



**VILLAGE OF HOYTVILLE
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF HOYTVILLE
WOOD COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Hoytville
Wood County
P. O. Box 135
Hoytville, Ohio 43529-0135

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 2, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hoytville
Wood County
P. O. Box 135
Hoytville, Ohio 43529-0135

To the Village Council:

We have audited the accompanying financial statements of the Village of Hoytville, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The

Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 presentation 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

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 Hoytville, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 2, 2010

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$6,809	\$1,851	\$8,660
Intergovernmental	14,584	10,468	25,052
Special Assessments		9,612	9,612
Charges for Services	100		100
Rental Income	7,220		7,220
Earnings on Investments	113		113
Miscellaneous	1,457		1,457
	<u>30,283</u>	<u>21,931</u>	<u>52,214</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,875		2,875
Leisure Time Activities	1,253		1,253
Community Environment	34	38	72
Basic Utility Service		114	114
General Government	26,865		26,865
Capital Outlay	20,000	12,591	32,591
	<u>51,027</u>	<u>12,743</u>	<u>63,770</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(20,744)</u>	<u>9,188</u>	<u>(11,556)</u>
Other Financing Receipts			
Proceeds from Sale of Public Debt:			
Other Debt Proceeds	20,000		20,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(744)	9,188	8,444
Fund Cash Balances, January 1	<u>48,845</u>	<u>24,433</u>	<u>73,278</u>
Fund Cash Balances, December 31	<u>\$48,101</u>	<u>\$33,621</u>	<u>\$81,722</u>

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$51,258
Operating Cash Disbursements:	
Personal Services	1,800
Employee Fringe Benefits	200
Contractual Services	12,284
Total Operating Cash Disbursements	14,284
Operating Income	36,974
Non-Operating Cash Receipts:	
Intergovernmental	131,149
Non-Operating Cash Disbursements:	
Redemption of Principal	112,400
Interest and Other Fiscal Charges	34,019
Total Non-Operating Cash Disbursements	146,419
Excess of Receipts Over Disbursements Before Interfund Transfers	21,704
Transfers-In	36,000
Transfers-Out	(36,000)
Net Receipts Over Disbursements	21,704
Fund Cash Balances, January 1	163,102
Fund Cash Balances, December 31	\$184,806

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

**VILLAGE OF HOYTVILLE
WOOD 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$6,851	\$1,809	\$8,660
Intergovernmental	16,785	10,769	27,554
Special Assessments		9,925	9,925
Charges for Services	150		150
Rental Income	7,400		7,400
Earnings on Investments	1,125		1,125
Miscellaneous	2,381		2,381
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	34,692	22,503	57,195
Cash Disbursements:			
Current:			
Security of Persons and Property	2,726		2,726
Leisure Time Activities	8,870		8,870
Community Environment	17	43	60
Basic Utility Service		125	125
General Government	45,072		45,072
Capital Outlay		26,542	26,542
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,685	26,710	83,395
Total Cash Disbursements over Cash Receipts	<hr/>	<hr/>	<hr/>
	(21,993)	(4,207)	(26,200)
Other Financing Receipts / (Disbursements):			
Sale of Fixed Assets	35,007		35,007
Transfers-In		800	800
Transfers-Out	(800)		(800)
Other Financing Uses	(676)		(676)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	33,531	800	34,331
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,538	(3,407)	8,131
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	37,307	27,840	65,147
Fund Cash Balances, December 31	<hr/> \$48,845	<hr/> \$24,433	<hr/> \$73,278

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$73,258
Operating Cash Disbursements:	
Personal Services	4,340
Employee Fringe Benefits	519
Contractual Services	17,540
Supplies and Materials	1,000
Total Operating Cash Disbursements	23,399
Operating Income	49,859
Non-Operating Cash Receipts:	
Intergovernmental	148,464
Special Assessments	825
Sale of Bonds	698,000
Total Non-Operating Cash Receipts	847,289
Non-Operating Cash Disbursements:	
Capital Outlay	229,177
Redemption of Principal	700,900
Interest and Other Fiscal Charges	31,939
Other Non-Operating Cash Disbursements	1,680
Total Non-Operating Cash Disbursements	963,696
Net Disbursements over Receipts	(66,548)
Fund Cash Balances, January 1	229,650
Fund Cash Balances, December 31	\$163,102

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Hoytville, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village appropriates general fund money to support a volunteer fire department.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values certificates of deposit at cost.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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

Street Lighting Fund - This fund receives special assessment revenue to fund street lighting.

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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 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.

