



Dave Yost • Auditor of State

VILLAGE OF HOYTVILLE
WOOD COUNTY

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Dave Yost • Auditor of State

Village of Hoytville
Wood County
2418 South Main Street, 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 2, 2012

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Dave Yost • Auditor of State

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 Village of Hoytville, Wood County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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 governments 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, 2011 and 2010 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, 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 as of December 31, 2011 and 2010 and the reserve for encumbrances as of December 31, 2010 of the Village of Hoytville, Wood County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2012, 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.



Dave Yost
Auditor of State

August 2, 2012

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$6,994	\$1,801	\$8,795
Intergovernmental	26,467	10,953	37,420
Special Assessments		8,070	8,070
Charges for Services	8,318		8,318
Earnings on Investments	99		99
Miscellaneous	445		445
<i>Total Cash Receipts</i>	<u>42,323</u>	<u>20,824</u>	<u>63,147</u>
Cash Disbursements			
Current:			
Security of Persons and Property	2,861		2,861
Leisure Time Activities	1,397		1,397
Community Environment	60	28	88
Basic Utility Services		84	84
General Government	24,241		24,241
Capital Outlay		25,668	25,668
Debt Service:			
Principal Retirement	3,829		3,829
Interest and Fiscal Charges	763		763
<i>Total Cash Disbursements</i>	<u>33,151</u>	<u>25,780</u>	<u>58,931</u>
<i>Net Change in Fund Cash Balances</i>	9,172	(4,956)	4,216
<i>Fund Cash Balances, January 1</i>	<u>45,016</u>	<u>38,816</u>	<u>83,832</u>
Fund Cash Balances, December 31			
Restricted		33,860	33,860
Unassigned	54,188		54,188
<i>Fund Cash Balances, December 31</i>	<u><u>\$54,188</u></u>	<u><u>\$33,860</u></u>	<u><u>\$88,048</u></u>

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,877
Operating Cash Disbursements	
Contractual Services	14
<i>Operating Income</i>	2,863
Non-Operating Disbursements	
Principal Retirement	(7,000)
Interest and Other Fiscal Charges	(29,925)
<i>Total Non-Operating Disbursements</i>	(36,925)
<i>Loss before Transfers</i>	(34,062)
Transfers In	36,000
Transfers Out	(36,000)
<i>Net Change in Fund Cash Balances</i>	(34,062)
<i>Fund Cash Balances, January 1</i>	151,859
<i>Fund Cash Balances, December 31</i>	\$117,797

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

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$6,288	\$1,891	\$8,179
Intergovernmental	15,364	11,756	27,120
Special Assessments		8,303	8,303
Charges for Services	6,700		6,700
Earnings on Investments	1,856		1,856
Miscellaneous	629		629
<i>Total Cash Receipts</i>	<u>30,837</u>	<u>21,950</u>	<u>52,787</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,207		2,207
Leisure Time Activities	586		586
Community Environment	52	33	85
Basic Utility Service		98	98
General Government	26,653		26,653
Debt Service:			
Redemption of Principal	3,629		3,629
Interest and Fiscal Charges	962		962
Capital Outlay		16,624	16,624
<i>Total Cash Disbursements</i>	<u>34,089</u>	<u>16,755</u>	<u>50,844</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,252)</u>	<u>5,195</u>	<u>1,943</u>
<i>Fund Cash Balances, January 1</i>	<u>48,268</u>	<u>33,621</u>	<u>81,889</u>
<i>Fund Cash Balances, December 31</i>	<u>\$45,016</u>	<u>\$38,816</u>	<u>\$83,832</u>
<i>Reserve for Encumbrances, December 31</i>	<u>\$236</u>		<u>\$236</u>

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

VILLAGE OF HOYTVILLE
WOOD COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$9,452</u>
Operating Cash Disbursements:	
Contractual Services	<u>5,168</u>
<i>Operating Income</i>	<u>4,284</u>
Non-Operating Cash Disbursements:	
Redemption of Principal	7,000
Interest and Other Fiscal Charges	<u>30,231</u>
<i>Total Non-Operating Disbursements</i>	<u>37,231</u>
<i>Net Change in Fund Cash Balances</i>	(32,947)
<i>Fund Cash Balances, January 1</i>	<u>184,806</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$151,859</u></u>

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, 2011 AND 2010**

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, Ohio (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

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.

