



Dave Yost • Auditor of State



VILLAGE OF DOYLESTOWN  
WAYNE COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Doylestown  
Wayne County  
24 South Portage Street  
Doylestown, Ohio 44230

To the Mayor and Village Council:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 Village, 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 discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, as of December 31, 2010, and the respective changes in modified cash financial position, thereof and the respective budgetary comparison for the General; Street Construction Maintenance and Repair Fund, and Cemetery Trust Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

July 27, 2012

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of the Village of Doylestown's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$193,355 or 14 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Capital Improvement Fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 21 and 53 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2010 changed very little compared to 2009 as development within the Village has slowed.

The water and sewer operation, the Village's lone business-type activity, realized a modest \$78,252 decrease in net assets for the year.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

#### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

The Village's major governmental funds are the General, Street Construction, Maintenance and Repair, Cemetery Trust, and Capital Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's major enterprise funds are the Water Operating, Capital Waterline, Capital Water Field, Sewer Operating, and Waste Water Treatment Funds. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's Fiduciary Funds are Agency Funds to account for mayor's court, unclaimed monies, and rental security deposit activity.

**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)

**Net Assets**

|                           | Governmental Activities |             | Business-Type Activities |           | Total       |             |
|---------------------------|-------------------------|-------------|--------------------------|-----------|-------------|-------------|
|                           | 2010                    | 2009        | 2010                     | 2009      | 2010        | 2009        |
| <b>Assets</b>             |                         |             |                          |           |             |             |
| Cash and Cash Equivalents | \$1,526,912             | \$1,333,557 | \$364,507                | \$442,759 | \$1,891,419 | \$1,776,316 |
| <b>Net Assets</b>         |                         |             |                          |           |             |             |
| Restricted for:           |                         |             |                          |           |             |             |
| Capital Projects          | 625,990                 | 540,315     |                          |           | 625,990     | 540,315     |
| Other Purposes            | 467,366                 | 449,824     |                          |           | 467,366     | 449,824     |
| Unrestricted              | 433,556                 | 343,418     | 364,507                  | 442,759   | 798,063     | 786,177     |
| Total Net Assets          | \$1,526,912             | \$1,333,557 | \$364,507                | \$442,759 | \$1,891,419 | \$1,776,316 |

As mentioned previously, net assets of governmental activities increased \$193,355 or 14 percent during 2010. The primary reason contributing to the increase in cash balance was due to closely monitoring capital improvement expenses.

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities, business-type activities and total primary government.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

(Table 2)  
**Changes in Net Assets**

|  | Governmental<br>Activities |                    | Business-Type<br>Activities |                  | Total              |                    |
|--|----------------------------|--------------------|-----------------------------|------------------|--------------------|--------------------|
|  | 2010                       | 2009               | 2010                        | 2009             | 2010               | 2009               |
| <b>Receipts:</b>   |                            |                    |                             |                  |                    |                    |
| <b>Program Receipts:</b>                                       |                            |                    |                             |                  |                    |                    |
| Charges for Services and Sales                                 | \$64,552                   | \$61,726           | \$846,664                   | \$829,609        | \$911,216          | \$891,335          |
| Operating Grants and Contributions                             | 211,234                    | 223,382            | 8,000                       |                  | 219,234            | 223,382            |
| Capital Grants and Contributions                               |                            | 314,054            | 90,316                      | 24,533           | 90,316             | 338,587            |
| <b>Total Program Receipts</b>                                  | <b>275,786</b>             | <b>599,162</b>     | <b>944,980</b>              | <b>854,142</b>   | <b>1,220,766</b>   | <b>1,453,304</b>   |
| <b>General Receipts:</b>                                       |                            |                    |                             |                  |                    |                    |
| Property Taxes   | 316,602                    | 310,914            |                             |                  | 316,602            | 310,914            |
| Municipal Income Taxes   | 804,443                    | 770,964            |                             |                  | 804,443            | 770,964            |
| Grants and Entitlements Not Restricted<br>to Specific Programs | 107,012                    | 125,268            |                             |                  | 107,012            | 125,268            |
| Earnings on Investment   | 10,487                     | 15,159             |                             |                  | 10,487             | 15,159             |
| Miscellaneous  | 6,650                      | 24,914             | 39,986                      | 42,563           | 46,636             | 67,477             |
| <b>Total General Receipts</b>                                  | <b>1,245,194</b>           | <b>1,247,219</b>   | <b>39,986</b>               | <b>42,563</b>    | <b>1,285,180</b>   | <b>1,289,782</b>   |
| <b>Total Receipts</b>  | <b>1,520,980</b>           | <b>1,846,381</b>   | <b>984,966</b>              | <b>896,705</b>   | <b>2,505,946</b>   | <b>2,743,086</b>   |
| <b>Disbursements:</b>  |                            |                    |                             |                  |                    |                    |
| General Government   | 286,735                    | 280,969            |                             |                  | 286,735            | 280,969            |
| Security of Persons and Property:                              | 509,228                    | 500,361            |                             |                  | 509,228            | 500,361            |
| Public Health Services   | 20,349                     | 34,370             |                             |                  | 20,349             | 34,370             |
| Leisure Time Activities  | 66,443                     | 70,071             |                             |                  | 66,443             | 70,071             |
| Community Environment  | 54,967                     | 68,128             |                             |                  | 54,967             | 68,128             |
| Transportation   | 281,538                    | 314,082            |                             |                  | 281,538            | 314,082            |
| Capital Outlay   | 97,007                     | 418,833            |                             |                  | 97,007             | 418,833            |
| Principal Retirement   | 26,944                     | 37,596             |                             |                  | 26,944             | 37,596             |
| Interest and Fiscal Charges                                    | 21,152                     | 22,753             |                             |                  | 21,152             | 22,753             |
| Water and Sewer  |                            |                    | 1,026,480                   | 909,133          | 1,026,480          | 909,133            |
| <b>Total Disbursements</b>                                     | <b>1,364,363</b>           | <b>1,747,163</b>   | <b>1,026,480</b>            | <b>909,133</b>   | <b>2,390,843</b>   | <b>2,656,296</b>   |
| Excess (Deficiency) Before Transfers                           | 156,617                    | 99,218             | (41,514)                    | (12,428)         | 115,103            | 86,790             |
| Transfers  | (3,933)                    |                    | 3,933                       |                  | 0                  | 0                  |
| Advances   | 40,671                     |                    | (40,671)                    |                  | 0                  | 0                  |
| <b>Increase (Decrease) in Net Assets</b>                       | <b>193,355</b>             | <b>99,218</b>      | <b>(78,252)</b>             | <b>(12,428)</b>  | <b>115,103</b>     | <b>86,790</b>      |
| Net Assets, January 1  | 1,333,557                  | 1,234,339          | 442,759                     | 455,187          | 1,776,316          | 1,689,526          |
| <b>Net Assets, December 31</b>                                 | <b>\$1,526,912</b>         | <b>\$1,333,557</b> | <b>\$364,507</b>            | <b>\$442,759</b> | <b>\$1,891,419</b> | <b>\$1,776,316</b> |

