



Dave Yost • Auditor of State

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Doylestown
Wayne County
24 S. Portage Street
Doylestown, Ohio 44230

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Doylestown, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Doylestown, Wayne County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matters

As discussed in Note 1 to the financial statements, during 2012, the Village elected to change its financial presentation from the cash basis to the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). We did not modify our opinion with respect to this matter.

As discussed in Note 2 to the financial statements, the Agency Fund balance was restated as of January 1, 2012 due to the rental deposit bank account not being included in the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 15, 2014

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 296,737	\$ -	\$ -	\$ 296,737
Municipal Income Tax	573,590	-	190,626	764,216
Intergovernmental	86,947	176,353	-	263,300
Special Assessments	-	6,480	-	6,480
Charges for Services	13,715	28,780	-	42,495
Fines, Licenses and Permits	41,734	1,397	-	43,131
Earnings on Investments	400	3,187	-	3,587
Miscellaneous	27,049	6,725	115	33,889
<i>Total Cash Receipts</i>	<u>1,040,172</u>	<u>222,922</u>	<u>190,741</u>	<u>1,453,835</u>
Cash Disbursements				
Current:				
Security of Persons and Property	545,200	54,381	-	599,581
Public Health Services	-	25,568	-	25,568
Leisure Time Activities	58,034	7,461	-	65,495
Community Environment	26,681	1,413	-	28,094
Transportation	-	310,516	-	310,516
General Government	292,613	-	-	292,613
Capital Outlay	-	-	135,208	135,208
Debt Service:				
Principal Retirement	-	-	47,336	47,336
Interest and Fiscal Charges	-	-	16,697	16,697
<i>Total Cash Disbursements</i>	<u>922,528</u>	<u>399,339</u>	<u>199,241</u>	<u>1,521,108</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>117,644</u>	<u>(176,417)</u>	<u>(8,500)</u>	<u>(67,273)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	215,500	-	215,500
Transfers Out	(215,500)	-	-	(215,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(215,500)</u>	<u>215,500</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(97,856)</u>	<u>39,083</u>	<u>(8,500)</u>	<u>(67,273)</u>
<i>Fund Cash Balances, January 1</i>	<u>388,574</u>	<u>487,773</u>	<u>509,396</u>	<u>1,385,743</u>
Fund Cash Balances, December 31				
Restricted	-	526,856	500,896	1,027,752
Assigned	273,645	-	-	273,645
Unassigned	17,073	-	-	17,073
<i>Fund Cash Balances, December 31</i>	<u>\$ 290,718</u>	<u>\$ 526,856</u>	<u>\$ 500,896</u>	<u>\$ 1,318,470</u>

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 826,712	\$ -	\$ 826,712
<i>Total Operating Cash Receipts</i>	<u>826,712</u>	<u>-</u>	<u>849,702</u>
Operating Cash Disbursements			
Personal Services	240,351	-	240,351
Employee Fringe Benefits	75,340	-	75,340
Contractual Services	113,430	-	113,430
Supplies and Materials	139,110	-	139,110
<i>Total Operating Cash Disbursements</i>	<u>568,231</u>	<u>-</u>	<u>591,621</u>
<i>Operating Income (Loss)</i>	<u>258,481</u>	<u>-</u>	<u>258,081</u>
Non-Operating Receipts (Disbursements)			
Court Collections	-	12,690	12,690
Court Disbursements	-	(12,690)	(12,690)
Deposits Held for Rentals	-	10,300	10,300
Deposits Distributed	-	(10,700)	(10,700)
Intergovernmental	432,126	-	432,126
Special Assessments	5,834	-	5,834
Other Debt Proceeds	1,783,481	-	1,783,481
Miscellaneous Receipts	25,270	-	25,270
Capital Outlay	(2,191,889)	-	(2,191,889)
Principal Retirement	(84,791)	-	(84,791)
Interest and Other Fiscal Charges	(87,017)	-	(87,017)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(116,986)</u>	<u>(400)</u>	<u>(117,386)</u>
<i>Income before Advances</i>	141,495	(400)	140,695
Advances In	5,834	-	5,834
Advances Out	(5,834)	-	(5,834)
<i>Net Change in Fund Cash Balances</i>	141,495	(400)	140,695
<i>Fund Cash Balances, January 1</i>	<u>646,868</u>	<u>7,332</u>	<u>654,200</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 788,363</u>	<u>\$ 6,932</u>	<u>\$ 794,895</u>

