



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, 2011, 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.

As described in Note 3, during 2011 the Village of Doylestown adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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, 2011, 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, 2011
Unaudited

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, 2011, 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 2011 are as follows:

Net assets of governmental activities decreased \$15,381 or 1 percent, a nominal change from the prior year.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 20 and 50 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2011 changed very little compared to 2010 as development within the Village has slowed.

The water and sewer operation, the Village's lone business-type activity, realized an \$118,968 increase 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, 2011
Unaudited

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 2011, 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.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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.

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 Water Line, Capital Water Field, Water Plant, and Sewer Operating 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 2011 compared to 2010 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Cash and Cash Equivalents	\$1,511,531	\$1,526,912	\$483,475	\$364,507	\$1,995,006	\$1,891,419
Net Assets						
Restricted for:						
Capital Projects	548,478	625,990			548,478	625,990
Other Purposes	550,227	467,366			550,227	467,366
Unrestricted	412,826	433,556	483,475	364,507	896,301	798,063
Total Net Assets	\$1,511,531	\$1,526,912	\$483,475	\$364,507	\$1,995,006	\$1,891,419

As mentioned previously, net assets of governmental activities decreased \$15,381 or 1 percent during 2011.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2011 and 2010 for governmental activities, business-type activities and total primary government.

(Table 2)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$70,421	\$64,552	\$709,876	\$846,664	\$780,297	\$911,216
Operating Grants and Contributions	200,995	211,234		8,000	200,995	219,234
Capital Grants and Contributions	13,208		279,340	90,316	292,548	90,316
Total Program Receipts	284,624	275,786	989,216	944,980	1,273,840	1,220,766
General Receipts:						
Property Taxes	306,424	316,602			306,424	316,602
Municipal Income Taxes	782,296	804,443			782,296	804,443
Other Taxes	20,233				20,233	0
Grants and Entitlements Not Restricted to Specific Programs	127,379	107,012	21,660		149,039	107,012
Earnings on Investment	5,160	10,487			5,160	10,487
Miscellaneous	22,813	6,650	23,466	39,986	46,279	46,636
Total General Receipts	1,264,305	1,245,194	45,126	39,986	1,309,431	1,285,180
Total Receipts	1,548,929	1,520,980	1,034,342	984,966	2,583,271	2,505,946
Disbursements:						
General Government	285,243	286,735			285,243	286,735
Security of Persons and Property:	551,217	509,228			551,217	509,228
Public Health Services	17,145	20,349			17,145	20,349
Leisure Time Activities	66,164	66,443			66,164	66,443
Community Environment	37,354	54,967			37,354	54,967
Transportation	320,446	281,538			320,446	281,538
Capital Outlay	262,709	97,007			262,709	97,007
Principal Retirement	44,288	26,944			44,288	26,944
Interest and Fiscal Charges	19,744	21,152			19,744	21,152
Water and Sewer			875,374	1,026,480	875,374	1,026,480
Total Disbursements	1,604,310	1,364,363	875,374	1,026,480	2,479,684	2,390,843
Excess (Deficiency) Before Transfers	(55,381)	156,617	158,968	(41,514)	103,587	115,103
Transfers		(3,933)		3,933	0	0
Advances	40,000	40,671	(40,000)	(40,671)	0	0
Increase (Decrease) in Net Assets	(15,381)	193,355	118,968	(78,252)	103,587	115,103
Net Assets, January 1	1,526,912	1,333,557	364,507	442,759	1,891,419	1,776,316
Net Assets, December 31	\$1,511,531	\$1,526,912	\$483,475	\$364,507	\$1,995,006	\$1,891,419