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$224,156	\$215,008
Certificates of deposit	42,372	21,372
Total deposits	\$266,528	\$236,380

Deposits: Deposits are 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 ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,845	\$50,283	(\$21,562)
Special Revenue	20,500	21,931	1,431
Enterprise	62,000	218,407	156,407
Total	\$154,345	\$290,621	\$136,276

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$94,940	\$51,027	\$43,913
Special Revenue	37,815	12,743	25,072
Enterprise	166,000	196,703	(30,703)
Total	\$298,755	\$260,473	\$38,282

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,464	\$69,699	(\$11,765)
Special Revenue	23,500	23,303	(197)
Enterprise	724,000	920,547	196,547
Total	\$828,964	\$1,013,549	\$184,585

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,273	\$58,161	\$58,112
Special Revenue	51,620	26,710	24,910
Enterprise	1,170,519	987,095	183,424
Total	\$1,338,412	\$1,071,966	\$266,446

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Water Operating Fund by \$36,960 and the Sewer Operating Fund by \$45,151 for the year ended December 31, 2009 and in the Housing Water Grant Fund by \$70,000 and the Water Operating Fund by \$13,080 for the year ended December 31, 2008.

4. Property Tax

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

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.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$691,000	4.375%
Fire Truck Loan	<u>20,000</u>	5.090%
Total	<u><u>\$711,000</u></u>	

The mortgage revenue bonds issued to the United States Department of Agriculture (USDA) relate to a water project the Ohio Environmental Protection Agency mandated. The original amount of the loan was \$698,000 to be paid over 40 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village entered into a loan agreement with Huntington National Bank for \$20,000 to finance the Village's share of a fire truck for the Hoytville-Jackson Township Volunteer Fire Department. The Village has pledged a \$20,000 certificate of deposit as collateral for the loan. The loan will be paid in annual installments of \$4,591 over the next 5 years.

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

Year ending December 31:	Mortgage Revenue Bonds	Fire Truck Loan
2010	<u>\$37,231</u>	<u>\$4,591</u>
2011	36,925	4,591
2012	37,619	4,591
2013	37,269	4,591
2014	36,919	4,591
2015-2019	185,863	
2020-2024	186,619	
2025-2029	186,575	
2030-2034	187,075	
2035-2039	184,594	
2040-2044	186,211	
2045-2048	150,050	
Total	<u><u>\$1,452,950</u></u>	<u><u>\$22,955</u></u>

8. Retirement System

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA
Auditor of State

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

Village of Hoytville
Wood County
P. O. Box 135
Hoytville, Ohio 43529-0135

To the Village Council:

We have audited the financial statements of the Village of Hoytville, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 2, 2010, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 2, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 2, 2010

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code §5705.40 states any appropriations measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the taxing authority making the original appropriation. This has been interpreted to mean the governing body cannot delegate appropriation authority to the fiscal officer.

Ohio Revised Code §5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been appropriated as provided in such chapter of the Ohio Revised Code.

The Fiscal Officer made changes to the annual appropriation measures adopted by Council in both 2009 and 2008 without evidence of Council's approval. This resulted in expenditures exceeding appropriations as follows:

Fund	Appropriations	Expenditures	Excess
2009			
Water Operating	\$5,000	\$41,960	(\$36,960)
Sewer Operating	74,230	119,381	(45,151)
2008			
Housing Water Grant		70,000	(70,000)
Water Operating		\$13,080	(13,080)

The failure to have adequate appropriations in place at the time expenditures are being made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, as necessary.

Officials' Response: We will work on correcting this.

FINDING NUMBER 2009-002

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and it is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Inaccurate posting of transactions impedes the ability of the Council to accurately assess the financial status of the Village.

The financial statements contained material errors, such as the following:

- The Northwestern Water and Sewer District paid off the Village's debt on the sewer project totaling \$102,787. However, the Fiscal Officer did not record the related receipts and disbursements in the Village's accounting system.
- Several Enterprise Funds were misclassified as Capital Projects Funds. In 2009 this resulted in moving \$28,362 in receipts and \$7,362 in disbursements to the Enterprise Fund. In 2008, \$794,524 in receipts and \$943,435 in disbursements were moved to the Enterprise Fund.
- In 2008, the Ohio Water Development Authority Loan of \$698,000 was paid off. The payment was misclassified as capital project expenditure instead of debt principal.
- Inappropriate adjustments to fund balance were made resulting in an increase in total fund balance of \$803 for 2009 and a reduction in total fund balance of \$846 in 2008.

As a result the Village's financial statements did not correctly reflect the financial activity of the Village. Audit adjustments ranging in amount from \$353 to \$698,000 were made to the financial statements and accounting records to correct these and other errors.

We recommend the Village adopt policies and procedures, including a final review of the statements by the Fiscal Officer and Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response: This will improve; sewer and water project is over and Northwestern Water and Sewer District will be assuming debt and have started billing and collecting from the village residents.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC §5705.41(D) – certification of expenditures.	No	Partially corrected. This finding has been repeated in the management letter
2007-002	ORC §5705.10(D) – posting of revenue to the incorrect fund	No	Partially corrected. This finding has been repeated in the management letter
2007-003	ORC §5705.41(B) – expenditures in excess of appropriations	No	Repeated as finding number 2009-001 in this report.
2007-004	Material weakness due to errors in financial reporting	No	Repeated as finding number 2009-002 in this report.



Mary Taylor, CPA
Auditor of State

VILLAGE OF HOYTVILLE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 17, 2010**