Program receipts represent only 18 percent of total receipts for governmental activities and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

General receipts represent 82 percent of the Village's total receipts for governmental activities, and of this amount, over 73 percent are local taxes. State and federal grants and entitlements make up 7 percent of the Village's receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the mayor, and fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 20 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 11, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, security of persons and property, and transportation, and, which account for 21, 37, and 21 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

|                                  | Total Cost<br>of Services<br>2010 | Net Cost<br>of Services<br>2010 | Total Cost<br>of Services<br>2009 | Net Cost<br>of Services<br>2009 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government               | \$286,735                         | \$209,703                       | \$280,969                         | \$123,382                       |
| Security of Persons and Property | 509,228                           | 509,228                         | 500,361                           | 500,361                         |
| Public Health Services           | 20,349                            | (16,085)                        | 34,370                            | (3,085)                         |
| Leisure Time Activities          | 66,443                            | 49,298                          | 70,071                            | 52,861                          |
| Community Environment            | 54,967                            | 54,925                          | 68,128                            | 65,859                          |
| Transportation                   | 281,538                           | 136,405                         | 314,082                           | 168,495                         |
| Capital Outlay                   | 97,007                            | 97,007                          | 418,833                           | 179,779                         |
| Principal Retirement             | 26,944                            | 26,944                          | 37,596                            | 37,596                          |
| Interest and Fiscal Charges      | 21,152                            | 21,152                          | 22,753                            | 22,753                          |
| <b>Total Expenses</b>            | <b>\$1,364,363</b>                | <b>\$1,088,577</b>              | <b>\$1,747,163</b>                | <b>\$1,148,001</b>              |

The dependence upon property and income tax receipts is apparent as 100 percent of the net cost of governmental activities is supported through these general receipts.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Business-type Activities**

The water and sewer operation of the Village routinely reports receipts and cash disbursements that are relatively equal. Since the sewer plant was paid off in 2010 we are looking to build a new water plant.

**The Village's Funds**

Total governmental funds had receipts of \$1,520,206 and disbursements of \$1,363,589. The greatest changes within governmental funds occurred within the General Fund and Capital Improvement Fund. The fund balance of the General Fund increased \$86,797 due to growth in income and property tax receipts and the fund balance of the Capital Improvement Fund increased \$85,876 due to a large reduction in capital outlay disbursements resulting from completion of various water and sewer projects occurring during of 2009.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were less than original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$917,121 while actual disbursements were \$917,118. The Village kept spending very close to budgeted amounts. The result is the increase in unencumbered fund balance of \$66,373 for 2010.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated this program will be fully functional for 2011 but reductions in staff may delay the implementation.

**Debt**

At December 31, 2010, the Village's outstanding debt of \$1,248,592 included Water Improvement Bonds, General Obligation Notes, and Ohio Public Works Loans. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ann Youngblood, Fiscal Officer, Village of Doylestown, 24 S. Portage St. Doylestown, OH 44230.

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2010*

|  | Governmental<br>Activities | Business - Type<br>Activities | Total              |
|--|----------------------------|-------------------------------|--------------------|
| <b>Assets</b>                              |                            |                               |                    |
| Equity in Pooled Cash and Cash Equivalents | \$1,526,912                | \$364,507                     | \$1,891,419        |
| <b>Net Assets</b>                          |                            |                               |                    |
| Restricted for:                            |                            |                               |                    |
| Capital Projects                           | \$625,990                  |                               | \$625,990          |
| Other Purposes                             | 467,366                    |                               | 467,366            |
| Unrestricted                               | 433,556                    | \$364,507                     | 798,063            |
| <i>Total Net Assets</i>                    | <u>\$1,526,912</u>         | <u>\$364,507</u>              | <u>\$1,891,419</u> |

See accompanying notes to the basic financial statements

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010*

|  | Program Cash Receipts |                                |                                    |                                  |
|--|-----------------------|--------------------------------|------------------------------------|----------------------------------|
|  | Cash Disbursements    | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental Activities</b>           |                       |                                |                                    |                                  |
| Security of Persons and Property         | \$509,228             |                                |                                    |                                  |
| Public Health Services                   | 20,349                | \$24,047                       | \$12,387                           |                                  |
| Leisure Time Activities                  | 66,443                | 12,745                         | 4,400                              |                                  |
| Community Environment                    | 54,967                |                                | 42                                 |                                  |
| Transportation                           | 281,538               | 1,600                          | 143,533                            |                                  |
| General Government                       | 286,735               | 26,160                         | 50,872                             |                                  |
| Capital Outlay                           | 97,007                |                                |                                    |                                  |
| Debt Service:                            |                       |                                |                                    |                                  |
| Principal                                | 26,944                |                                |                                    |                                  |
| Interest                                 | 21,152                |                                |                                    |                                  |
| <i>Total Governmental Activities</i>     | <u>1,364,363</u>      | <u>64,552</u>                  | <u>211,234</u>                     | <u>0</u>                         |
| <b>Business Type Activities</b>          |                       |                                |                                    |                                  |
| Water Operating                          | 183,670               | 194,913                        |                                    |                                  |
| Water Line Capital                       | 137,138               | 41,535                         |                                    | \$83,269                         |
| Capital Water Field                      | 63,308                | 41,535                         |                                    | 540                              |
| Sewer Operating                          | 257,055               | 334,975                        |                                    |                                  |
| Waste Water Treatment Plant Construction | 286,145               | 183,072                        |                                    |                                  |
| Capital Construction Home Loan           | 649                   |                                |                                    | 671                              |
| Maple Steet & Valleyview Loan            | 28,808                |                                |                                    | 5,836                            |
| Grinder Pump Maint.enance                | 19,427                | 11,199                         |                                    |                                  |
| S. Well Field & Repair Loan Payment      | 35,963                | 36,435                         |                                    |                                  |
| Pump Station Assessment                  |                       | 2,000                          |                                    |                                  |
| Special Water & Sewer Improvements       | 14,317                | 1,000                          | 8,000                              |                                  |
| <i>Total Business Type Activities</i>    | <u>1,026,480</u>      | <u>846,664</u>                 | <u>8,000</u>                       | <u>90,316</u>                    |
| <i>Total Primary Government</i>          | <u>\$2,390,843</u>    | <u>\$911,216</u>               | <u>\$219,234</u>                   | <u>\$90,316</u>                  |