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, 2011
Unaudited

General receipts represent 82 percent of the Village's total receipts for governmental activities, and of this amount, over 71 percent are local taxes. State and federal grants and entitlements make up approximately 12 percent of the Village's general 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 12 and 13, 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 18, 34, and 20 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	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2011	2011	2010	2010
General Government	\$285,243	\$197,249	\$286,735	\$209,703
Security of Persons and Property	551,217	544,997	509,228	509,228
Public Health Services	17,145	(18,894)	20,349	(16,085)
Leisure Time Activities	66,164	46,284	66,443	49,298
Community Environment	37,354	37,334	54,967	54,925
Transportation	320,446	185,975	281,538	136,405
Capital Outlay	262,709	262,709	97,007	97,007
Principal Retirement	44,288	44,288	26,944	26,944
Interest and Fiscal Charges	19,744	19,744	21,152	21,152
Total Expenses	\$1,604,310	\$1,319,686	\$1,364,363	\$1,088,577

The dependence upon tax receipts is apparent as over 84 percent of governmental activities are supported through these general receipts.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Business-type Activities

The water and sewer operation of the Village routinely reports receipts and cash disbursements that are relatively equal. Construction of a new water plant began in 2011.

The Village's Funds

Total governmental funds had receipts of \$1,548,929 and disbursements of \$1,604,310. The greatest change within governmental funds occurred within the Capital Improvement Fund. The fund balance of the Capital Improvement Fund decreased \$77,512 as the result of unanticipated growth in income and property tax receipts.

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 2011, 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 \$938,839 while actual disbursements were \$955,680. The Village kept spending very close to budgeted amounts. The result is the nominal decrease in unencumbered fund balance of \$51,485 for 2011.

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 was anticipated this program would be fully functional for 2011 but reductions in staff delayed the implementation.

Debt

At December 31, 2011, the Village's outstanding debt of \$1,144,544 included Ohio Public Works Commission Loans, capital improvement bonds, and general obligation notes. For further information regarding the Village's debt, refer to Note 12 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.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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

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VILLAGE OF DOYLESTOWN, WAYNE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2011

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,511,531	\$483,475	\$1,995,006
Net Assets			
Restricted for:			
Capital Projects	\$548,478		\$548,478
Other Purposes	550,227		550,227
Unrestricted	412,826	\$483,475	896,301
<i>Total Net Assets</i>	<u>\$1,511,531</u>	<u>\$483,475</u>	<u>\$1,995,006</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, 2011*

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Security of Persons and Property	\$551,217		\$6,220
Public Health Services	17,145	\$28,897	7,142
Leisure Time Activities	66,164	14,730	5,150
Community Environment	37,354		20
Transportation	320,446	2,585	131,886
General Government	285,243	24,209	50,577
Capital Outlay	262,709		
Debt Service:			
Principal Retirement	44,288		
Interest and Fiscal Charges	19,744		
<i>Total Governmental Activities</i>	1,604,310	70,421	200,995
Business Type Activities			
Water Operating	187,650	201,645	
Water Line Capital	68,131		
Capital Water Field	49,768	24,181	
Water Plant	189,516	80,359	
Sewer Operating	319,407	325,013	
Sewer Capital Improvements		28,467	
Maple St & Valleyview Loan			
Grinder Pump Maintenance	10,051	10,237	
S. Well Field & Repair Loan Payment	29,786	25,284	
Pump Station Assessment		2,000	
Special Water & Sewer Improvements	21,065	12,690	
<i>Total Business Type Activities</i>	875,374	709,876	
<i>Total Primary Government</i>	\$2,479,684	\$780,297	\$200,995

General Receipts

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

Total General Receipts

Advances

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

<u>Net (Disbursements) Receipts and Changes in Net Assets</u>			
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	(\$544,997)		(\$544,997)
	18,894		18,894
	(46,284)		(46,284)
	(37,334)		(37,334)
	(185,975)		(185,975)
\$13,208	(197,249)		(197,249)
	(262,709)		(262,709)
	(44,288)		(44,288)
	(19,744)		(19,744)
13,208	(1,319,686)		(1,319,686)
		13,995	13,995
96,862		28,731	28,731
		(25,587)	(25,587)
176,561		67,404	67,404
		5,606	5,606
		28,467	28,467
5,917		5,917	5,917
		186	186
		(4,502)	(4,502)
		2,000	2,000
		(8,375)	(8,375)
279,340		113,842	113,842
<u>\$292,548</u>	<u>(\$1,319,686)</u>	<u>\$113,842</u>	<u>(\$1,205,844)</u>
	\$306,424		\$306,424
	782,296		782,296
	20,233		20,233
	127,379	\$21,660	149,039
	5,160		5,160
	22,813	23,466	46,279
	<u>1,264,305</u>	<u>45,126</u>	<u>1,309,431</u>
	40,000	(40,000)	
	(15,381)	118,968	103,587
	<u>1,526,912</u>	<u>364,507</u>	<u>1,891,419</u>
	<u>\$1,511,531</u>	<u>\$483,475</u>	<u>\$1,995,006</u>

