



**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF DOYLESTOWN

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REPORT OF INDEPENDENT ACCOUNTANTS

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, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 June 30, 2000 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 30, 2000

VILLAGE OF DOYLESTOWN

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$209,200				\$209,200
Intergovernmental	135,553	\$122,531	\$55,000		313,084
Charges for Services	12,524	24,062			36,586
Fines, Licenses, and Permits	31,219	1,193			32,412
Earnings on Investments	44,863			\$8,149	53,012
Miscellaneous	46,358	3,533	11,771		61,662
Total Cash Receipts	479,717	151,319	66,771	8,149	705,956
Cash Disbursements:					
Current:					
Security of Persons and Property	281,662	17,402			299,064
Public Health Services	35,631				35,631
Leisure Time Activities	45,329				45,329
Community Environment	24,968				24,968
General Government	85,044	167,043	205,355		457,442
Debt Service:					
Principal Payments			58,333		58,333
Interest Payments			9,205		9,205
Capital Outlay		42,964	43,000		85,964
Total Cash Disbursements	472,634	227,409	315,893	0	1,015,936
Total Cash Receipts Over/(Under) Cash Disbursements	7,083	(76,090)	(249,122)	8,149	(309,980)
Other Financing Receipts/(Disbursements):					
Transfers-In	235,555	80,000	157,036		472,591
Transfers-Out	(96,224)				(96,224)
Total Other Financing Receipts/(Disbursements)	139,331	80,000	157,036	0	376,367
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	146,414	3,910	(92,086)	8,149	66,387
Fund Cash Balances, January 1	350,241	62,195	194,255	218,734	825,425
Fund Cash Balances, December 31	\$496,655	\$66,105	\$102,169	\$226,883	\$891,812
Reserves for Encumbrances, December 31	\$6,309	\$0	\$124,131	\$0	\$130,440

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

VILLAGE OF DOYLESTOWN

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$751,310	\$0	\$751,310
Miscellaneous	5,940		5,940
Total Operating Cash Receipts	757,250	0	757,250
Operating Cash Disbursements:			
Personal Services	171,385	30,846	202,231
Travel Transportation	5,774	109	5,883
Contractual Services	116,243	84	116,327
Supplies and Materials	74,359	6,915	81,274
Capital Outlay	78,254		78,254
Total Operating Cash Disbursements	446,015	37,954	483,969
Operating Income (Loss)	311,235	(37,954)	273,281
Non-Operating Cash Receipts:			
Local Taxes		430,796	430,796
Miscellaneous		15,127	15,127
Total Non-Operating Cash Receipts	0	445,923	445,923
Non-Operating Cash Disbursements:			
Debt Service			
Principal Payments	185,629		185,629
Interest Payments	133,934		133,934
Other Non-Operating Cash Disbursements		18,197	18,197
Total Non-Operating Cash Disbursements	319,563	18,197	337,760
Excess of Receipts Over /(Under) Disbursements Before Interfund Transfers	(8,328)	389,772	381,444
Transfers-In	16,224		16,224
Transfers-Out		(392,591)	(392,591)
Net Receipts Over/(Under) Disbursements	7,896	(2,819)	5,077
Fund Cash Balances, January 1	672,596	2,869	675,465
Fund Cash Balances, December 31	\$680,492	\$50	\$680,542
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

VILLAGE OF DOYLESTOWN

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$177,548				\$177,548
Intergovernmental	118,883	\$117,098			235,981
Charges for Services	13,777	21,763			35,540
Fines, Licenses, and Permits	37,439	1,438			38,877
Earnings on Investments	46,528		\$2,648	\$11,464	60,640
Miscellaneous	56,608	7,988	13,041		77,637
Total Cash Receipts	450,783	148,287	15,689	11,464	626,223
Cash Disbursements:					
Current:					
Security of Persons and Property	265,396				265,396
Public Health Services	29,856	12,747			42,603
Leisure Time Activities	40,690				40,690
Community Environment	19,613				19,613
General Government	85,750	158,698			244,448
Debt Service:					
Principal Payments			58,333		58,333
Interest Payments			12,273		12,273
Capital Outlay		30,037	203,575		233,612
Total Cash Disbursements	441,305	201,482	274,181	0	916,968
Total Cash Receipts Over/(Under) Cash Disbursements	9,478	(53,195)	(258,492)	11,464	(290,745)
Other Financing Receipts/(Disbursements):					
Transfers-In	217,490	75,000	144,993		437,483
Transfers-Out	(75,000)				(75,000)
Total Other Financing Receipts/(Disbursements)	142,490	75,000	144,993	0	362,483
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	151,968	21,805	(113,499)	11,464	71,738
Fund Cash Balances, January 1	198,273	40,390	307,754	207,270	753,687
Fund Cash Balances, December 31	\$350,241	\$62,195	\$194,255	\$218,734	\$825,425
Reserves for Encumbrances, December 31	\$13,264	\$21,831	\$29,800	\$0	\$64,895