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 293,842	\$ -	\$ -	\$ 293,842
Municipal Income Tax	604,766	-	201,088	805,854
Intergovernmental	77,544	173,349	-	250,893
Special Assessments	-	3,035	-	3,035
Charges for Services	14,655	27,325	-	41,980
Fines, Licenses and Permits	41,685	3,117	-	44,802
Earnings on Investments	994	4,893	-	5,887
Miscellaneous	26,403	8,531	-	34,934
<i>Total Cash Receipts</i>	<u>1,059,889</u>	<u>220,250</u>	<u>201,088</u>	<u>1,481,227</u>
Cash Disbursements				
Current:				
Security of Persons and Property	537,622	48,390	-	586,012
Public Health Services	-	25,725	-	25,725
Leisure Time Activities	67,249	7,087	-	74,336
Community Environment	33,901	7,485	-	41,386
Transportation	-	330,717	-	330,717
General Government	308,669	-	-	308,669
Capital Outlay	-	-	176,138	176,138
Debt Service:				
Principal Retirement	-	-	45,717	45,717
Interest and Fiscal Charges	-	-	18,316	18,316
<i>Total Cash Disbursements</i>	<u>947,441</u>	<u>419,404</u>	<u>240,171</u>	<u>1,607,016</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>112,448</u>	<u>(199,154)</u>	<u>(39,083)</u>	<u>(125,789)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	136,700	-	136,700
Transfers Out	(136,700)	-	-	(136,700)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(136,700)</u>	<u>136,700</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(24,252)</u>	<u>(62,454)</u>	<u>(39,083)</u>	<u>(125,789)</u>
<i>Fund Cash Balances, January 1</i>	<u>412,826</u>	<u>550,227</u>	<u>548,479</u>	<u>1,511,532</u>
Fund Cash Balances, December 31				
Restricted	-	487,773	509,396	997,169
Assigned	195,535	-	-	195,535
Unassigned	193,039	-	-	193,039
<i>Fund Cash Balances, December 31</i>	<u>\$ 388,574</u>	<u>\$ 487,773</u>	<u>\$ 509,396</u>	<u>\$ 1,385,743</u>

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 818,994	\$ -	\$ 818,994
<i>Total Operating Cash Receipts</i>	<u>818,994</u>	<u>-</u>	<u>818,994</u>
Operating Cash Disbursements			
Personal Services	223,841	-	223,841
Employee Fringe Benefits	73,809	-	73,809
Contractual Services	98,357	-	98,357
Supplies and Materials	78,189	-	78,189
<i>Total Operating Cash Disbursements</i>	<u>474,196</u>	<u>-</u>	<u>474,196</u>
<i>Operating Income</i>	<u>344,798</u>	<u>-</u>	<u>344,798</u>
Non-Operating Receipts (Disbursements)			
Court Collections	-	18,617	18,617
Court Disbursements	-	(18,617)	(18,617)
Deposits Held for Rentals	-	10,700	10,700
Deposits Distributed	-	(10,450)	(10,450)
Intergovernmental	171,414	-	171,414
Special Assessments	5,917	-	5,917
Other Debt Proceeds	1,533,254	-	1,533,254
Miscellaneous Receipts	30,935	52	30,987
Capital Outlay	(1,806,467)	-	(1,806,467)
Principal Retirement	(84,317)	-	(84,317)
Interest and Other Fiscal Charges	(32,141)	-	(32,141)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(181,405)</u>	<u>302</u>	<u>(181,103)</u>
<i>Income before Advances</i>	163,393	302	163,695
Advances In	5,917	-	5,917
Advances Out	(5,917)	-	(5,917)
<i>Net Change in Fund Cash Balances</i>	163,393	302	163,695
<i>Fund Cash Balances, January 1, Restated</i>	<u>483,475</u>	<u>7,030</u>	<u>490,505</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 646,868</u>	<u>\$ 7,332</u>	<u>\$ 654,200</u>