VILLAGE OF DOYLESTOWN, WAYNE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2011

	General	Street Const. Maint. & Repair	Cemetery Trust	Capital Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$412,826	\$109,468	\$307,297	\$548,478
Fund Cash Balance, December 31				
Restricted		\$109,468		\$548,478
Committed			\$307,297	
Assigned	\$34,097			
Unassigned (Deficit)	378,729			
<i>Fund Cash Balance, December 31</i>	<u>\$412,826</u>	<u>\$109,468</u>	<u>\$307,297</u>	<u>\$548,478</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$133,462	\$1,511,531
\$130,877	\$788,823
2,585	309,882
	34,097
	378,729
<u>\$133,462</u>	<u>\$1,511,531</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, 2011

	General	Street Const. Maint. & Repair	Cemetery Trust	Capital Improvement
Receipts				
Municipal Income Taxes	\$546,274			\$236,022
Property Taxes	306,424			
Intergovernmental	130,271	\$147,903		
Special Assessments		2,585		
Charges for Services	14,733			
Fines, Licenses and Permits	40,451			
Earnings on Investments	860		\$4,300	
Miscellaneous	23,682			13,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	1,062,695	150,488	4,300	249,229
Disbursements				
Current:				
Security of Persons and Property	540,683			
Public Health Services			1,173	
Leisure Time Activities	59,395			
Community Environment	36,263			
Transportation		294,841		
General Government	285,243			
Capital Outlay				262,709
Debt Service:				
Principal Retirement				44,288
Interest and Fiscal Charges				19,744
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	921,584	294,841	1,173	326,741
Excess of Receipts Over (Under) Disbursements	141,111	(144,353)	3,127	(77,512)
Other Financing Sources (Uses)				
Transfers In		198,000		
Transfers Out	(198,500)		(3,400)	
Advances In	40,000			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(158,500)	198,000	(3,400)	
Net Change in Fund Balances	(17,389)	53,647	(273)	(77,512)
Fund Balances Beginning of Year	430,215	55,821	307,570	625,990
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances End of Year	<u>\$412,826</u>	<u>\$109,468</u>	<u>\$307,297</u>	<u>\$548,478</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total
	\$782,296
	306,424
\$44,159	322,333
	2,585
28,897	43,630
3,991	44,442
	5,160
5,170	42,059
<u>82,217</u>	<u>1,548,929</u>
10,534	551,217
15,972	17,145
6,769	66,164
1,091	37,354
25,605	320,446
	285,243
	262,709
	44,288
	19,744
<u>59,971</u>	<u>1,604,310</u>
<u>22,246</u>	<u>(55,381)</u>
3,900	201,900
	(201,900)
	40,000
<u>3,900</u>	<u>40,000</u>
26,146	(15,381)
<u>107,316</u>	<u>1,526,912</u>
<u>\$133,462</u>	<u>\$1,511,531</u>