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

VILLAGE OF DOYLESTOWN

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$860,040	\$0	\$860,040
Miscellaneous	27,024		27,024
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	887,064	0	887,064
Operating Cash Disbursements:			
Personal Services	158,847	28,964	187,811
Travel Transportation	5,464	39	5,503
Contractual Services	85,164	55	85,219
Supplies and Materials	54,833	5,362	60,195
Capital Outlay	184,629		184,629
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	488,937	34,420	523,357
Operating Income (Loss)	<hr/>	<hr/>	<hr/>
	398,127	(34,420)	363,707
Non-Operating Cash Receipts:			
Local Taxes		403,329	403,329
Miscellaneous		22,224	22,224
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	0	425,553	425,553
Non-Operating Cash Disbursements:			
Debt Service			
Principal Payments	177,659		177,659
Interest Payments	143,098		143,098
Other Non-Operating Cash Disbursements		28,475	28,475
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	320,757	28,475	349,232
Excess of Receipts Over Disbursements Before Interfund Transfers	77,370	362,658	440,028
Transfers-Out		(362,483)	(362,483)
Net Receipts Over Disbursements	77,370	175	77,545
Fund Cash Balances, January 1	595,226	2,694	597,920
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$672,596	\$2,869	\$675,465
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$810	\$810

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

**VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Doylestown, Wayne County, Ohio, (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

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

Investments are included in the cash fund balance. 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.

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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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 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 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 had 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.

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 had 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 receives 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.

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 had the following significant fiduciary funds:

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

VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

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

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 as required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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:

	<u>1999</u>	<u>1998</u>
Deposits:		
Demand Deposits	\$ 89,017	\$ 89,699
Certificates of Deposit	800,000	800,000
	<u>889,017</u>	<u>889,699</u>
Investments:		
Repurchase Agreement	456,454	392,456
Money Market Funds	7,099	9,304
Treasury Notes	120,000	119,653
Federal Home Loan Mortgage Corporation	49,815	0
Federal Home Loan Bank	49,969	0
Mutual Funds	0	89,778
	<u>683,337</u>	<u>611,191</u>
Total Investments	<u>683,337</u>	<u>611,191</u>
Total Deposits and Investments	<u>\$ 1,572,354</u>	<u>\$ 1,500,890</u>

At December 31, 1998, the Village held \$89,778 in mutual fund securities. Such securities are not eligible investments for the Village under Chapter 135, Ohio Revised Code.

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. Repurchase agreements are uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent, but not in the Village's name. Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 647,080	\$ 715,272	\$ 68,192
Special Revenue	243,246	231,319	(11,927)
Capital Projects	223,807	223,807	0
Enterprise	773,392	773,474	82
Fiduciary	441,385	454,072	12,687
Total	<u>\$ 2,328,910</u>	<u>\$ 2,397,944</u>	<u>\$ 69,034</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 645,014	\$ 575,167	\$ 69,847
Special Revenue	285,668	227,409	58,259
Capital Projects	284,800	440,024	(155,224)
Enterprise	797,937	765,578	32,359
Fiduciary	462,819	448,742	14,077
Total	<u>\$ 2,476,238</u>	<u>\$ 2,456,920</u>	<u>\$ 19,318</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 565,520	\$ 668,273	\$ 102,753
Special Revenue	216,957	223,287	6,330
Capital Projects	146,480	160,682	14,202
Enterprise	971,351	887,064	(84,287)
Fiduciary	423,329	437,017	13,688
Total	<u>\$ 2,323,637</u>	<u>\$ 2,376,323</u>	<u>\$ 52,686</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 604,510	\$ 529,569	\$ 74,941
Special Revenue	253,593	223,313	30,280
Capital Projects	240,580	303,981	(63,401)
Enterprise	827,112	809,694	17,418
Fiduciary	420,000	426,188	(6,188)
Total	<u>\$ 2,345,795</u>	<u>\$ 2,292,745</u>	<u>\$ 53,050</u>

**VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.39, in 1999, the Village had appropriations which exceeded estimated resources in the Special Revenue Cemetery and Permissive Tax Funds, Enterprise Capital WWTP Construction Fund and Agency Income Tax Fund.

