

VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO

Financial Statements
(Audited)

For the Year Ended
December 31, 2018



88 East Broad Street
Columbus, Ohio 43215
IPARReport@ohioauditor.gov
(800) 282-0370

Members of Council
Village of Doylestown
24 South Portage Street
Doylestown, Ohio 44230

We have reviewed the *Independent Auditor's Report* of the Village of Doylestown, Wayne County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Doylestown is responsible for compliance with these laws and regulations

Keith Faber
Auditor of State
Columbus, Ohio

June 18, 2020

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**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

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Independent Auditor's Report

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Doylestown, Wayne County, Ohio, as of and for the year ended December 31, 2018.

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 of Doylestown'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 of Doylestown's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the Village of Doylestown 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Doylestown does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 of Doylestown as of December 31, 2018, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Doylestown, Wayne County as of December 31, 2018, for the year 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2020, on our consideration of the Village of Doylestown'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 of Doylestown's internal control over financial reporting and compliance.



Julian & Grube, Inc.
April 3, 2020

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Taxes	\$ 312,688	\$ 18,647	\$ -	\$ 331,335
Municipal Income Tax	666,320	-	282,837	949,157
Intergovernmental	57,797	188,692	4,592	251,081
Special Assessment	-	2,760	-	2,760
Charges for Services	21,155	48,507	-	69,662
Fines, Licenses and Permits	54,086	1,293	-	55,379
Earnings on Investments	-	-	5,613	5,613
Miscellaneous	14,657	9,448	-	24,105
Total Cash Receipts	<u>1,126,703</u>	<u>269,347</u>	<u>293,042</u>	<u>1,689,092</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	545,823	59,961	-	605,784
Public Health Services	-	40,737	-	40,737
Leisure Time Activities	109,619	10,000	-	119,619
Community Environment	4,830	240	-	5,070
Transportation	-	423,354	-	423,354
General Government	284,490	-	-	284,490
Capital Outlay	-	-	165,919	165,919
Debt Service:				
Principal Retirement	-	-	56,477	56,477
Interest and Fiscal Charges	-	-	7,557	7,557
Total Cash Disbursements	<u>944,762</u>	<u>534,292</u>	<u>229,953</u>	<u>1,709,007</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>181,941</u>	<u>(264,945)</u>	<u>63,089</u>	<u>(19,915)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	323,470	-	323,470
Transfers Out	(323,470)	-	-	(323,470)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(323,470)</u>	<u>323,470</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	(141,529)	58,525	63,089	(19,915)
Fund Cash Balances, January 1, 2018	<u>1,139,045</u>	<u>283,703</u>	<u>777,618</u>	<u>2,200,366</u>
Fund Cash Balances, December 31, 2018				
Restricted	-	342,228	321,197	663,425
Committed	-	-	519,510	519,510
Assigned	260,079	-	-	260,079
Unassigned (Deficit)	737,437	-	-	737,437
Fund Cash Balances, December 31, 2018	<u>\$ 997,516</u>	<u>\$ 342,228</u>	<u>\$ 840,707</u>	<u>\$ 2,180,451</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 1,010,293	\$ 14,100	\$ 1,024,393
Fines, Licenses and Permits	-	16,936	16,936
Total Operating Cash Receipts	<u>1,010,293</u>	<u>31,036</u>	<u>1,041,329</u>
Operating Cash Disbursements:			
Personal Services	223,350	-	223,350
Fringe Benefits	76,092	-	76,092
Contractual Services	186,182	-	186,182
Supplies and Materials	231,328	-	231,328
Other	-	32,806	32,806
Total Operating Cash Disbursements	<u>716,952</u>	<u>32,806</u>	<u>749,758</u>
Operating Income (Loss)	<u>293,341</u>	<u>(1,770)</u>	<u>291,571</u>
Non-Operating Receipts (Disbursements):			
Intergovernmental	4	-	4
Other Debt Proceeds	875	-	875
Miscellaneous Receipts	8,556	5,733	14,289
Principal Retirement	(199,416)	-	(199,416)
Interest and Other Fiscal Charges	(118,978)	-	(118,978)
Total Non-Operating Receipts (Disbursements)	<u>(308,959)</u>	<u>5,733</u>	<u>(303,226)</u>
Net Change in Fund Cash Balances	(15,618)	3,963	(11,655)
Fund Cash Balances, January 1, 2018	<u>795,755</u>	<u>6,250</u>	<u>802,005</u>
Fund Cash Balances, December 31, 2018	<u>\$ 780,137</u>	<u>\$ 10,213</u>	<u>\$ 790,350</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – Reporting Entity

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.

Note 2 – Summary of Significant Accounting Policies

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Village and that are either unusual in nature or infrequent in occurrence. The Village did not have any extraordinary or special items during fiscal year 2018.

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 below:

General Fund: 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.

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 – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repair Village Streets.

Debt Service Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village does not report any Debt Service Funds.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 principal and interest payments on existing debt, as well as capital improvement projects.

Permanent Funds: These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village does not report any Permanent funds.

