



**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF DOYLESTOWN  
WAYNE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Doylestown, Wayne County, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**Jim Petro**  
Auditor of State

March 27, 2002

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$267,834	\$0	\$0	\$0	\$0	\$267,834
Income Tax		460,629				460,629
Intergovernmental Receipts	138,003	162,447				300,450
Charges for Services	26,690	17,152				43,842
Fines, Licenses, and Permits	25,332	1,092				26,424
Earnings on Investments	47,234				11,046	58,280
Miscellaneous	22,677	5,237		10,589		38,503
<b>Total Cash Receipts</b>	<b>527,770</b>	<b>646,557</b>	<b>0</b>	<b>10,589</b>	<b>11,046</b>	<b>1,195,962</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	340,700	4,244				344,944
Public Health Services	46,720	25,127				71,847
Leisure Time Activities	62,697					62,697
Community Environment	33,632					33,632
Transportation		205,139				205,139
General Government	128,569	9,144				137,713
Debt Service:						
Principal Payments				58,333		58,333
Interest Payments				3,111		3,111
Capital Outlay		37,246		34,013		71,259
<b>Total Cash Disbursements</b>	<b>612,318</b>	<b>280,900</b>	<b>0</b>	<b>95,457</b>	<b>0</b>	<b>988,675</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(84,548)</b>	<b>365,657</b>	<b>0</b>	<b>(84,868)</b>	<b>11,046</b>	<b>207,287</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	266,745	116,250		177,830		560,825
Transfers-Out	(161,853)	(454,574)				(616,427)
Other Uses		(7,051)				(7,051)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>104,892</b>	<b>(345,375)</b>	<b>0</b>	<b>177,830</b>	<b>0</b>	<b>(62,653)</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	20,344	20,282	0	92,962	11,046	144,634
Fund Cash Balances, January 1	509,425	45,106	1,101	61,975	242,695	860,302
<b>Fund Cash Balances, December 31</b>	<b>\$529,769</b>	<b>\$65,388</b>	<b>\$1,101</b>	<b>\$154,937</b>	<b>\$253,741</b>	<b>\$1,004,936</b>
Reserves for Encumbrances, December 31	\$23,797	\$8,750	\$0	\$0	\$0	\$32,547

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

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$757,866	\$13,999	\$771,865
Miscellaneous	47,616		47,616
Total Operating Cash Receipts	<u>805,482</u>	<u>13,999</u>	<u>819,481</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	218,525		218,525
Travel Transportation	8,408		8,408
Contractual Services	72,830		72,830
Mayor's Court Distributions		13,999	13,999
Supplies and Materials	86,252		86,252
Capital Outlay	311,134		311,134
Total Operating Cash Disbursements	<u>697,149</u>	<u>13,999</u>	<u>711,148</u>
Operating Income	<u>108,333</u>	<u>0</u>	<u>108,333</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	5,917		5,917
Total Non-Operating Cash Receipts	<u>5,917</u>	<u>0</u>	<u>5,917</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	296,434		296,434
Total Non-Operating Cash Disbursements	<u>296,434</u>	<u>0</u>	<u>296,434</u>
Excess of Cash Receipts (Under) Cash Disbursements Before Interfund Transfers	(182,184)	0	(182,184)
Transfers-In	344,890		344,890
Transfers-Out	(289,288)		(289,288)
Net Receipts (Under) Disbursements	(126,582)	0	(126,582)
Fund Cash Balances, January 1	<u>756,939</u>		<u>756,939</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$630,357</u></b>	<b><u>\$0</u></b>	<b><u>\$630,357</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$180,477	\$0	\$0	\$0	\$0	\$180,477
Income Tax		443,430				443,430
Intergovernmental Receipts	110,360	164,622				274,982
Charges for Services	26,986	15,729				42,715
Fines, Licenses, and Permits	30,779	1,829				32,608
Earnings on Investments	50,490				16,650	67,140
Miscellaneous	30,144	6,013		3,078		39,235
<b>Total Cash Receipts</b>	<b>429,236</b>	<b>631,623</b>	<b>0</b>	<b>3,078</b>	<b>16,650</b>	<b>1,080,587</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	322,228	122				322,350
Public Health Services	37,034	27,093				64,127
Leisure Time Activities	68,431					68,431
Community Environment	50,163					50,163
Transportation		192,374				192,374
General Government	127,158	13,287				140,445
Debt Service:						
Principal Payments				58,333		58,333
Interest Payments				6,137		6,137
Capital Outlay		39,792		146,883		186,675
<b>Total Cash Disbursements</b>	<b>605,014</b>	<b>272,668</b>	<b>0</b>	<b>211,353</b>	<b>0</b>	<b>1,089,035</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(175,778)</b>	<b>358,955</b>	<b>0</b>	<b>(208,275)</b>	<b>16,650</b>	<b>(8,448)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	253,774	51,320		169,182		474,276
Transfers-Out	(66,546)	(422,956)				(489,502)
Other Uses		(7,047)				(7,047)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>187,228</b>	<b>(378,683)</b>	<b>0</b>	<b>169,182</b>	<b>0</b>	<b>(22,273)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>11,450</b>	<b>(19,728)</b>	<b>0</b>	<b>(39,093)</b>	<b>16,650</b>	<b>(30,721)</b>
Fund Cash Balances, January 1	497,975	64,834	1,101	101,068	226,045	891,023
<b>Fund Cash Balances, December 31</b>	<b>\$509,425</b>	<b>\$45,106</b>	<b>\$1,101</b>	<b>\$61,975</b>	<b>\$242,695</b>	<b>\$860,302</b>
Reserves for Encumbrances, December 31	\$10,857	\$140	\$0	\$0	\$0	\$10,997