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, 2011

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$625,000	\$625,000	\$546,274	(\$78,726)
Property Taxes	310,000	310,000	306,424	(3,576)
Intergovernmental	135,200	135,200	130,271	(4,929)
Special Assessments	2,000	2,000		(2,000)
Charges for Services	15,500	15,500	14,733	(767)
Fines, Licenses and Permits	54,500	54,500	40,451	(14,049)
Earnings on Investments	20,000	20,000	860	(19,140)
Miscellaneous	10,700	10,700	23,682	12,982
<i>Total receipts</i>	<u>1,172,900</u>	<u>1,172,900</u>	<u>1,062,695</u>	<u>(110,205)</u>
Disbursements				
Current:				
Security of Persons and Property	622,150	540,224	545,586	(5,362)
Leisure Time Activities	84,400	68,287	68,508	(221)
Community Environment	81,830	38,546	43,352	(4,806)
General Government	389,570	291,782	298,234	(6,452)
<i>Total Disbursements</i>	<u>1,178,200</u>	<u>938,839</u>	<u>955,680</u>	<u>(16,841)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,300)</u>	<u>234,061</u>	<u>107,015</u>	<u>(127,046)</u>
Other Financing Sources (Uses)				
Transfers Out		(198,500)	(198,500)	
Advances In			40,000	40,000
<i>Total Other Financing Sources (Uses)</i>		<u>(198,500)</u>	<u>(158,500)</u>	<u>40,000</u>
<i>Net Change in Fund Balance</i>	<u>(5,300)</u>	<u>35,561</u>	<u>(51,485)</u>	<u>(87,046)</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>409,790</u>	<u>409,790</u>	<u>409,790</u>	
<i>Prior Year Encumbrances Appropriated</i>	<u>20,424</u>	<u>20,424</u>	<u>20,424</u>	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$424,914</u>	<u>\$465,775</u>	<u>\$378,729</u>	<u>(\$87,046)</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, Maintenance, and Repair Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$162,000	\$162,000	\$147,903	(\$14,097)
Special Assessments	5,600	5,600	2,585	(3,015)
Earnings on Investments	200	200		(200)
<i>Total receipts</i>	<u>167,800</u>	<u>167,800</u>	<u>150,488</u>	<u>(17,312)</u>
Disbursements				
Current:				
Transportation	368,305	319,351	319,271	80
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(200,505)</u>	<u>(151,551)</u>	<u>(168,783)</u>	<u>(17,232)</u>
Other Financing Sources (Uses)				
Transfers In	198,900	198,900	198,000	(900)
<i>Net Change in Fund Balance</i>	(1,605)	47,349	29,217	(18,132)
<i>Unencumbered Cash Balance Beginning of Year</i>	54,135	54,135	54,135	
Prior Year Encumbrances Appropriated	1,685	1,685	1,685	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$54,215</u>	<u>\$103,169</u>	<u>\$85,037</u>	<u>(\$18,132)</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

Cemetery Trust Fund

For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Earnings on Investments	\$2,500	\$2,500	\$4,300	\$1,800
Disbursements				
Current:				
Public Health Services		5,000	1,173	3,827
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,500</u>	<u>(2,500)</u>	<u>3,127</u>	<u>5,627</u>
Other Financing Sources (Uses)				
Transfers Out	(10,000)	(5,000)	(3,400)	1,600
<i>Net Change in Fund Balance</i>	<u>(7,500)</u>	<u>(7,500)</u>	<u>(273)</u>	<u>7,227</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>307,570</u>	<u>307,570</u>	<u>307,570</u>	
<i>Unencumbered Cash Balance End of Year</i>	<u>\$300,070</u>	<u>\$300,070</u>	<u>\$307,297</u>	<u>\$7,227</u>

See accompanying notes to the basic financial statements

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VILLAGE OF DOYLESTOWN, WAYNE COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2011

	<u>Water Operating</u>	<u>Capital Water Line</u>	<u>Capital Water Field</u>	<u>Water Plant</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$19,112	\$147,972	\$104,348	\$67,404
Net Assets				
Unrestricted	\$19,112	\$147,972	\$104,348	\$67,404
<i>Total Net Assets</i>	<u><u>\$19,112</u></u>	<u><u>\$147,972</u></u>	<u><u>\$104,348</u></u>	<u><u>\$67,404</u></u>

See accompanying notes to the basic financial statements

Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
\$95,324	\$49,315	\$483,475
\$95,324	\$49,315	\$483,475
<u>\$95,324</u>	<u>\$49,315</u>	<u>\$483,475</u>