**General Receipts**

Property Taxes  
Municipal Income Taxes  
Other Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Earnings on Investments  
Miscellaneous

*Total General Receipts*

Transfers  
Advances

Total General Receipts and Transfers and Advances

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

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Net (Disbursements) Receipts and Changes in Net Assets

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| Governmental<br>Activities | Business-Type<br>Activities | Total         |
|----------------------------|-----------------------------|---------------|
| (\$509,228)                |                             | (\$509,228)   |
| \$16,085                   |                             | 16,085        |
| (49,298)                   |                             | (49,298)      |
| (54,925)                   |                             | (54,925)      |
| (136,405)                  |                             | (136,405)     |
| (209,703)                  |                             | (209,703)     |
| (97,007)                   |                             | (97,007)      |
| (26,944)                   |                             | (26,944)      |
| (21,152)                   |                             | (21,152)      |
| (1,088,577)                | 0                           | (1,088,577)   |
|                            | 11,243                      | 11,243        |
|                            | (12,334)                    | (12,334)      |
|                            | (21,233)                    | (21,233)      |
|                            | 77,920                      | 77,920        |
|                            | (103,073)                   | (103,073)     |
|                            | 22                          | 22            |
|                            | (22,972)                    | (22,972)      |
|                            | (8,228)                     | (8,228)       |
|                            | 472                         | 472           |
|                            | 2,000                       | 2,000         |
|                            | (5,317)                     | (5,317)       |
| 0                          | (81,500)                    | (81,500)      |
| (\$1,088,577)              | (\$81,500)                  | (\$1,170,077) |
| \$316,602                  |                             | \$316,602     |
| 784,951                    |                             | 784,951       |
| 19,492                     |                             | 19,492        |
| 107,012                    |                             | 107,012       |
| 10,487                     |                             | 10,487        |
| 6,650                      | 39,986                      | 46,636        |
| 1,245,194                  | 39,986                      | 1,285,180     |
| (3,933)                    | 3,933                       |               |
| 40,671                     | (40,671)                    |               |
| 1,281,932                  | 3,248                       | 1,285,180     |
| 193,355                    | (78,252)                    | 115,103       |
| 1,333,557                  | 442,759                     | 1,776,316     |
| \$1,526,912                | \$364,507                   | \$1,891,419   |

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

|  | General          | Street<br>Construction<br>Maint. & Repair | Cemetery<br>Trust | Capital<br>Improvement |
|--|------------------|---|-------------------|------------------------|
| <b>Assets</b>                              |                  |   |                   |                        |
| Equity in Pooled Cash and Cash Equivalents | \$430,215        | \$55,821                                  | \$307,570         | \$625,990              |
| <b>Fund Balances</b>                       |                  |   |                   |                        |
| Reserved:                                  |                  |   |                   |                        |
| Reserved for Encumbrances                  | \$20,425         | \$1,686                                   |                   | \$31,295               |
| Unreserved:                                |                  |   |                   |                        |
| Undesignated (Deficit), Reported in:       |                  |   |                   |                        |
| General Fund                               | 409,790          |   |                   |                        |
| Special Revenue Funds                      |                  | 54,135                                    | \$307,570         |                        |
| Capital Projects Funds                     |                  |   |                   | 594,695                |
| <b>Total Fund Balances</b>                 | <u>\$430,215</u> | <u>\$55,821</u>                           | <u>\$307,570</u>  | <u>\$625,990</u>       |

See accompanying notes to the basic financial statements

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$107,316                      | \$1,526,912                    |
|                                | \$53,406                       |
|                                | 409,790                        |
| \$107,316                      | 469,021                        |
|                                | 594,695                        |
| <u>\$107,316</u>               | <u>\$1,526,912</u>             |