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Village

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Doylestown, Wayne County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Chippewa Township, Wayne County, to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). During 2012, the Village elected to change its financial presentation from the cash basis to the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

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

C. Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund – This fund receives income tax revenue. The proceeds are being used to pay the premium and interest payments on existing debt.

4. Enterprise Funds

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

Water Plant Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance the construction of a new water plant. A utility surcharge recorded in this fund will repay this loan.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court receipts and disbursements, Unclaimed Funds, and a deposit holding account for rental of the Community Center.

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Restatement of Fund Balance

The Agency Fund balance was restated as of January 1, 2012 due to the rental deposit bank account not being included in the financial statements. The effect of the restatement is noted below:

Agency Fund Balance, December 31, 2011	\$1,180
Balance of deposit holding account as of December 31, 2011 not included in financial statements	<u>5,850</u>
Restated Beginning Balance, January 1, 2012	<u><u>\$7,030</u></u>

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$1,799,652	\$1,528,946
Certificates of Deposit		200,000
Total deposits	1,799,652	1,728,946
No Load Money Market Account	314,113	310,997
Total deposits and investments	\$2,113,765	\$2,039,943

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

4. Budgetary Activity

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,049,100	\$1,040,172	(\$8,928)
Special Revenue	440,750	438,442	(2,308)
Capital Projects	187,500	190,741	3,241
Enterprise	3,250,048	3,073,423	(176,625)
Total	\$4,927,398	\$4,742,778	(\$184,620)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,264,635	\$1,157,426	\$107,209
Special Revenue	482,510	406,924	75,586
Capital Projects	245,724	202,241	43,483
Enterprise	3,214,227	3,000,168	214,059
Total	\$5,207,096	\$4,766,759	\$440,337

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,100,700	\$1,059,889	(\$40,811)
Special Revenue	458,700	356,950	(101,750)
Capital Projects	190,000	201,088	11,088
Enterprise	2,622,804	2,560,514	(62,290)
Total	\$4,372,204	\$4,178,441	(\$193,763)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,282,125	\$1,102,119	\$180,006
Special Revenue	509,500	421,452	88,048
Capital Projects	305,236	259,321	45,915
Enterprise	3,009,835	2,796,189	213,646
Total	\$5,106,696	\$4,579,081	\$527,615

5. Property Tax

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. Local Income Tax

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village's net income tax receipts are allocated 75 percent to the General Fund and 25 percent to the Capital Improvement Fund.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Water System Improvement Bond	\$95,000	6.75%
Various Purpose Improvement Bonds Series 2006	299,465	5.10%
Various Purpose Improvement Bonds Series 2005	450,335	4.94%
Ohio Public Works Commission Loan CP08A	69,154	0.00%
Ohio Public Works Commission Loan CP08L	191,243	0.00%
Ohio Public Works Commission Loan CP17M	133,202	0.00%
Ohio Water Development Authority Loan #6191	3,275,212	3.45%
Total	<u><u>\$4,513,611</u></u>	

The USDA Water System Improvement Bond is for the purpose of making improvements to the water system. The original bond amount was \$115,000. The Bond will be repaid in annual installments including interest of 6.75% over 30 years. The final payment is due on March 1, 2034.

The Various Purpose Improvement Bonds (Series 2006) is for the purpose of paying the costs of constructing and installing water and sewer improvements. The original bond amount was \$500,000. 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 Various Purpose Improvement Bonds (Series 2005) is for the purpose of paying costs of constructing and installing water lines and related water system improvements. The original bond amount was \$900,000. The Bond will be repaid in semiannual installments of \$43,831, including interest of 4.94 percent over 15 years. The final payment is due on November 30, 2019.

