



**Auditor of State
Betty Montgomery**

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Hoytville
Wood County
2418 South Main Street
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, 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 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.

The Village's financial transactions were processed using 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 conduct the audit of 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 audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed 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 and reserves for encumbrances of the Village 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 our report dated August 27, 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 in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 27, 2004

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 5,782				\$ 5,782
Special Assessments		\$ 8,180			8,180
Intergovernmental Receipts	30,705	10,801			41,506
Earnings on Investments	153			\$ 21	174
Miscellaneous	9,041				9,041
Total Cash Receipts	45,681	18,981		21	64,683
Cash Disbursements:					
Current:					
Security of Persons and Property	1,999				1,999
Public Health Services	98				98
Leisure Time Activities	9,327				9,327
Community Environment		34			34
Basic Utility Services		99			99
General Government	19,658				19,658
Capital Outlay		13,968	\$ 6,000		19,968
Total Cash Disbursements	31,082	14,101	6,000		51,183
Total Receipts Over/(Under) Disbursements	14,599	4,880	(6,000)	21	13,500
Other Financing Receipts/(Disbursements):					
OWDA Loan Proceeds			6,000		6,000
Advances-In				8,300	8,300
Advances-Out	(8,300)				(8,300)
Total Other Financing Receipts/(Disbursements)	(8,300)		6,000	8,300	6,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	6,299	4,880		8,321	19,500
Fund Cash Balances, January 1	3,345	14,546	6,000	19,004	42,895
Fund Cash Balances, December 31	\$ 9,644	\$ 19,426	\$ 6,000	\$ 27,325	\$ 62,395
Reserves for Encumbrances, December 31	\$ 26				\$ 26

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 PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 27,991
Total Operating Cash Receipts	27,991
Operating Cash Disbursements:	
Personal Services	4,400
Fringe Benefits	553
Contractual Services	8,715
Supplies and Materials	605
Total Operating Cash Disbursements	14,273
Operating Income	13,718
Non-Operating Cash Disbursements:	
Debt Service	8,230
Other Non-Operating Cash Disbursements	9,649
Total Non-Operating Cash Disbursements	17,879
Net Disbursements Over Receipts	(4,161)
Fund Cash Balances, January 1	81,111
Fund Cash Balances, December 31	\$ 76,950
Reserve for Encumbrances, December 31	\$ 12

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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 5,809				\$ 5,809
Special Assessments		\$ 8,259			8,259
Intergovernmental Receipts	22,206	10,075			32,281
Earnings on Investments	505			\$ 632	1,137
Miscellaneous	6,934				6,934
Total Cash Receipts	35,454	18,334		632	54,420
Cash Disbursements:					
Current:					
Security of Persons and Property	4,772				4,772
Leisure Time Activities	4,295				4,295
Community Environment	2,782	46			2,828
Basic Utility Services		117			117
General Government	15,646				15,646
Capital Outlay	12,999	11,617			24,616
Total Cash Disbursements	40,494	11,780			52,274
Total Receipts Over/(Under) Disbursements	(5,040)	6,554		632	2,146
Other Financing Receipts/(Disbursements):					
OWDA Loan Proceeds			\$ 6,000		6,000
Advances-In	8,300				8,300
Advances-Out				(8,300)	(8,300)
Total Other Financing Receipts/(Disbursements)	8,300		6,000	(8,300)	6,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,260	6,554	6,000	(7,668)	8,146
Fund Cash Balances, January 1	85	7,992		26,672	34,749
Fund Cash Balances, December 31	\$ 3,345	\$ 14,546	\$ 6,000	\$ 19,004	\$ 42,895
Reserves for Encumbrances, December 31	\$ 26				\$ 26

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 PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 28,227
Total Operating Cash Receipts	28,227
Operating Cash Disbursements:	
Personal Services	4,416
Fringe Benefits	553
Contractual Services	9,709
Total Operating Cash Disbursements	14,678
Operating Income	13,549
Non-Operating Cash Disbursements:	
Debt Service	8,235
Total Non-Operating Cash Disbursements	8,235
Net Receipts Over Disbursements	5,314
Fund Cash Balances, January 1	75,797
Fund Cash Balances, December 31	\$ 81,111
Reserve for Encumbrances, December 31	\$ 12

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, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hoytville, Wood 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 sewer utilities and park operations.