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 Funds:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Capital Improvements Fund - This fund receives charges for services from residents to cover sewer capital improvement costs.

Internal Service Fund - This fund accounts for services provided by one department to other departments of the government unit. The Village does not report any Internal Service funds.

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. The Village does not report any private purpose trust funds.

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, a deposit holding account for rental of the Community Center and a Doylestown Patrolman Fund.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Budgetary Process

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

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or major 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.

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.

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 2018 budgetary activity appears in Note 3.

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.

The Village values U.S. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report.

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

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.

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:

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

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.

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, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,069,382	\$1,126,703	\$57,321
Special Revenue	611,320	592,817	(18,503)
Capital Projects	282,500	293,042	10,542
Enterprise	1,590,035	1,019,724	(570,311)
Total	<u>\$3,553,237</u>	<u>\$3,032,286</u>	<u>(\$520,951)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,511,066	\$1,288,347	\$222,719
Special Revenue	650,918	555,440	95,478
Capital Projects	307,833	229,953	77,880
Enterprise	1,698,191	1,066,306	631,885
Total	<u>\$4,168,008</u>	<u>\$3,140,046</u>	<u>\$1,027,962</u>

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 4 – 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, 2018 was as follows:

Demand deposits	<u>\$2,667,717</u>
U.S. Treasury Notes	199,383
Money Market	<u>103,701</u>
Total investments	<u>303,084</u>
Total deposits and investments	<u><u>\$2,970,801</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

Investments in money market mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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.

Income Taxes

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. During 2018 the Village’s net income tax receipts are allocated 70 percent to the General Fund, and 30 percent to the Capital Improvement Fund, a capital project fund.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

Note 6 – Interfund Balances

The Village had no outstanding advances for year ending December 31, 2018.

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. 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 (if material).

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-seven (27) employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

Seven (7) employees participate in OP&F. Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time police</i>	<i>July 1, 2015 – December 31, 2018</i>	<i>12.25%</i>	<i>19.5%</i>

Social Security

The Village has no employees currently contributing to Social Security.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

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**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10 - Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Water System Improvement Bond	\$80,000	4.50%
Various Purpose Improvement Bonds PNC 2006	115,974	5.10%
Various Purpose Improvement Bonds US BANK 2005	84,196	4.94%
Ohio Public Works Commission Loan CP08A	11,525	0.00%
Ohio Public Works Commission Loan CP08L	111,558	0.00%
Ohio Public Works Commission Loan CP17M	97,202	0.00%
Ohio Public Works Commission Loan CP43Q	247,789	0.00%
Ohio Water Development Authority Loan #6191	2,978,520	3.45%
Ohio Public Works Commission Loan CP04T	50,700	0.00%
Ohio Water Development Authority Loan #7504	219,210	2.08%
Total	<u><u>\$3,996,674</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 is being repaid from the Capital Water Field/Tower Fund, an Enterprise Fund, in annual installments including interest of 4.50% over 30 years. The final payment is due on March 1, 2034.

The Various Purpose Improvement Bonds (Series 2006) is for the purpose of constructing and installing water and sewer improvements. The original bond amount was \$500,000. The bond is being repaid from the Capital Improvement Fund, a capital project fund, in semiannual installments of \$24,048, including interest of 5.10% over 15 years. The final payment is due on June 23, 2021.

The Various Purpose Improvement Bonds (Series 2005) is for the purpose of constructing and installing water lines and related water system improvements. The original bond amount was \$900,000. The Bond are being repaid from the Water Line Capital Fund, an Enterprise Fund, in semiannual installments of \$43,831, including interest of 4.94% over 14 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 from the Capital Water Field/Tower Fund, an Enterprise Fund, 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 from the Capital Improvement Fund, a capital project fund, in semiannual installments of \$7,968 for 15 years. The final payment is due on July 1, 2025.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 from the S. Well Field and Repair Loan Payment Fund, an Enterprise Fund, in semiannual installments of \$3,600 for 20 years. The final payment is due on January 2, 2032.

The Ohio Public Works Commission (OPWC) loan CP43Q relates to the water tower painting by Village Hall project. The original amount of the loan was \$294,668. The zero percent interest loan is being repaid from the Water Tower Repair Fund, an Enterprise Fund, in semiannual installments of \$6,697 for 22 years. The final payment is due on January 30, 2037.

The Ohio Water Development Authority (OWDA) loan 6191 relates to a water treatment plant expansion project the Ohio Environmental Protection Agency mandated. The original amount of the loan was \$3,324,918. The loan is being repaid from the Water Plant Fund, an enterprise fund, in semiannual installments of \$89,390, including interest of 3.45%, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The final payment is due on July 1, 2043.

The Ohio Public Works Commission (OPWC) loan CP04T relates to the WWTP Mechanical Screen & Phosphorus Removal project. The original amount of the loan is \$52,000. The zero percent interest loan will be repaid from the Sewer Capital Improvements Fund, an Enterprise Fund, in semiannual installments of \$1,300 for 20 years. The final payment is due January 30, 2038.