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:

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

Special Assessments Lights – This fund receives assessments to provide lighting for the Village.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 Fund:

Water Fund - This fund receives charges for services from residents to cover water 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For 2011, the Village has implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. GASB Statement No. 54 also clarifies the definition of governmental fund types. The implementation on GASB Statement No. 54 did not have an effect on the previously reported fund balances.

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

VILLAGE OF HOYTVILLE
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

1. **Nonspendable**

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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:

	2011	2010
Demand deposits	\$184,845	\$214,691
Certificates of deposit	21,000	21,000
Total deposits	\$205,845	\$235,691

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,340	\$42,323	(\$5,017)
Special Revenue	22,200	20,824	(1,376)
Enterprise		38,877	38,877
Total	\$69,540	\$102,024	\$32,484

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$91,918	\$33,151	\$58,767
Special Revenue	61,478	25,780	35,698
Enterprise	173,099	72,939	100,160
Total	\$326,495	\$131,870	\$194,625

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,890	\$30,837	(\$20,053)
Special Revenue	16,999	21,950	4,951
Enterprise		9,452	9,452
Total	\$67,889	\$62,239	(\$5,650)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,223	\$34,325	\$46,898
Special Revenue	32,000	16,755	15,245
Enterprise		42,399	(42,399)
Total	\$113,223	\$93,479	\$19,744

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, appropriations exceeded estimated resources in the Enterprise Fund by \$21,000 for the year ended December 31, 2011 and in the General Fund by \$24,208 for the year ended December 31, 2010. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enterprise fund by \$42,399 for the year ended December 31, 2010.

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.

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$677,000	4.375%
Fire Truck Loan	11,888	5.090%
Total	\$688,888	

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.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	Mortgage Revenue Bonds	Fire Truck Loan
2012	\$37,619	\$4,591
2013	37,269	4,591
2014	36,919	3,736
2015	37,569	
2016	37,175	
2017-2021	185,663	
2022-2026	186,369	
2027-2031	187,013	
2032-2036	185,981	
2037-2041	184,750	
2042-2046	187,831	
2047-2048	74,638	
Total	<u>\$1,304,158</u>	<u>\$12,918</u>

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Dave Yost • 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
2418 South Main Street, 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, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 2, 2012 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 and in 2011 the Village adopted Government Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. We also noted 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(A) mandates 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 2011-001 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 instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-002 and 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 2, 2012.

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.



Dave Yost
Auditor of State

August 2, 2012

**VILLAGE OF HOYTVILLE
WOOD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

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 Village transferred the revenue from the Water Reserve Fund in 2011 by adjusting beginning fund balance.

- Inappropriate adjustments to fund balance were made resulting in a decrease in total fund balance of \$547 for 2010.
- Debt payments were coded to Contractual Services instead of Principal and Interest in the amount of \$37,231 in 2010 and \$36,925 in 2011 in the Enterprise Fund and to \$2,296 in Capital Outlay and \$2,296 in General Government for both years in the General Fund.

As a result the Village’s financial statements did not correctly reflect the financial activity of the Village. Audit adjustments ranging in amount from \$9 to \$37,231 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:

The Fiscal Officer is in the process of correcting these findings to bring the Village into compliance with paper handling/posting of funds.

FINDING NUMBER 2011-002

Noncompliance Citation

Ohio Revised Code, § 5705.39, states appropriations from each fund shall not exceed the estimated resources available for expenditure as certified by the budget commission. The Village has appropriated funds in excess of estimated resources for 2011 and 2010 as follows:

2011:	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Enterprise Fund			
Other Enterprise Operating Fund		\$21,000	\$21,000

**FINDING NUMBER 2011-002
(Continued)**

2010

General Fund	\$57,015	\$81,223	\$24,208
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We recommend the Village appropriate only those Estimated Resources available for appropriation.

Officials' Response:

The Fiscal Officer is in the process of correcting these findings to bring the Village into compliance with paper handling/posting of funds.

FINDING NUMBER 2011-003

Noncompliance Citation

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 Village did not appropriate any funds for the Enterprise Fund in 2010. This resulted in expenditures exceeding appropriations by \$42,399.

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:

The Fiscal Officer is in the process of correcting these findings to bring the Village into compliance with paper handling/posting of funds.

**VILLAGE OF HOYTVILLE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code 5705.40 and 5705.41(B) – expenditures exceeded appropriations	No	Ohio Revised Code 5705.41(B) repeated as finding 2011-003 in this report.
2009-002	Financial Reporting – material errors were found in the financial statements	No	Repeated as finding 2011-001 in this report.

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Dave Yost • 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
AUGUST 16, 2012