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 and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued 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:

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 Fund

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.

Street Light Special Assessment Fund - This fund is used to account for the financing of street lighting services for Village residents against which special assessments are levied.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Water System Planning Fund - This fund receives proceeds of an OWDA loan. The proceeds are being used for planning the feasibility of providing water to the Village residents.

4. Enterprise Funds

These 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 significant Enterprise Funds:

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary funds:

Gas Trust Fund – This fund is used to account for the interest received from gas company settlement monies.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 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 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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	\$ 120,436	\$ 105,097
Certificates of deposit	18,909	18,909
Total deposits	\$ 139,345	\$ 124,006

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 ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,015	\$ 45,681	\$ (8,334)
Special Revenue	17,800	18,981	1,181
Capital Projects	-	6,000	6,000
Enterprise	28,000	27,991	(9)
Fiduciary	8,300	21	(8,279)
Total	\$ 108,115	\$ 98,674	\$ (9,441)

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 57,260	\$ 31,108	\$ 26,152
Special Revenue	32,346	14,101	18,245
Capital Projects	6,000	6,000	-
Enterprise	100,110	32,164	67,946
Fiduciary	-	-	-
Total	<u>\$ 195,716</u>	<u>\$ 83,373</u>	<u>\$ 112,343</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,737	\$ 35,454	\$ (17,283)
Special Revenue	16,400	18,334	1,934
Capital Projects	-	6,000	6,000
Enterprise	30,000	28,227	(1,773)
Fiduciary	-	632	632
Total	<u>\$ 99,137</u>	<u>\$ 88,647</u>	<u>\$ (10,490)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 59,432	\$ 40,520	\$ 18,912
Special Revenue	24,392	11,780	12,612
Capital Projects	-	-	-
Enterprise	85,700	22,925	62,775
Fiduciary	-	-	-
Total	<u>\$ 169,524</u>	<u>\$ 75,225</u>	<u>\$ 94,299</u>

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Sewer Loan	<u>\$ 118,400</u>	5.00%

The Ohio Water Development Authority (OWDA) loan was obtained for the planning phase of bringing water to the Village residents. The loan was approved for \$15,000 in 2002 and the Village has drawn \$12,000 with the balance to be drawn in 2004. The loans will be repaid in annual installments of \$1,500 for the 10 years, with the first payment to be made in 2005. Interest of 2.2% will only be applied to the last seven years of this loan agreement as established by OWDA. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by general fund receipts.

The USDA Rural Development Sewer Loan relates to sewer system improvements that were mandated by the Ohio Environmental Protection Agency. The USDA has approved up to \$139,000 in loans to the Village for these improvements. The loans will be repaid in annual installments, plus interest, over 37 years. The loan is collateralized by sewer

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

revenues. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements.

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

<u>Year ending December 31:</u>	<u>USDA Sewer Loan</u>
2004	\$ 8,220
2005	8,305
2006	8,280
2007	8,250
2008	8,315
Subsequent	172,315
Total	<u><u>\$ 213,685</u></u>

6. RETIREMENT SYSTEMS

The Village's officials 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.

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

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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**Auditor of State
Betty Montgomery**

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

Village of Hoytville
Wood County
2418 South Main Street
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, 2003 and 2002, and have issued our report thereon dated August 27, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Village's management in a separate letter dated August 27, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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.

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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 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 operation 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 Village's management in a separate letter dated August 27, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 27, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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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
SEPTEMBER 21, 2004**