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

|  | General          | Street<br>Const.<br>Maint. & Repair. | Cemetery<br>Trust | Capital<br>Improvement | Other<br>Governmental<br>Funds | Total              |
|--|------------------|--------------------------------------|-------------------|------------------------|--------------------------------|--------------------|
| <b>Receipts</b>                                  |                  |                                      |                   |                        |                                |                    |
| Property and Other Local Taxes                   | \$316,602        |                                      |                   |                        |                                | \$316,602          |
| Municipal Income Taxes                           | 554,171          |                                      |                   | \$230,780              |                                | 784,951            |
| Intergovernmental                                | 131,193          | \$153,723                            |                   |                        | \$18,092                       | 303,008            |
| Special Assessments                              |                  | 12,121                               |                   |                        |                                | 12,121             |
| Charges for Services                             | 12,745           |                                      |                   |                        | 24,046                         | 36,791             |
| Fines, Licenses and Permits                      | 41,997           |                                      |                   |                        | 3,655                          | 45,652             |
| Earnings on Investments                          | 3,620            |                                      | \$6,095           |                        |                                | 9,715              |
| Miscellaneous                                    | 6,925            |                                      |                   |                        | 4,441                          | 11,366             |
| <b>Total Receipts</b>                            | <b>1,067,253</b> | <b>165,844</b>                       | <b>6,095</b>      | <b>230,780</b>         | <b>50,234</b>                  | <b>1,520,206</b>   |
| <b>Disbursements</b>                             |                  |                                      |                   |                        |                                |                    |
| Current:   |                  |                                      |                   |                        |                                |                    |
| Security of Persons and Property                 | 507,069          |                                      |                   |                        | 2,158                          | 509,227            |
| Public Health Services                           | 64               |                                      | 251               |                        | 19,261                         | 19,576             |
| Leisure Time Activities                          | 60,246           |                                      |                   |                        | 6,197                          | 66,443             |
| Community Environment                            | 42,580           |                                      |                   |                        | 12,387                         | 54,967             |
| Transportation                                   |                  | 280,662                              |                   |                        | 875                            | 281,537            |
| General Government                               | 286,735          |                                      |                   |                        |                                | 286,735            |
| Capital Outlay                                   |                  |                                      |                   | 97,008                 |                                | 97,008             |
| Debt Service:                                    |                  |                                      |                   |                        |                                |                    |
| Principal Retirement                             |                  |                                      |                   | 26,944                 |                                | 26,944             |
| Interest and Fiscal Charges                      |                  |                                      |                   | 21,152                 |                                | 21,152             |
| <b>Total Disbursements</b>                       | <b>896,694</b>   | <b>280,662</b>                       | <b>251</b>        | <b>145,104</b>         | <b>40,878</b>                  | <b>1,363,589</b>   |
| Excess of Receipts Over (Under)<br>Disbursements | 170,559          | (114,818)                            | 5,844             | 85,676                 | 9,356                          | 156,617            |
| Other Financing Sources (Uses)                   |                  |                                      |                   |                        |                                |                    |
| Transfers In                                     |                  | 120,000                              |                   |                        | 500                            | 120,500            |
| Transfers Out                                    | (124,433)        |                                      |                   |                        |                                | (124,433)          |
| Advances In                                      | 40,671           |                                      |                   |                        |                                | 40,671             |
| <b>Total Other Financing Sources (Uses)</b>      | <b>(83,762)</b>  | <b>120,000</b>                       | <b>0</b>          | <b>0</b>               | <b>500</b>                     | <b>36,738</b>      |
| <b>Net Change in Fund Balances</b>               | <b>86,797</b>    | <b>5,182</b>                         | <b>5,844</b>      | <b>85,676</b>          | <b>9,856</b>                   | <b>193,355</b>     |
| Fund Balances Beginning of Year                  | 343,418          | 50,639                               | 301,726           | 540,314                | 97,460                         | 1,333,557          |
| <b>Fund Balances End of Year</b>                 | <b>\$430,215</b> | <b>\$55,821</b>                      | <b>\$307,570</b>  | <b>\$625,990</b>       | <b>\$107,316</b>               | <b>\$1,526,912</b> |

See accompanying notes to the basic financial statements

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 General Fund  
 For the Year Ended December 31, 2010*

|  | <u>Budgeted Amounts</u> |                  | Actual           | Variance with                          |
|--|-------------------------|------------------|------------------|--|
|  | Original                | Final            |                  | Final Budget<br>Positive<br>(Negative) |
| <b>Receipts</b>                                      |                         |                  |                  |  |
| Property and Other Local Taxes                       | \$310,000               | \$323,204        | \$316,602        | (\$6,602)                              |
| Municipal Income Taxes                               | 625,000                 | 624,999          | 554,171          | (70,828)                               |
| Intergovernmental                                    | 135,200                 | 135,200          | 131,193          | (4,007)                                |
| Special Assessments                                  | 2,000                   | 2,000            |                  | (2,000)                                |
| Charges for Services                                 | 15,500                  | 15,500           | 12,745           | (2,755)                                |
| Fines, Licenses and Permits                          | 54,500                  | 54,499           | 41,997           | (12,502)                               |
| Earnings on Investments                              | 20,000                  | 20,000           | 3,620            | (16,380)                               |
| Miscellaneous  | 10,700                  | 10,699           | 6,925            | (3,774)                                |
| <i>Total Receipts</i>                                | <u>1,172,900</u>        | <u>1,186,101</u> | <u>1,067,253</u> | <u>(118,848)</u>                       |
| <b>Disbursements</b>                                 |                         |                  |                  |  |
| Current:   |                         |                  |                  |  |
| Security of Persons and Property                     | 590,209                 | 514,167          | 514,166          | 1                                      |
| Public Health Services                               | 14,670                  | 65               | 64               | 1                                      |
| Leisure Time Activities                              | 84,775                  | 61,474           | 61,473           | 1                                      |
| Community Environment                                | 85,128                  | 47,386           | 47,386           | 0                                      |
| General Government                                   | 376,123                 | 294,029          | 294,029          | 0                                      |
| <i>Total Disbursements</i>                           | <u>1,150,905</u>        | <u>917,121</u>   | <u>917,118</u>   | <u>3</u>                               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>21,995</u>           | <u>268,980</u>   | <u>150,135</u>   | <u>(118,845)</u>                       |
| <b>Other Financing Sources (Uses)</b>                |                         |                  |                  |  |
| Transfers Out  | (185,691)               | (123,940)        | (124,433)        | (493)                                  |
| Advances In  |                         |                  | 40,671           | 40,671                                 |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(185,691)</u>        | <u>(123,940)</u> | <u>(83,762)</u>  | <u>40,178</u>                          |
| <i>Net Change in Fund Balance</i>                    | <u>(163,696)</u>        | <u>145,040</u>   | <u>66,373</u>    | <u>(78,667)</u>                        |
| <i>Unencumbered Cash Balance Beginning of Year</i>   | <u>323,248</u>          | <u>323,248</u>   | <u>323,248</u>   | <u>0</u>                               |
| <i>Prior Year Encumbrances Appropriated</i>          | <u>20,169</u>           | <u>20,169</u>    | <u>20,169</u>    | <u>0</u>                               |
| <i>Unencumbered Cash Balance End of Year</i>         | <u>\$179,721</u>        | <u>\$488,457</u> | <u>\$409,790</u> | <u>(\$78,667)</u>                      |