Contrary to Ohio Rev. Code Section 5705.41 (B), in 1999 and 1998, the Village had expenditures which exceeded appropriations in various funds.

Contrary to Ohio Rev. Code Section 5705.41 (D), during 1999 and 1998, 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 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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan I	\$ 2,398,706	5.00%
Ohio Water Development Authority Loan II	22,272	7.51%
General Obligation Bonds	138,668	5.26% - 5.75%
General Obligation Notes	57,372	6.75%
Total	\$ 2,617,018	

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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. DEBT (Continued)

Outstanding general obligation bonds consist of two issues. General obligation bonds are direct obligations of the Village for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the Village. Proceeds from these issues were used for street improvements and water system improvements.

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

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

Year ending December 31:	OWDA Loan I	OWDA Loan II	General Obligation Bonds	General Obligation Notes
2000	\$ 286,146	\$ 3,143	\$ 87,419	\$ 6,061
2001	286,146	3,143	61,402	6,061
2002	286,146	3,143	0	6,061
2003	286,146	3,143	0	6,061
2004	286,146	3,143	0	6,061
Subsequent	<u>1,716,863</u>	<u>17,286</u>	<u>0</u>	<u>62,772</u>
Total	<u>\$ 3,147,593</u>	<u>\$ 33,001</u>	<u>\$ 148,821</u>	<u>\$ 93,077</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees 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 1999 and 1998, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). 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
- Automobile liability

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

VILLAGE OF DOYLESTOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

9. CONTINGENT LIABILITIES

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, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 30, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30985-001 through 1999-30985-004.

We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 30, 2000.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we 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 June 30, 2000.

Village of Doylestown
Wayne County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

June 30, 2000

**VILLAGE OF DOYLESTOWN
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Material Noncompliance

FINDING NUMBER 1999-30985-001

Ohio Rev. Code Section 5705.39 states total appropriations from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

The Village's appropriations exceeded total estimated resources at December 31, 1999 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue Funds:			
Cemetery Fund	\$17,215	\$20,000	(\$2,785)
Permissive Tax Fund	0	15,000	(15,000)
Enterprise Funds:			
Capital WWTP Construction Fund	286,145	287,000	(855)
Fiduciary Funds:			
Income Tax Fund	433,716	450,000	(16,284)

The Village should review the latest official certificate of estimated resources prior to adopting appropriations, and limit appropriations to estimated resources. This will help assure that funds are available to cover purchases.

**Material Noncompliance
(Continued)**

FINDING NUMBER 1999-30985-002

Ohio Rev. Code Section 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been properly appropriated.

The Village's expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
At 12/31/99:			
Capital Projects Fund:			
Construction Fund	\$284,800	\$440,024	(\$155,224)
Enterprise Funds:			
Water Fund	166,025	185,909	(19,884)
Cap Water Field Tower Fund	36,000	54,074	(18,074)
At 12/31/98:			
Capital Projects Fund:			
Construction Fund	240,580	303,981	(63,401)
Enterprise Funds:			
Maple & Valley View Fund	0	5,990	(5,990)
Cap Water Field Tower Fund	29,000	137,273	(108,273)
Fiduciary Funds:			
Income Tax Fund	400,000	426,188	(26,188)

This could increase the likelihood of funds being obligated for a commitment when those funds are not available to pay the obligation, thereby resulting in deficit fund balances. We recommend the Village appropriate monies prior to making expenditures.

**Material Noncompliance
(Continued)**

FINDING NUMBER 1999-30985-003

Ohio Rev. Code Section 5705.41(D) states, in part, that:

No subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Of the transactions tested for the audit period, 84% were not properly certified by the Clerk-Treasurer prior to the obligation of the expenditure. 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.

FINDING NUMBER 1999-30985-004

Investments or deposits under Ohio Rev. Code Section 135.14 cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following two exceptions:

- 7 If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits or STAR Ohio.
- 7 A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board certifies to the Auditor of State that the treasurer or governing board will comply and is in compliance with the provisions of Ohio Rev. Code Sections 135.01 to 135.21.

Investments are required to mature within 5 years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

From February 1998 to November 1999, the Village’s Chestnut Hill Cemetery Trust contained Bond Fund investment securities which had maturities that extended beyond the Ohio Rev. Code Investment Guidelines, as well as corporate holdings which were not within those guidelines. The Village closed this account in November, 1999.



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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
SEPTEMBER 12, 2000**