The 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 for 20 years. The final payment is due on July 1, 2019.

The Ohio Public Works Commission (OPWC) Loan CP08L relates to a project for east side storm sewer improvements. The original amount of the loan was \$239,053. The zero percent interest loan is being repaid in semiannual installments of \$7,968 for 15 years. The final payment is due on July 1, 2025.

The Ohio Public Works Commission (OPWC) Loan CP17M relates to the water supply well project. The original amount of the loan was \$144,002. The zero percent interest loan is being repaid in semiannual installments of \$3,600 for 20 years. The final payment is due on January 2, 2032.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Debt (Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water treatment plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$3,363,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$90,414, including interest, over 30 years. The scheduled payment amount below assumes that \$3,363,000 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village issued general obligation bonds to finance the purchase of a new dump truck and plowing equipment for Village road maintenance.

The Village's taxing authority collateralized the bonds.

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

Year ending December 31:	USDA Water System Improvement Bond	Various Purpose Improvement Bonds Series 2006	Various Purpose Improvement Bonds Series 2005	OPWC Loan CP08A	OPWC Loan CP08L	OPWC Loan CP17M	OWDA Loan #6191
2014	\$7,275	\$48,097	\$87,662	\$11,526	\$15,937	\$7,200	\$90,414
2015	7,140	48,097	87,662	11,526	15,937	7,200	180,828
2016	7,005	48,097	87,662	11,526	15,937	7,200	180,828
2017	6,870	48,097	87,662	11,526	15,937	7,200	180,828
2018	6,735	48,097	87,662	11,526	15,937	7,200	180,828
2019-2023	35,380	120,242	87,662	11,526	79,685	36,000	904,140
2024-2028	35,655				31,874	36,000	904,140
2028-2033	35,805					25,201	904,140
2034-2038	7,315						904,140
2039-2043							904,140
2044							90,414
Total	\$149,180	\$360,726	\$525,972	\$69,154	\$191,243	\$133,202	\$5,424,839

8. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Employers Liability
- Employee Benefits Liability
- Public Officials Liability
- Law Enforcement Officers Liability
- Building and Personal Property
- Boiler & Machinery
- Inland Marine

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Dave Yost • Auditor of State

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

Village of Doylestown
Wayne County
24 S. Portage Street
Doylestown, Ohio 44230

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Doylestown, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2014 wherein we noted the Village elected to change its financial presentation from the cash basis to the accounting basis permitted by the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the Village restated their 2011 financial statements to correct a misstatement in the Agency.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 through 2013-004 described in the accompanying schedule of findings to be material weaknesses.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2013-001 and 2013-003.

Village's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 15, 2014

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance/Material Weakness - OPWC & OWDA

Ohio Rev. Code § 5705.42 requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

In 2013 and 2012, the Ohio Public Works Commission (OPWC) expended \$432,126 and \$171,414, respectively, and the Ohio Water Development Authority (OWDA) expended \$1,783,482 and \$1,533,254, respectively, for construction of a new water treatment plant on behalf of the Village. Under the terms of these agreements, OPWC and OWDA made project payments directly to the vendor/contractor(s) on the Village's behalf. In 2013, \$106,806 of OPWC and (\$10,901) of OWDA, and in 2012, \$320,989 of OWDA on-behalf moneys were not recorded in the Village's accounting records, thus understating their enterprise funds' intergovernmental and loan proceed receipts as well as the capital outlay and debt service interest disbursements. In addition, in 2013 and 2012, \$102,008 and \$39,746, respectively, of OWDA activity was incorrectly posted in the Village's accounting records as a receipt and negative receipt, rather than a receipt and disbursement. Adjustments for the amounts noted above were made to the financial statements to properly state these receipts and disbursements.

Adjustments were made to the financial statements to correct the mispostings identified above.