See accompanying notes to the basic financial statements

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual -Budget Basis*

*Street Construction, Maint. and Repair Fund*

*For the Year Ended December 31, 2010*

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>Receipts</b>                                      |                  |                  |                  |   |
| Intergovernmental                                    | \$162,000        | \$161,999        | \$153,723        | (8,276)   |
| Special Assessments                                  | 5,600            | 5,600            | 12,121           | 6,521   |
| Earnings on Investments                              | 200              | 200              |                  | (200)   |
| <i>Total Receipts</i>                                | <u>167,800</u>   | <u>167,799</u>   | <u>165,844</u>   | <u>(1,955)</u>  |
| <b>Disbursements</b>                                 |                  |                  |                  |   |
| Current:   |                  |                  |                  |   |
| Transportation                                       | <u>353,089</u>   | <u>281,548</u>   | <u>283,124</u>   | <u>(1,576)</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(185,289)</u> | <u>(113,749)</u> | <u>(117,280)</u> | <u>(3,531)</u>  |
| <b>Other Financing Sources (Uses)</b>                |                  |                  |                  |   |
| Transfers In   | <u>185,191</u>   | <u>185,191</u>   | <u>120,000</u>   | <u>(65,191)</u>   |
| <i>Net Change in Fund Balance</i>                    | (98)             | 71,442           | 2,720            | (68,722)  |
| <i>Unencumbered Cash Balance Beginning of Year</i>   | 51,307           | 51,307           | 51,307           | 0   |
| Prior Year Encumbrances Appropriated                 | <u>108</u>       | <u>108</u>       | <u>108</u>       | <u>0</u>  |
| <i>Unencumbered Cash Balance End of Year</i>         | <u>\$51,317</u>  | <u>\$122,857</u> | <u>\$54,135</u>  | <u>(\$68,722)</u>                                       |

See accompanying notes to the basic financial statements

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes*

*Cemetery Trust Fund*

*For the Year Ended December 31, 2010*

|  | <u>Budgeted Amounts</u> |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |   |
| <b>Receipts</b>                                      |                         |                  |                  |   |
| Earnings on Investments                              | \$2,500                 | \$2,499          | \$6,095          | 3,596   |
| <i>Total Receipts</i>                                | <u>2,500</u>            | <u>2,499</u>     | <u>6,095</u>     | <u>3,596</u>  |
| <b>Disbursements</b>                                 |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Public Health Services                               |                         | 523              | 251              | 272   |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,500</u>            | <u>1,976</u>     | <u>5,844</u>     | <u>3,868</u>  |
| <b>Other Financing Sources (Uses)</b>                |                         |                  |                  |   |
| Transfers Out  | <u>(2,500)</u>          | <u>(500)</u>     |                  | 500   |
| <i>Net Change in Fund Balance</i>                    | 0                       | 1,476            | 5,844            | 4,368   |
| <i>Unencumbered Cash Balance Beginning of Year</i>   | <u>301,726</u>          | <u>301,726</u>   | <u>301,726</u>   | <u>0</u>  |
| <i>Unencumbered Cash Balance End of Year</i>         | <u>\$301,726</u>        | <u>\$303,202</u> | <u>\$307,570</u> | <u>\$4,368</u>  |

See accompanying notes to the basic financial statements

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Fund Net Assets - Cash Basis*

*Proprietary Funds*

*December 31, 2010*

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|   | <u>Water<br/>Operating</u> | <u>Capital<br/>Water<br/>Line</u> | <u>Capital<br/>Water<br/>Field</u> | <u>Sewer<br/>Operating</u> | <u>Other<br/>Enterprise<br/>Funds</u> | <u>Total<br/>Enterprise<br/>Funds</u> |
|---|----------------------------|-----------------------------------|------------------------------------|----------------------------|---------------------------------------|---------------------------------------|
| <b>Assets</b>                                 |                            |                                   |                                    |                            |                                       |                                       |
| Equity in Pooled Cash and Cash Equivalentents | \$25,117                   | \$97,581                          | \$108,494                          | \$101,776                  | \$31,539                              | \$364,507                             |
| <b>Net Assets</b>                             |                            |                                   |                                    |                            |                                       |                                       |
| Restricted for:                               |                            |                                   |                                    |                            |                                       |                                       |
| Unrestricted                                  | 25,117                     | 97,581                            | 108,494                            | 101,776                    | 31,539                                | 364,507                               |
| <b>Total Net Assets</b>                       | <u>\$25,117</u>            | <u>\$97,581</u>                   | <u>\$108,494</u>                   | <u>\$101,776</u>           | <u>\$31,539</u>                       | <u>\$364,507</u>                      |

See accompanying notes to the basic financial statements

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**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2010*

|   | Water<br>Operating | Capital<br>Water<br>Line | Capital<br>Water<br>Field | Sewer<br>Operating |
|---|--------------------|--------------------------|---------------------------|--------------------|
| <b>Operating Receipts</b>                           |                    |                          |                           |                    |
| Charges for Services                                | \$194,913          | \$41,535                 | \$41,535                  | \$334,975          |
| <b>Operating Disbursements</b>                      |                    |                          |                           |                    |
| Personal Services                                   | 80,028             |                          |                           | 109,016            |
| Employee Fringe Benefits                            | 27,870             |                          |                           | 39,852             |
| Contractual Services                                | 39,925             |                          |                           | 54,884             |
| Supplies and Materials                              | 35,847             |                          |                           | 53,303             |
| <i>Total Operating Disbursements</i>                | <u>183,670</u>     | <u>0</u>                 | <u>0</u>                  | <u>257,055</u>     |
| <i>Operating Income (Loss)</i>                      | <u>11,243</u>      | <u>41,535</u>            | <u>41,535</u>             | <u>77,920</u>      |
| <b>Non-Operating Receipts (Disbursements)</b>       |                    |                          |                           |                    |
| Intergovernmental                                   |                    | 83,269                   | 540                       |                    |
| Special Assessments                                 |                    |                          |                           |                    |
| Miscellaneous Receipts                              |                    |                          | 22,537                    | 17,449             |
| Capital Outlay                                      |                    | (108,211)                | (29,014)                  |                    |
| Principal Payments                                  |                    | (17,983)                 | (25,149)                  |                    |
| Interest and Fiscal Charges                         |                    | (10,944)                 | (9,145)                   |                    |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>0</u>           | <u>(53,869)</u>          | <u>(40,231)</u>           | <u>17,449</u>      |
| <i>Income (Loss) before Transfers and Advances</i>  | <u>11,243</u>      | <u>(12,334)</u>          | <u>1,304</u>              | <u>95,369</u>      |
| Transfers In  |                    |                          |                           | 3,933              |
| Advances In   |                    |                          |                           |                    |
| Advances Out  |                    |                          |                           | (19,621)           |
| <i>Change in Net Assets</i>                         | 11,243             | (12,334)                 | 1,304                     | 79,681             |
| <i>Net Assets Beginning of Year</i>                 | <u>13,874</u>      | <u>109,915</u>           | <u>107,190</u>            | <u>22,095</u>      |
| <i>Net Assets End of Year</i>                       | <u>\$25,117</u>    | <u>\$97,581</u>          | <u>\$108,494</u>          | <u>\$101,776</u>   |