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

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$751,106	\$12,323	\$763,429
Miscellaneous	25,353		25,353
	<u>776,459</u>	<u>12,323</u>	<u>788,782</u>
Total Operating Cash Receipts			
<b>Operating Cash Disbursements:</b>			
Personal Services	188,208		188,208
Travel Transportation	8,478		8,478
Contractual Services	74,706		74,706
Mayor's Court Distributions		12,323	12,323
Supplies and Materials	79,524		79,524
Capital Outlay	51,942		51,942
	<u>402,858</u>	<u>12,323</u>	<u>415,181</u>
Total Operating Cash Disbursements			
Operating Income	<u>373,601</u>	<u>0</u>	<u>373,601</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	5,917		5,917
	<u>5,917</u>	<u>0</u>	<u>5,917</u>
Total Non-Operating Cash Receipts			
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	318,298		318,298
	<u>318,298</u>	<u>0</u>	<u>318,298</u>
Total Non-Operating Cash Disbursements			
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	61,220	0	61,220
Transfers-In	304,514		304,514
Transfers-Out	(289,288)		(289,288)
Net Receipts Over Disbursements	76,446	0	76,446
Fund Cash Balances, January 1	680,493		680,493
<b>Fund Cash Balances, December 31</b>	<b><u>\$756,939</u></b>	<b><u>\$0</u></b>	<b><u>\$756,939</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Doylestown, Wayne County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including street maintenance, water and sewer utilities, park operations (leisure time activities), cemetery operations (public health services), 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.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit, overnight repurchase agreements, money market funds, and Federal Securities are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

*Income Tax Fund* - This fund receives all income tax collections of the Village taxpayers. These monies are then distributed to the General and Capital Projects Funds.

**3. Capital Projects Funds**

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

*Capital Improvement Fund* - This fund receives a portion of income tax revenue which is used for the payment of capital improvements to the Village, including related debt payments.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village has the following significant Enterprise Funds:

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

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

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

*Water Field Fund* - This fund receives a portion of revenues generated from the water fund and is used towards the replacement of water lines, water tower and water plant improvements.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Trust and Agency Funds)**

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

*Cemetery Expendable Trust Fund* - This fund accounts for the resources that are restricted to capital improvements of the Chestnut Hill Cemetery.

*Mayor's Court* - This fund accounts for all revenue received from traffic violations within the Village limits. These monies are then distributed to the appropriate governmental agency and to the Village's General Fund.

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$ 290,398	\$ 75,346
Certificates of deposit	600,000	800,000
Total deposits	890,398	875,346
Repurchase Agreement	491,154	499,198
Money Market Funds	128,957	35,349
Treasury Note(s)	25,000	75,664
Federal Home Loan Mortgage Corporation	49,815	50,547
Federal Home Loan Bank	49,969	81,136
Total investments	744,895	741,894
Total deposits and investments	\$1,635,293	\$1,617,240

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

**Investments:** Money Market Funds, U.S. Treasury Notes, Federal Home Loan Mortgage Corporation and Federal Home Loan Bank investments are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The Village's agent holds securities collateralizing repurchase agreements. The securities are not in the Village's name.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000 were as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$795,100	\$794,515	(\$585)
Special Revenue	762,807	762,807	0
Capital Projects	188,419	188,419	0
Enterprise	1,156,291	1,156,289	(2)
Fiduciary	23,999	25,045	1,046
Total	<u>\$2,926,616</u>	<u>\$2,927,075</u>	<u>\$459</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$844,470	\$797,968	\$46,502
Special Revenue	742,667	751,275	(8,608)
Capital Projects	95,457	95,457	0
Enterprise	1,284,814	1,282,871	1,943
Fiduciary	13,999	13,999	0
Total	<u>\$2,981,407</u>	<u>\$2,941,570</u>	<u>\$39,837</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$694,060	\$683,010	(\$11,050)
Special Revenue	683,043	682,943	(100)
Capital Projects	172,260	172,260	0
Enterprise	1,086,890	1,086,890	0
Fiduciary	27,823	28,973	1,150
Total	<u>\$2,664,076</u>	<u>\$2,654,076</u>	<u>(\$10,000)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$768,604	\$682,417	\$86,187
Special Revenue	702,861	702,811	50
Capital Projects	211,353	211,353	0
Enterprise	1,010,445	1,010,444	1
Fiduciary	12,323	12,323	0
Total	<u>\$2,705,586</u>	<u>\$2,619,348</u>	<u>\$86,238</u>

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41(D), during 2001 and 2000, the Village did not always certify the availability of funds for its expenditures.