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, 2011

	<u>Water Operating</u>	<u>Capital Water Line</u>	<u>Capital Water Field</u>	<u>Water Plant</u>
Operating Receipts				
Charges for Services	\$201,645		\$24,181	\$80,359
Operating Disbursements				
Personal Services	68,528			
Employee Fringe Benefits	27,606			
Contractual Services	38,350			
Supplies and Materials	53,166			
	<hr/>			
<i>Total Operating Disbursements</i>	<hr/> 187,650 <hr/>			
<i>Operating Income (Loss)</i>	<hr/> 13,995 <hr/>		<hr/> 24,181 <hr/>	<hr/> 80,359 <hr/>
Non-Operating Receipts (Disbursements)				
Intergovernmental		\$21,660		176,561
Special Assessments		96,862		
Miscellaneous Receipts			21,441	
Capital Outlay		(35,694)	(6,170)	(189,516)
Principal Retirement		(21,437)	(31,463)	
Interest and Other Fiscal Charges		(11,000)	(12,135)	
		<hr/>		
<i>Total Non-Operating Receipts (Disbursements)</i>		<hr/> 50,391 <hr/>	<hr/> (28,327) <hr/>	<hr/> (12,955) <hr/>
<i>Income (Loss) before Transfers and Advances</i>	<hr/> 13,995 <hr/>	<hr/> 50,391 <hr/>	<hr/> (4,146) <hr/>	<hr/> 67,404 <hr/>
Advances In				
Advances Out	(20,000)			
	<hr/>			
<i>Change in Net Assets</i>	<hr/> (6,005) <hr/>	<hr/> 50,391 <hr/>	<hr/> (4,146) <hr/>	<hr/> 67,404 <hr/>
<i>Net Assets Beginning of Year</i>	<hr/> 25,117 <hr/>	<hr/> 97,581 <hr/>	<hr/> 108,494 <hr/>	
<i>Net Assets End of Year</i>	<hr/> <u>\$19,112</u> <hr/>	<hr/> <u>\$147,972</u> <hr/>	<hr/> <u>\$104,348</u> <hr/>	<hr/> <u>\$67,404</u> <hr/>

See accompanying notes to the basic financial statements

Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
\$325,013	\$78,678	\$709,876
138,149		206,677
39,565		67,171
62,032		100,382
79,661	10,051	142,878
<u>319,407</u>	<u>10,051</u>	<u>517,108</u>
5,606	68,627	192,768
		198,221
	5,917	102,779
2,025		23,466
	(21,065)	(252,445)
	(17,851)	(70,751)
	(11,935)	(35,070)
<u>2,025</u>	<u>(44,934)</u>	<u>(33,800)</u>
7,631	23,693	158,968
5,917		5,917
(20,000)	(5,917)	(45,917)
(6,452)	17,776	118,968
<u>101,776</u>	<u>31,539</u>	<u>364,507</u>
<u>\$95,324</u>	<u>\$49,315</u>	<u>\$483,475</u>

VILLAGE OF DOYLESTOWN, WAYNE COUNTY

Statement of Fiduciary Net Assets - Cash Basis

Agency Funds

December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,180
Net Assets	
Unclaimed Money	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, 2011

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 of the Village are not misleading.

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.

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, the "Basis of Accounting" section of this note, 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. 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.

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, 2011

(continued)

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 in nature and those that are considered business-type activities. 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 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 program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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 fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented in three categories: governmental, proprietary, and fiduciary.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds

General The general fund accounts for and reports all financial resources not accounted for and reported 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.

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Cemetery Trust Fund The cemetery trust fund accounts for and reports resources restricted for capital improvements of the Chestnut Hill Cemetery.

Capital Improvement Fund The capital improvement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary.

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 following are the Village's major enterprise funds

Water Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Capital Water Line Fund The capital water line fund accounts 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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds (continued)

Water Plant Fund The water plant fund accounts for resources to be used for major capital improvement to the physical water plant.

Sewer Operating Fund The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Agency Funds Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. 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.

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 expenses and liabilities) are not recorded in these financial statements.

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

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

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 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 Village Council during the year.

Cash and Investments

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.

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 (contra revenue), respectively.