See accompanying notes to the basic financial statements

| Waste<br>Water<br>Treatment | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds |
|-----------------------------|------------------------------|------------------------------|
| \$183,072                   | \$58,634                     | \$854,664                    |
|                             |                              | 189,044                      |
|                             |                              | 67,722                       |
|                             |                              | 94,809                       |
|                             | 19,428                       | 108,578                      |
| 0                           | 19,428                       | 460,153                      |
| 183,072                     | 39,206                       | 394,511                      |
|                             |                              | 83,809                       |
|                             | 6,507                        | 6,507                        |
|                             |                              | 39,986                       |
|                             | (14,317)                     | (151,542)                    |
| (275,815)                   | (50,244)                     | (369,191)                    |
| (10,330)                    | (15,175)                     | (45,594)                     |
| (286,145)                   | (73,229)                     | (436,025)                    |
| (103,073)                   | (34,023)                     | (41,514)                     |
|                             |                              | 3,933                        |
|                             | 19,621                       | 19,621                       |
| (40,000)                    | (671)                        | (60,292)                     |
| (143,073)                   | (15,073)                     | (78,252)                     |
| 143,073                     | 46,612                       | 442,759                      |
| \$0                         | \$31,539                     | \$364,507                    |

**VILLAGE OF DOYLESTOWN, WAYNE COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis*

*Fiduciary Funds*

*December 31, 2010*

|  | <u>Agency<br/>Total</u> |
|--|-------------------------|
| <b>Assets</b>                              |                         |
| Equity in Pooled Cash and Cash Equivalents | \$1,180                 |
| <b>Net Assets</b>                          |                         |
| Restricted for:                            |                         |
| Other Purposes                             | \$1,180                 |
| <i>Total Net Assets</i>                    | <u><u>\$1,180</u></u>   |

See accompanying notes to the basic financial statements

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 1 – Reporting Entity**

The Village of Doylestown, Wayne County, Ohio, (the Village) is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads, park operations, and police services. Chippewa Township provides fire protection and emergency medical services to the Village.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Doylestown has no component units.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a *cash* basis of accounting. This *cash* basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *cash* basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *cash* basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash and investment balance of the governmental and business-type activities of the Village at year end. The Statement of Activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *cash* basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance *and* Repair Fund, Cemetery Trust Fund, and Capital Improvement Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Construction, Maintenance and Repair Fund accounts for constructing, maintaining and repairing Village streets. The Cemetery Trust Fund accounts for the resources that are restricted to capital improvements of the Chestnut Hill Cemetery. The Capital Improvement Fund accounts for receipts that are restricted for the payment of capital improvements to the Village, including related debt payments. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating Fund, Capital Water Line Fund, Capital Water Field Fund, Sewer Operating Fund, and the Wastewater Treatment Fund. The Village has no internal service funds.

Water Operating Fund - The Water Operating Fund receives charges for services from residents to cover the cost of providing this utility.

Capital Water Line Fund – The Capital Water Line Fund pays for the South Well Field Loan and the upkeep of all water lines.

Capital Water Field Fund – The Capital Water Field Fund pays for the maintenance of the water plant buildings.

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

Wastewater Treatment Fund – The Waste Water Treatment Fund received loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan is being repaid from this fund.

Agency Funds

The Village's agency fund accounts for the Mayor's Court, Unclaimed Monies, and Rental Security Deposit Funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the *cash* basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this *cash* basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents"

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

E. Cash and Investments (continued)

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 negative receipts, respectively.

During 2010, the Village invested in nonnegotiable certificates of deposit and government securities. The nonnegotiable certificates of deposit and government securities are reported at cost.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**L. Long-Term Obligations**

The Village's *cash* basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither a financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction, maintenance and repair, state highway maintenance and repair, cemetery acquisition maintenance, drug law enforcement, DUI education, computerization of mayor's court, police training, drug awareness education, and Village beautification.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. \$107,316 of net assets restricted for other purposes was restricted by enabling legislation.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction, Maintenance and Repair Fund and Cemetery Trust Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the *cash* basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (*cash* basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*cash* basis).

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 3 – Budgetary Basis of Accounting** (continued)

The encumbrances outstanding at year end (budgetary basis) amounted to \$20,425 for the general fund and \$1,686 for the Street Construction, Maintenance, and Repair Fund. The outstanding advances at year end amounted to \$40,000 for the general fund.

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

**Note 4 – Deposits and Investments** (continued)

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$200,000 of the Village's bank balance of \$1,591,318 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010, the Village had the following investments:

| Investment Type          | Carrying Value   | Investment Maturities (in Years) |                  |                  |
|--------------------------|------------------|----------------------------------|------------------|------------------|
|                          |                  | Less than 1                      | 1-2              | 3-5              |
| Money Market             | \$28,067         | \$28,067                         |                  |                  |
| US Treasury Bonds        | 178,988          | 26,078                           | \$ 102,476       | \$ 50,434        |
| Federal Home Loan Banks  | 25,000           |                                  |                  | 25,000           |
| FNMA MTN                 | 50,240           |                                  |                  | 50,240           |
| FHLMC MTN                | 25,273           |                                  |                  | 25,273           |
| <b>Total Investments</b> | <b>\$307,568</b> | <b>\$54,145</b>                  | <b>\$102,476</b> | <b>\$150,947</b> |

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The securities underlying the federal home loan bank notes, federal home loan corporation notes, and federal national mortgage association notes carry a rating of AAA by MOODY'S investment credit rating service. The Money Market Fund carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 4 – Deposits and Investments** (continued)

Investments (continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal home loan bank notes, federal national mortgage association notes, and the federal home loan mortgage corporation notes, are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Note 5 – Income Taxes**

The Village levies a 2 percent income tax whose proceeds are placed 70% into the General Fund and 30% into the Capital Improvement Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 2 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax receipts equaled \$784,951 for 2010.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2010 with real property taxes.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 6 – Property Taxes** (continued)

