Cash Disbursements	4,246	(1,892)	2,354
OTHER FINANCING RECEIPTS (DISBURSEMENTS)			
Transfers-In		4,000	4,000
Transfers-Out	(4,689)		(4,689)
Total Other Financing Receipts (Disbursements)	(4,689)	4,000	(689)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements			
	(443)	2,108	1,665
Cash Fund Balances, January 1	11,478	36,530	48,008
CASH FUND BALANCES, DECEMBER 31	\$11,035	\$38,638	\$49,673
Reserves for Encumbrances	\$125	\$32	\$157

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

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Enterprise</u>
OPERATING CASH RECEIPTS	
Charges for Services	\$166,571
Total Cash Receipts	166,571
OPERATING CASH DISBURSEMENTS	
Personal Services	24,721
Employee Fringe Benefits	6,076
Contractual Services	31,597
Supplies and Materials	4,945
Total Cash Disbursements	67,339
Operating Income/(Loss)	99,232
NON-OPERATING CASH RECEIPTS/DISBURSEMENTS	
Earnings on Investments	858
Redemption of Principal	(24,474)
Interest and Other Fiscal Charges	(59,679)
Total Other Financing Receipts (Disbursements)	(83,295)
Income /(Loss) Before Interfund Transfers and Advances	15,937
Transfers-In	103,097
Transfers-Out	(102,407)
Net Receipts Over/(Under) Disbursements	16,627
Fund Cash Balances, January 1	66,424
FUND CASH BALANCES, DECEMBER 31	\$83,051
Reserves for Encumbrances	\$371

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

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Holmesville, Holmes County, (the Village) is a body of 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 government and sewer services. The Village contracts with the Holmes County Sheriff's Department to provide security of persons and property. The Prairie Township Volunteer Fire Department provides fire protection services to the Village residents.

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

B. Basis of Accounting

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

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

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue 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 HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Street Light Levy Fund - This fund receives levy monies for the operation of the Village's street lights.

3. Enterprise Funds

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

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Debt Reserve Fund - This fund receives monies pursuant to existing debt covenants.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the department, division, or office level of control and within each the amounts appropriated for personal services. The 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

2. EQUITY IN POOLED CASH

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:

	2008	2007
Demand deposits	\$111,955	\$95,928
Certificates of deposit	58,394	36,795
Total deposits	\$170,349	\$132,723

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$44,971	\$65,963	\$20,992
Special Revenue	37,815	36,728	(1,087)
Enterprise	255,164	269,388	14,224
Total	\$337,950	\$372,079	\$34,129

Fund Type	2008 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,177	\$51,450	\$3,727
Special Revenue	50,664	22,354	28,310
Enterprise	266,977	260,958	6,019
Total	\$372,818	\$334,762	\$38,056

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

3. Budgetary Activity (Continued)

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$46,542	\$45,639	(\$903)
Special Revenue	32,145	26,639	(5,506)
Enterprise	270,920	270,495	(425)
Total	\$349,607	\$342,773	(\$6,834)

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,910	\$46,107	\$5,803
Special Revenue	42,380	24,563	17,817
Enterprise	264,597	254,270	10,327
Total	\$358,887	\$324,940	\$33,947

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 114,707	0.00%
USDA Mortgage Revenue Bonds	1,294,500	4.35-4.75%
Total	\$ 1,409,207	

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

5. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan relates to a sanitary sewer and wastewater treatment plant construction project. The OPWC approved \$199,190 in an interest-free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$4,987, over 20 years. The loan is collateralized by sewer charges for services receipts.

The USDA Rural Development Mortgage Revenue Bonds were obtained for the purpose of paying for the costs of constructing improvements to the Village's sewer system. The issuance was approved in the amount of \$1,305,000. The bonds are to be repaid annually over 40 years. The Village has established sewer rates sufficient to retire the Mortgage Revenue Bonds. In 2004, the Village obtained an additional \$70,000 for the purpose of settling a dispute with a contractor to be repaid annually over 40 years with a per annum interest rate of 4.35%.

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

Year Ending December 31	OPWC Loan		
	Principal	Interest	Totals
2009	\$9,974		\$9,974
2010	9,975		9,975
2011	9,974		9,974
2012	9,975		9,975
2013	9,975		9,975
2014-2018	49,872		49,872
2019-2023	14,962		14,962
	<u>\$114,707</u>		<u>\$114,707</u>

Year Ending December 31	Mortgage Revenue Bonds		
	Principal	Interest	Totals
2009	\$16,000	\$61,684	\$77,684
2010	16,600	61,084	77,684
2011	17,600	60,184	77,784
2013	18,300	59,484	77,784
2013	19,200	58,584	77,784
2014-2018	110,500	279,320	389,820
2019-2023	139,400	251,720	391,120
2024-2028	175,500	217,220	392,720
2029-2033	221,200	173,520	394,720
2034-2038	278,900	118,320	397,220
2039-2043	277,700	45,536	323,236
2044-2048	3,600	0	3,600
	<u>\$1,294,500</u>	<u>\$1,386,656</u>	<u>\$2,681,156</u>

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

6. RETIREMENT SYSTEM

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

Contributions rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OPERS members contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks.

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Inland marine.

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 44633-0133

To the Village Council:

We have audited the accompanying financial statements of the Village of Holmesville, Holmes County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 22, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses. However, we noted other matters that we reported to the Village's management in a separate letter dated June 22, 2009.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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, providing an opinion 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 that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
June 22, 2009

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly different Corrective Action Taken; or Finding No Longer Valid: <i>Explain</i>
2006-001	Ohio Rev. Code Section 5705.41(B) - expenditures exceeded appropriations.	Yes	No longer valid.
2006-002	USDA requires accrual basis of accounting	Yes	No longer valid.



Mary Taylor, CPA
Auditor of State

VILLAGE OF HOLMESVILLE

HOLMES COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2009**