The Ohio Water Development Authority (OWDA) loan 7504 relates to the WWTP Mechanical Screen & Phosphorus Removal project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$333,296 in loans to the Village for this project. The Village will repay the loans from the Sewer Capital Improvements Fund, an Enterprise Fund, in semiannual installments of \$7,730, including interest of 2.08%, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2018, the Village secured funding for the Clarigester Rehabilitation from OPWC and OWDA. No funds were disbursed for this project as of the end of the year and were not included in the above table due to the fact not all funds secured will be used. The breakdown for this project is as follows and may change depending on the final cost of the project which is scheduled for completion June 30, 2019:

1. Grant (CP38V) amount from OPWC is \$110,000. This money does not need to be paid back.
2. Loan (CP39V) from OPWC is \$120,000. This is a 20 year, zero percent interest loan. First loan payment is expected to be Dec. 2019. Payment amount will be \$120,000 divided by 40 payments which equals \$3,000.00.
3. Secured loan from OWDA is \$250,875. Terms are 10 years at 2.93% interest. The first payment has been noted due on July 1, 2020. Payments are due twice per year and payment amount is \$14,398.35.

The Village's taxing authority collateralized all other debts.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Year Ending	USDA Water Sys Impvmt Bond 2001	Various Purpose Impvmt Bonds 2005	Various Purpose Impvmt Bonds 2006	OPWC CP08A 1999	OPWC CP08L 2010	OPWC CP17M 2012	OPWC CP43Q 2015	OPWC CP04T 2017	OWDA 6191 2014	OWDA 7504 2018
2019	6,600	87,662	48,097	11,525	15,937	7,200	13,394	2,600	178,780	7,937
2020	7,465	-	48,097	-	15,937	7,200	13,394	2,600	178,780	15,696
2021	7,285	-	24,048	-	15,937	7,200	13,394	2,600	178,780	15,459
2022	7,105	-	-	-	15,937	7,200	13,394	2,600	178,780	15,223
2023	6,925	-	-	-	15,937	7,200	13,394	2,600	178,780	14,986
2024-2028	35,655	-	-	-	31,874	36,001	66,970	13,000	893,900	71,380
2029-2033	35,805	-	-	-	-	25,200	66,970	13,000	893,900	65,464
2034-2038	7,315	-	-	-	-	-	46,879	11,700	893,900	53,859
2039-2043	-	-	-	-	-	-	-	-	893,900	-
Total	114,155	87,662	120,242	11,525	111,559	97,201	247,789	50,700	4,469,500	260,004

Leases

The Village leases copy equipment under non-cancelable leases. The Village disbursed \$4,922 to pay lease costs for the year ended December 31, 2018.

Note 11 – Contingencies

The Village has no contingencies pending as of December 31, 2018.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Insurance Purchasing Pool

The Village participates in the Wayne County insurance purchasing pool for hospitalization benefits program which provided medical and dental insurance to full time employees. This program is managed by the Wayne County Commissioners. Each full time employee who participates in this program pays for 20% of their benefits through payroll deduction, and the Village pays for 80% of this coverage.

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**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 South 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 cash balances, receipts, and disbursements by fund type of the Village of Doylestown, Wayne County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 3, 2020 wherein we noted the Village of Doylestown followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 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 of Doylestown'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Doylestown'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Doylestown's Response to Finding

The Village of Doylestown's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Village of Doylestown's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of Doylestown's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Doylestown's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
April 3, 2020

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the fiscal year-end UAN reports to ensure activity is reported in the correct line items and fund balances are properly classified.

An adjustment was made to the financial statements to properly account for the classification of fund balance.

- The Village’s capital improvement fund receives income tax receipts at a percentage established by Village Council and should have a committed fund balance. The Village recorded the capital improvement fund balance under the “restricted” and “assigned” classifications. An adjustment was recorded to decrease the “assigned” fund balance under the capital projects fund-type by \$454,410 and increase the “committed” fund balance under the capital projects fund-type by \$454,410. An adjustment was also recorded to decrease “restricted” fund balance under the capital projects fund-type by \$65,100 and increase the “committed” fund balance under capital projects fund-type by \$65,100.
- The Village recorded intergovernmental receipts for permissive taxes collected and held by the County Engineer. An adjustment was recorded to decrease intergovernmental receipts and restricted fund balance under the special revenue fund-type by \$15,622.

Modifications were also made to the note disclosures to accurately reflect the activity of the Village and to agree to the financial statements.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village’s activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the fiscal year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

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**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

Finding Number	Year Initially Occurred	<u>Finding Summary</u>	Status	Additional Information
2017-001	2016	<u>Material Weakness – Financial Statement Presentation:</u> Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Material adjustments were made to the financial statements and notes for the year ended December 31, 2017, to properly state cash receipts, cash disbursements, other financing receipts/disbursements and cash fund balances.	Not Corrected	Repeated as finding 2018-001 which describes adjustments to reclass fund balance components.

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OHIO AUDITOR OF STATE KEITH FABER



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
JUNE 30, 2020**