2010 tangible property taxes are levied after October 1, 2009 on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2010 is 12.5 percent. This will be reduced to 6.25 percent for 2011, and zero for 2012. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$6.30 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

| <u>Real Property</u>                        | <u>Total Assessed<br/>Value</u> |
|---|---------------------------------|
| Residential/Agriculture                     | \$55,904,970                    |
| Other Real estate                           | 5,765,690                       |
| PUCO Personal Property                      | 792,700                         |
| Telephone Personal Property                 | 190,026                         |
| Residential/Agriculture New<br>Construction | 236,560                         |
| Other New Construction                      | 5,060                           |
| Total Assessed Value                        | <u>\$62,895,006</u>             |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 7 – Interfund Receivables/Payables**

Interfund balances at December 31, 2010, consisted of the following individual fund receivables and payables:

| <u>Due to General Fund from:</u> |                 |
|----------------------------------|-----------------|
| Water Operating                  | \$20,000        |
| Sewer Operating                  | 20,000          |
| Total General Fund               | <u>\$40,000</u> |

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year. These items are not reflected as assets and liabilities in the accompanying financial statements.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 8 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Village contracted with The Ohio Plan for various types of insurance coverage as follows:

| <u>Type of Coverage</u>                    | <u>Amount of Coverage</u> |
|--|---------------------------|
| General Liability                          | \$6,000,000               |
| Employers Liability                        | \$4,000,000               |
| Employee Benefits Liability                | \$6,000,000               |
| Public Officials Liability                 | \$6,000,000               |
| Law Enforcement Officers Liability         | \$6,000,000               |
| Crime                                      | \$17,000                  |
| Building and Personal Property             | \$8,812,860               |
| Boiler & Machinery                         | \$8,812,860               |
| Inland Marine                              |                           |
| Special Property Coverage                  | \$497,684                 |
| Electronic Equipment & Media Coverage Form | \$40,000                  |

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village also provides health insurance and dental coverage to full-time employees through the Wayne County Insurance Pool.

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 9 – Defined Benefit Pension Plans** (continued)

A. Ohio Public Employees Retirement System (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in local classifications contributed 10 percent of covered payroll.

The Village's required contribution rate for 2010 was 14 percent of covered payroll for local members. For the period January 1 through February 28, 2010, a portion of the Village's contribution equal to 5.5 percent of covered payroll was allocated to fund the postemployment healthcare plan. This amount was decreased to 5.0 percent effective March 1. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$75,251, \$77,802, \$76,680 respectively. Ninety-two percent has been contributed for 2010 and 100% of the amount has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$69,255 made by the Village and \$53,750 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's required contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2010, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2010, 2009, and 2008 were \$50,051, \$38,340, and \$46,568 respectively. Ninety-one percent of the amount was contributed for 2010 and 100% of the amounts were contributed for 2009 and 2008.

**Note 10 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 10 - Postemployment Benefits** (continued)

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent of covered payroll for the period January 1 through February 28, 2010, and 5.0 percent thereafter.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$27,323, \$29,876, and \$38,340 respectively. The full amount has been contributed for 2010, 2009 and 2008.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

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**Note 10 - Postemployment Benefits** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$17,325 for the year ended 2010, \$22,452 for the year ended December 31, 2009, and \$23,371 for the year ended December 31, 2008. For 2010, 91 percent has been contributed for police. The full amount has been contributed for 2009 and 2008.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

|   | Interest<br>Rate % | Balance<br>December 31,<br>2009 | Additions  | Reductions         | Balance<br>December 31,<br>2010 | Due<br>Within<br>One Year |
|---|--------------------|---------------------------------|------------|--------------------|---------------------------------|---------------------------|
| OWDA Loan #2234   | 5                  | \$275,817                       |            | (\$275,817)        | \$0                             |                           |
| OWDA Loan #1546   | 7.51               | 2,227                           |            | (2,227)            | 0                               |                           |
| OPWC Loan #CP08A<br>Water System<br>Improvement Bond<br>(Series 2005) | 0                  | 115,255                         |            | (11,525)           | 103,730                         | \$11,525                  |
| Various Purpose<br>Improvement Bond<br>(Series 2006)                  | 4.94               | 685,204                         |            | (54,477)           | 630,727                         | 57,200                    |
| Water System<br>Improvement Bond                                      | 5.1                | 415,940                         |            | (27,296)           | 388,644                         | 28,704                    |
| General Obligation Notes  | 4.5                | 105,000                         |            | (2,000)            | 103,000                         | 2,000                     |
|   | 6.75               | 26,810                          |            | (4,319)            | 22,491                          | 4,619                     |
| <b>Total</b>  |                    | <b>\$1,626,253</b>              | <b>\$0</b> | <b>(\$377,661)</b> | <b>\$1,248,592</b>              | <b>\$104,048</b>          |

The Ohio Water Development Authority (OWDA) Loan #2234 relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The original amount of the loan was \$3,591,522. The loan was repaid in semiannual installments of \$143,073, including interest, of 5% over 20 years. The final payment was due July 1, 2010. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Property and revenue of the utility facilities have been pledged to repay this debt.

The Ohio Water Development Authority (OWDA) Loan #1546 is for the cost associated with the rearrangement of Village owned utility facilities as part of an Ohio Department of Transportation highway improvement project. The original amount of the loan was \$32,016. The loan was repaid in semiannual installments of \$1,571, including interest of 7.51%, over 20 years. The final payment was due on January 1, 2010.

The Ohio Public Works commission (OPWC) Loan #CP08A relates to the elevated water tank replacement project. The original amount of the loan was \$230,513. The zero percent interest loan is being repaid in semiannual installments of \$5,763 of 20 years. The final payment is due on January 2, 2019.

The Water System Improvement Bond (Series 2005) is for the purpose of paying costs of constructing and installing water lines and related water system improvements. The Bond will be repaid in semiannual installments of \$43,831, including interest of 4.94 percent over 15 years. The final payment is due on November 30, 2019.

The Various Purpose Improvement Bonds (Series 2006) is for the purpose of paying the costs of constructing and installing water and sewer improvements. The bond will be repaid in semiannual installments of \$24,048, including interest of 5.1% over 15 years. The final payment is due on June 23, 2021.

Village of Doylestown  
Wayne County

Notes to the Financial Statements  
For the Year Ended December 31, 2010  
(continued)

**Note 11 – Debt** (continued)

The Water System Improvement Bond is for the purpose of paying the cost of improving a water storage tank. The bond will be repaid in annual installment ranging from \$6,600 to \$7,730, including interest of 4.5 percent over 30 years. The final payment is due on March 1, 2034.