During 2011, the Village invested in nonnegotiable certificates of deposit and government securities. The nonnegotiable certificates of deposit and government securities are reported at cost.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Inventory and Prepaid Items

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

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's *cash* basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when 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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use 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 and 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 expense is incurred for purposes for which both restricted and unrestricted resources are available. \$550,227 of net assets was restricted by enabling legislation.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

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 – Change in Accounting Principle

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 4 - 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 restricted, committed or assigned 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). The encumbrances outstanding at year end (budgetary basis) amounted to \$34,095 for the general fund, \$24,430 for the Street Construction, Maintenance and Repair Fund, and \$3,146 for the Cemetery Trust Fund.

Note 5 – Deposits and Investments

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

Active deposits are public deposits 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;

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 5 – Deposits and Investments (continued)

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 two 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;
7. The State Treasurer's investment pool (STAR Ohio).

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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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. The Village's bank balance of \$1,699,306 was covered by FDIC insurance at year end.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 5 – Deposits and Investments (continued)

Investments

As of December 31, 2011, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Money Market	\$33,737	\$33,737		
US Treasury Bonds	223,045		\$ 102,476	\$ 120,569
Federal Home Loan Banks	25,000			25,000
FNMA MTN	75,479			75,479
FHLMC MTN	25,273			25,273
Total Investments	\$382,534	\$33,737	\$102,476	\$246,321

Interest Rate Risk 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.

Credit Risk 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 also carries a rating of AAA by MOODY'S investment credit rating service. 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.

Custodial Credit Risk 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."

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 5 – Deposits and Investments (continued)

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2011:

Investment Issuer	Percentage of Investments
Money Market	8.9%
US Treasury Bonds	58.3%
Federal Home Loan Banks	6.5%
FNMA MTN	19.7%
FHLMC MTN	6.6%
Total	<u>100.0%</u>

Note 6 – Income Taxes

The Village levies a 2 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

The Village's income tax ordinance requires 30 percent of the income tax receipts to be used to finance capital improvements. As a result, this portion of the receipts is allocated to the capital improvement capital projects fund each year. The remaining income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2011, the receipts were allocated to the general fund and the capital improvements fund.

Note 7 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 7 – Property Taxes (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$6.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

<u>Real Property</u>	<u>Total Assessed Value</u>
Residential/Agriculture	\$56,031,190
Other Real estate	5,747,370
PUCO Personal Property	823,230
Telephone Personal Property	121,380
Residential/Agriculture New Construction	236,610
Other New Construction	231,240
Total Assessed Value	<u>\$63,191,020</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 8 – Interfund Receivables/Payables

Interfund balances at December 31, 2011, consisted of the following individual fund receivables and payables:

Due to Sewer Operating Fund from:	
<u>Maple Street & Valley View Loan Fund</u>	<u>\$13,704</u>
Total Sewer Operating Fund Fund	<u>\$13,704</u>

The balance due to the Sewer Operating 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, 2011

(continued)

Note 9 – 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 2011, the Village contracted with the 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
Building and Personal Property	\$8,812,860
Boiler & Machinery	\$8,812,860
Inland Marine	
Special Property Coverage	\$538,882
Electronic Equipment/Media Coverage Form	\$40,000

Settled claims have not exceeded this commercial coverage in any of the past 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 10 – Defined Benefit Pension Plans

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 Pension 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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 10 – Defined Benefit Pension Plans (continued)

Ohio Public Employees Retirement System (continued)

Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy 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 Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.1 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The Village's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 6.05 through 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.0 percent for 2011. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$80,707, \$75,251, and \$77,802 respectively. Ninety-eight percent has been contributed for 2011 and 100 percent for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$ 73,402 made by the Village and \$52,430 made by plan members.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 10 – Defined Benefit Pension Plans (continued)

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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers of covered payroll. The Village's contributions to OP&F for police pension were \$ 52,946, \$50,051, and \$38,340 for the years ended December 31, 2011, 2010, and 2009, respectively. Ninety-four percent of the amount was contributed for 2011 and 100% of the amounts were contributed for 2010 and 2009.

Note 11 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 11 – Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

Disclosures for the health care 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 post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, State and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$23,059, \$27,323, and \$29,876 respectively. Ninety-eight percent has been contributed for 2011 and 100 percent for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 11 – Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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 health care 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 – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 11 – Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund (continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$19,552, \$17,325, and \$22,452 for the years ended December 31, 2011, 2010, and 2009 respectively.