**5. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 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.

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.

**7. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan I	\$2,053,611	5.00%
Ohio Water Development Authority Loan II	19,220	7.51%
Ohio Public Works Commission	207,463	0.00%
General Obligation Notes	<u>52,781</u>	6.75%
Total	<u><u>\$2,333,075</u></u>	

The Ohio Water Development Authority (OWDA) Loan I relates to a wastewater treatment plant constructed by the Village. The OWDA has provided \$3,591,543 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$143,073, including interest, over 20 years. Property and revenue of the utility facilities have been pledged to repay this debt.

The Ohio Water Development Authority (OWDA) Loan II is for the cost associated with the rearrangement of Village owned utility facilities as part of a Ohio Department of Transportation highway improvement project.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) loan relates to the elevated water tank replacement project. This zero percent interest loan is being repaid in semiannual installments of \$5,763, over 20 years.

Proceeds from the general obligation notes were used to construct and install water and sewer lines.

During 2001, the Village paid off general obligation bonds that were used for street and water system improvements.

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

Year ended December 31:	OWDA Loan I		OWDA Loan II		OPWC Loan		General Obligation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$185,758	\$100,387	\$1,699	\$1,143	\$11,526	\$0	\$2,541	\$3,520
2003	195,162	90,983	1,827	1,316	11,526	0	2,715	3,346
2004	205,042	81,103	1,964	1,179	11,526	0	2,892	3,169
2005	215,423	70,723	2,112	1,031	11,526	0	3,100	2,961
2006	226,328	59,817	2,270	873	11,526	0	3,313	2,748
2007 - 2011	1,025,898	118,685	9,348	1,653	57,628	0	20,294	10,010
2012 - 2016	0	0	0	0	57,628	0	17,926	2,419
2017 - 2019	0	0	0	0	34,577	0	0	0
Total	<u>\$2,053,611</u>	<u>\$521,698</u>	<u>\$19,220</u>	<u>\$7,195</u>	<u>\$207,463</u>	<u>\$0</u>	<u>\$52,781</u>	<u>\$28,173</u>

**8. RETIREMENT SYSTEMS**

The Village's full time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and part time law enforcement officers belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 2000. The Village has paid all contributions required through December 31, 2001.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the Pool) an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 (the latest information available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

The Pool assumes the risk of loss up to the limits of the Village's policy. The following risks are covered by the Pool:

- General liability and casualty;
- Commercial inland marine coverage;
- Public official's liability;
- Police professional liability;
- Employee benefits liability; and
- Automobile liability.

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

**10. CONTINGENT LIABILITIES**

The Village is defendant or plaintiff in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Doylestown, Wayne County, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 27, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as item 2001-30985-001.

We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 27, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-30985-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2001-30985-002 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 27, 2002.

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

**Jim Petro**  
Auditor of State

March 27, 2002

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30985-001**

**Noncompliance**

**Ohio Rev. Code Section 5705.41(D)** requires no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. **Then and Now Certificate:** This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal obligation on the part of the subdivision or taxing district to make payment.
  
- B. Amounts of less than \$1,000 may be paid by the Clerk-Treasurer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirements for approval of expenditures by the taxing authority.

During the audit period, 73% of the transactions tested were not certified by the Clerk-Treasurer prior to incurring the obligation. In addition, neither of the two exceptions were utilized. Failure to certify the availability of funds prior to entering into the commitment could result in making commitments in excess of available funds. The Village should establish procedures to ensure that all expenditures are certified prior to their obligation. These procedures could include the implementation of the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

A similar matter was reported in our audits of the December 31, 1999 and 1998 financial statements.

**FINDING NUMBER 2001-30985-002**

**Material Weakness**

All public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, and document compliance with finance-related legal and contractual requirements. **Ohio Admin. Code Section 117-2-02(C)(2)** provides in part that purchase orders may be used to effectively maintain the accounting and budgetary records of the local public office and to provide sufficient documentation of purchase transactions.

During our testing of cash disbursements, it was noted the Village did not utilize purchase orders for approximately 73% of the transactions examined. Not using purchase orders to establish the terms of sale with vendors and to encumber funds could result in disputes and in the Village incurring obligations without available funds. We recommend the Village use purchase orders for all non-payroll disbursements to assist management and Council in effectively monitoring Village budgetary activities and in making management decisions. Additionally, we recommend purchase orders be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders should not be deemed effective unless the fiscal officer's certificate of available funds is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.

A similar matter was reported in our audits of the December 31, 1999 and 1998 financial statements.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30985-001	Ohio Rev. Code Section 5705.39, total appropriations exceeded total estimated resources	Yes	Finding no longer valid.
1999-30985-002	Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations	No	Partially corrected; See management letter.
1999-30985-003	Ohio Rev. Code Section 5705.41(D), expenditures were not properly certified.	No	Not Corrected; See Finding Number 2001-30985-001.
1999-30985-004	Ohio Rev. Code Section 135.14, investment securities had maturities that extended beyond Ohio Rev. Code Investment Guidelines	Yes	Finding no longer valid.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 9, 2002**