The General Obligation note relates to the construction and installation of water and sewer lines. The original amount of the loan was \$61,380. The notes will be repaid in semiannual installments of \$3,031, including interest of 6.75 percent over 17 years. The final payment is due on April 5, 2015.

The following is a summary of the Village's future annual debt service requirements:

| Year   | OPWC Loans |          | G. O. Notes |          | 2005 Bond  |            |
|--------|------------|----------|-------------|----------|------------|------------|
|        | Principal  | Interest | Principal   | Interest | Principal  | Interest   |
| 2011   | \$11,525   | \$ -     | \$4,616     | \$1,445  | \$57,201   | \$30,461   |
| 2012   | 11,525     | -        | 4,930       | 1,131    | 60,062     | 27,600     |
| 2013   | 11,525     | -        | 5,271       | 789      | 63,065     | 24,597     |
| 2014   | 11,525     | -        | 5,633       | 428      | 66,219     | 21,443     |
| 2015   | 11,525     | -        | 2,041       | 70       | 69,530     | 18,132     |
| 2016 + | 46,105     | -        |             |          | 314,650    | 35,971     |
| Totals | \$ 103,730 | \$ -     | \$ 22,491   | \$ 3,863 | \$ 630,727 | \$ 158,204 |

| Year   | 2006 Bond  |            | Water System Imp. Bond |           | Total        |            |
|--------|------------|------------|------------------------|-----------|--------------|------------|
|        | Principal  | Interest   | Principal              | Interest  | Principal    | Interest   |
| 2011   | \$28,706   | \$19,391   | \$2,000                | \$4,635   | \$104,048    | \$55,932   |
| 2012   | 30,188     | 17,908     | 3,000                  | 4,545     | 109,705      | 51,184     |
| 2013   | 31,748     | 16,349     | 3,000                  | 4,410     | 114,609      | 46,145     |
| 2014   | 33,387     | 14,709     | 3,000                  | 4,275     | 119,764      | 40,855     |
| 2015   | 35,111     | 12,984     | 3,000                  | 4,140     | 121,207      | 35,326     |
| 2016 + | 229,504    | 36,373     | 89,000                 | 45,765    | 679,259      | 118,109    |
| Totals | \$ 388,644 | \$ 117,714 | \$ 103,000             | \$ 67,770 | \$ 1,248,592 | \$ 347,551 |

**Note 12 – Interfund Transfers**

During 2010 the following transfers were made:

| <u>Governmental Activities</u>            | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|---------------------|----------------------|
| General Fund                              |                     | (\$124,433)          |
| Street Construction, Maint. & Repair Fund | \$120,000           |                      |
| Beautification Fund                       | 500                 |                      |
| Sewer Operating Fund                      | 3,933               |                      |
| Total Transfers                           | <u>\$124,433</u>    | <u>(\$124,433)</u>   |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



# 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 Doylestown  
Wayne County  
24 South Portage Street  
Doylestown, Ohio 44230

To the Mayor and Council:

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 27, 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. 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 Village, 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 opinion 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 2010-01 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 27, 2012.

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



**Dave Yost**  
Auditor of State

July 27, 2012

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010

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

Financial Statement Errors

|                       |         |
|-----------------------|---------|
| <i>Finding Number</i> | 2010-01 |
|-----------------------|---------|

MATERIAL WEAKNESS

The Fiscal Officer did not properly record certain transactions to the correct account which resulted in errors on the Village's financial statements. Sound financial reporting is essential to ensure the information provided to readers of the financial statements is complete and accurate.

During 2010, the following errors were noted:

- program revenue charges for services of \$41,536 were improperly reported as program revenue capital grants and contributions in the Business Type Activities;
- program revenue capital grants and contributions of \$62,060 were improperly reported as general revenues in the Business Type Activities;
- final budgeted municipal income tax receipts were understated by \$70,828 in the General Fund;
- final budgeted security of persons and property, community environment, general government and transfers out expenditures were overstated by \$76,042, \$41,742, \$92,514 and \$61,751, respectively, in the General Fund;
- final budgeted transfers in receipts were understated by \$65,191 in the Street, Construction, Maintenance and Repair Fund;
- final budgeted transportation expenditures were overstated by \$71,541 in the Street Construction, Maintenance and Repair Fund;
- final budgeted interest receipts were overstated by \$4,367 in the Cemetery Trust Fund;
- final budgeted public health services expenditures were overstated by \$1,477 in the Cemetery Trust Fund;
- interest was overstated by \$771 in the Cemetery Trust Fund due to the Village improperly reporting an increase in the market value of investments as interest revenue;
- principal and interest payments of \$2,000 and \$4,725, respectively, were improperly reported as Capital Outlay in the Capital Water Field Fund;
- charges for services receipts of \$41,536 were improperly reported as special assessments receipts in the Waterline Fund;
- intergovernmental receipts and capital outlay expenditures of \$21,210 were improperly recorded during fiscal year 2011 in the Waterline Fund.

The accumulation of errors may compromise management's ability to effectively monitor the finances and make appropriate decisions for the Village. The Fiscal Officer should review the adjustments identified above to help ensure future posting of receipts and expenditures are done correctly. To assist in proper classification of receipts and expenditures, the Fiscal Officer should review the Village Officer's Handbook and maintain a fund/account sheet which documents the specific accounts where each type of revenue and expenditure should be posted.

The Village should adopt procedures to help ensure the Fiscal Officer is submitting accurate and complete financial statements that comply with reporting requirements. These procedures should include periodically monitoring the classification of receipts and expenditures compared to the "Village Officer's Handbook" chart of accounts, and performing a final review of the statements by the Fiscal Officer and Board prior to filing reports to identify and correct posting errors and/or omissions. The accompanying financial statements were adjusted to properly reflect the items noted above. Additionally, the cash fund balance affect of these adjustments were posted to the Village's ledgers.

**Official's Response:** The Village will be more diligent in recording transactions to the correct accounts. If needed, the Village will add new account numbers to properly record the transactions.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

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

| Finding Number   | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|------------------|--|------------------|--|
| Finding 2009-001 | Financial Statement Errors – Receipts and disbursements were not accurately posted to the Village’s accounting system and/or financial statements. | No               | Not corrected, similar issue reported as Finding 2010-01   |

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# Dave Yost • Auditor of State

VILLAGE OF DOYLESTOWN

WAYNE 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 6, 2012