Any payments made on behalf of the Village by another party should be recorded by the Village as a receipt and disbursement. Failure to do so results in an understatement of receipts and disbursements. Additionally, since this grant is deemed appropriated pursuant to Ohio Rev. Code § 5705.42, the Village should record the appropriations in their accounting records and should request an amended certificate of estimated resources to reflect the additional receipts.

Officials' Response: We acknowledge these findings and will continue our efforts to address the items noted in the current audit.

FINDING NUMBER 2013-002

Material Weakness - Financial Statement Presentation

Our receipt and disbursement testing revealed the Village recorded several transactions incorrectly. Mispostings identified included the following:

- During 2013 and 2012, \$1,585,569 and \$1,172,519, respectively, of Enterprise Fund debt proceeds were incorrectly posted as intergovernmental revenue.
- During 2013 and 2012, \$125,496 and \$141,931, respectively, of Enterprise Fund charges for services revenue were incorrectly posted as special assessment revenue.
- During 2013, \$8,502 of Mayor's Court activity was improperly recorded as a transfer in/out. It should have been Fines, Licenses and Permits in the General and Court Computerization Funds and a disbursement out of the Mayor's Court Fund.
- During 2013 and 2012, \$273,645 and \$195,535, respectively, of assigned fund balance were incorrectly recorded as unassigned fund balance. The funds should be assigned as a result of subsequent year appropriations exceeding estimated receipts.

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-002 (Continued)

Material Weakness - Financial Statement Presentation (Continued)

Adjustments were made to the financial statements to correct the mispostings identified above.

The Village should exercise due care when posting transactions to help ensure receipts and disbursements are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and disbursement activity reports to help ensure transactions are properly accounted for and classified. This will help accurately reflect the Village's financial activity and aid in more accurate financial reporting.

Officials' Response: I believe we have corrected this problem. Reports will be sent to council monthly for their review.

FINDING NUMBER 2013-003

Noncompliance/Material Weakness - Segregation of Duties

Ohio Admin. Code § 117-2-01(D)(4) states, in part, when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The Board of Public Affairs Clerk receipts all cash and checks received for water and sewer utility billing, posts all payments to the Utility Billing System, completes the bank deposit slip, and takes the deposit slip to the bank. The Village has not established adequate compensating controls to mitigate the risk of the lack of segregation of duties.

By ensuring that either adequate segregation of duties or compensating controls have been implemented, the Village's cash receipts would be better safe-guarded against fraud or misstatement.

We recommend that duties related to the collection and deposit of revenue be segregated to ensure that no individual has control over all phases of the process. Understanding it is not always possible to have enough staff to adequately segregate duties, management should take a more active role in monitoring collections, such as examining the contents of deposits, reviewing collection records, and requiring individuals independent of specific transactions periodically review the work performed for accuracy.

Officials' Response: We have implemented a policy whereby the BPA clerk takes her deposit with all cash and checks to someone else to be verified. That person then initials the report and completes the deposit slip.

FINDING NUMBER 2013-004

Material Weakness - Rental Security Deposit Account

Village management maintains a separate bank account to hold facility-rental security deposits. This account was not included on the books of the Village as of December 31, 2013 and 2012; the bank account held balances of \$5,700 and \$6,100, respectively.

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)

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

FINDING NUMBER 2013-004 (Continued)

Material Weakness - Rental Security Deposit Account (Continued)

The Village should account for all cash on their financial records. Since the Village is only holding the cash deposit until it is refunded to the party renting the facility, the activity should be accounted for in an Agency Fund. The Village should implement policies and procedures to address the tracking and reconciliation of the facility-rental security deposits. Additionally, there should be procedures in place that address the transfer of forfeited funds. The cash on hand at December 31, 2013 and 2012 has been reflected on the financial statements.

Officials' Response: The Fiscal Officer will be working with UAN to set up a second checking account to accurately show these funds on the books of the village at year end.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Financial Statement Errors – Numerous reclassifications and adjustments were made to the financial statements.	No	Repeated as Finding Number 2013-001 & 2013-002.



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
MAY 27, 2014