Note 12 - Debt

The changes in the Village's long-term debt during 2011 were as follows:

	Interest Rate %	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
OPWC Loan #CP08A Water System Improvement Bond (Series 2005)	0	\$103,730		(\$11,525)	\$92,205	\$11,525
Various Purpose Improvement Bond (Series 2006)	4.94	630,727		(57,200)	573,527	60,062
Water System Improvement Bond	5.1	388,644		(28,704)	359,940	30,188
General Obligation Notes	4.5	103,000		(2,000)	101,000	3,000
	6.75	22,491		(4,619)	17,872	4,930
Total		\$1,248,592	\$0	(\$104,048)	\$1,144,544	\$109,705

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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 12 - Debt

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.

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
2012	\$11,525	\$0	\$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		2,038	70	69,530	18,132
2016	11,525				73,008	14,654
2017 +	34,580				241,643	21,317
Totals	\$92,205	\$0	\$17,872	\$2,418	\$573,527	\$127,743

Year	2006 Bond		Water System Imp. Bond		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	121,204	35,326
2016	36,925	11,171	3,000	4,005	124,458	29,830
2017 +	192,581	25,202	86,000	41,760	554,804	88,279
Totals	\$359,940	\$98,323	\$101,000	\$63,135	\$1,144,544	\$291,619

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2011

(continued)

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Const. Maint. & Repair	Cemetery Trust	Capital Improvements	Other Governmental Funds	Total
Restricted for						
Road Maintenance and Improvements		\$109,468			\$35,808	\$145,276
Cemetery					83,240	83,240
Drug and Alcohol Education and Enforcement					5,777	5,777
Debt Service				\$112,548		112,548
Public Improvements				435,930	6,052	441,982
<i>Total Restricted</i>	0	109,468	0	548,478	130,877	788,823
Committed to						
Convention and Visitor's Bureau					2,585	2,585
Cemetery			\$307,297			307,297
<i>Total Committed</i>	0	0	307,297	0	2,585	309,882
Assigned to						
Other Purposes	\$34,097					34,097
Unassigned (deficits):	378,729					378,729
<i>Total Fund Balances</i>	\$412,826	\$109,468	\$307,297	\$548,478	\$133,462	\$1,511,531

Note 14 - Interfund Transfers

During 2011 the following transfers were made:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		(\$198,500)
Cemetery Trust Fund		(\$3,400)
Street Construction, Maint. & Repair Fund	\$198,000	
Beautification Fund	500	
Cemetery Fund	3,400	
Total Transfers	<u>\$201,900</u>	<u>(\$201,900)</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. The general fund transfers to the other governmental funds were made to provide additional resources for current operations and capital improvements.

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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, 2011, 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 noted the Village adopted Governmental Accounting Standards Board Statements No. 54 (GASB 54). 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 2011-01 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, 2011

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

Financial Statement Errors

<i>Finding Number</i>	2011-01
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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 2011, the following errors were noted:

- program revenue charges for services of \$96,862 were improperly reported as program revenue capital grants and contributions in the Business Type Activities;
- final budgeted security of persons and property, leisure time activities, community environment and general government expenditures were overstated by \$93,288, \$17,246, \$48,090 and \$97,586, respectively, in the General Fund;
- original budgeted transfers out expenditures were overstated by \$199,400 in the General Fund;
- original budgeted transfers in receipts were overstated by \$198,900 in the Street, Construction, Maintenance and Repair Fund;
- final budgeted transportation expenditures were overstated by \$48,954 in the Street Construction, Maintenance and Repair Fund;
- final budgeted interest receipts were overstated by \$2,500 in the Cemetery Trust Fund;
- interest receipts and public health services expenditures were understated by \$313 in the Cemetery Trust Fund;
- charges for services receipts of \$96,862 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 2010 in the Waterline Fund;
- intergovernmental receipts and capital outlay expenditures of \$42,977 were not recorded 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, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2010-01	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 2011-01

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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