

**VILLAGE OF DOYLESTOWN, OHIO  
WAYNE COUNTY**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**

Varney, Fink & Associates, Inc.  
Certified Public Accountants





Mary Taylor, CPA  
Auditor of State

Village 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 Varney, Fink & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 17, 2009

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**VILLAGE OF DOYLESTOWN, OHIO  
WAYNE COUNTY  
FOR THE YEAR ENDED  
DECEMBER 31, 2006**

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**CERTIFIED PUBLIC ACCOUNTANTS  
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Wadsworth, Ohio 44281  
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**INDEPENDENT AUDITOR'S REPORT**

Village of Doylestown  
24 South Portage Street  
Doylestown, Ohio 44230

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively compromise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Doylestown's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Street Construction, Maintenance and Repair, Cemetery Turst, and Income Tax funds, thereof, for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**INDEPENDENT AUDITOR'S REPORT (continued)**

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*Varney, Fink & Associates*

Varney, Fink & Associates, Inc.  
Certified Public Accountants

November 29, 2008

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Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Village of Doylestown's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$134,974, or 10 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 15 and 26 percent of the total cash received for governmental activities during the year. Property taxes increased slightly compared to 2005, but income taxes decreased.

The water and sewer operation, the Village's lone business-type activity, had to borrow money from the General fund.

In June of 2006 the Village of Doylestown took out a 15 year loan for the North End Sewer Project.

The Village passed an ordinance to change the elected Clerk/Treasurer to an appointed Fiscal Officer.

The Village bought the property on Portage St. known as the Killian Building and had the building demolished for the new library.

The downtown revitalization project was completed.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006 within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one enterprise fund, the water fund. When the services are provided to other department of the Village, the service is reported as an internal service fund. The Village has one internal service fund to account for employee health-care claims.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 on a cash basis. Since the Village did not prepare financial statements in this format for 2005, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented:

(Table 1)  
**Net Assets**

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$1,535,882	\$511,816	\$2,047,698
Total Assets	\$1,535,882	\$511,816	\$2,047,698
<b>Net Assets</b>			
Restricted for:			
Capital Outlay	\$578,472	\$0	\$578,472
Other Purposes	494,156	0	494,156
Unrestricted	463,254	511,816	975,070
Total Net Assets	\$1,535,882	\$511,816	\$2,047,698

As mentioned previously, net assets of governmental activities increased \$134,974 or 10 percent during 2006.

Table 2 reflects the changes in net assets in 2006 for governmental activities, business-type activities and total primary government.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	Business-Type Activities	Total
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$90,468	\$830,884	\$921,352
Operating Grants and Contributions	20,405	0	20,405
Capital Grants and Contributions	13,848	41,116	54,964
Total Program Receipts	<u>124,721</u>	<u>872,000</u>	<u>996,721</u>
General Receipts:			
Property and Other Local Taxes	290,800	0	290,800
Income Taxes	507,206	0	507,206
Grants and Entitlements Not Restricted to Specific Programs	404,770	0	404,770
Bonds Issued	500,000	0	500,000
Interest	100,249	0	100,249
Miscellaneous	20,097	0	20,097
Total General Receipts	<u>1,823,122</u>	<u>0</u>	<u>1,823,122</u>
Total Receipts	<u>1,947,843</u>	<u>872,000</u>	<u>2,819,843</u>
Disbursements:			
General Government	270,210	0	270,210
Security of Persons and Property:	493,751	0	493,751
Public Health Services	34,177	0	34,177
Leisure Time Activities	69,817	0	69,817
Economic Development	51,138	0	51,138
Transportation	249,996	0	249,996
Capital Outlay	529,806	0	529,806
Principal Retirement	52,281	0	52,281
Interest and Fiscal Charges	17,668	0	17,668
Water & Sewer	0	1,275,755	1,275,755
Total Disbursements	<u>1,768,844</u>	<u>1,275,755</u>	<u>3,044,599</u>
Excess (Deficiency) Before Transfers	178,999	(403,755)	(224,756)
Transfers	(44,025)	44,025	0
Increase (Decrease) in Net Assets	<u>134,974</u>	<u>(359,730)</u>	<u>(224,756)</u>
Net Assets, January 1, 2006	<u>1,400,908</u>	<u>871,546</u>	<u>2,272,454</u>
Net Assets, December 31, 2006	<u>\$1,535,882</u>	<u>\$511,816</u>	<u>\$2,047,698</u>

Governmental general receipts represent 94 percent of the Village's total Governmental receipts, and of this amount, just under 44 percent are local taxes. Proceeds from bonds issued make up 27 percent of the Village's general receipts. State and federal grants and entitlements make up the balance of the Village's general receipts (22 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 15 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay and security of persons and property, which account for 30 and 28 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 15 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$270,210	\$208,198
Security of Persons and Property	493,751	493,751
Public Health Services	34,177	5,765
Leisure Time Activities	69,817	52,412
Economic Development	51,138	50,926
Transportation	249,996	233,316
Capital Outlay	529,806	529,806
Principal Retirement	52,281	52,281
Interest and Fiscal Charges	17,668	17,668
<b>Total Expenses</b>	<b>\$1,768,844</b>	<b>\$1,644,123</b>

The dependence upon property and income tax receipts is apparent as over 45 percent of governmental activities are supported through these general receipts.

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Business-type Activities**

The water and sewer operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal.

**The Village's Funds**

Total governmental funds had receipts of \$1,447,843 and disbursements of \$1,768,844. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$115,960 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

General Fund receipts were less than disbursements by \$320,600 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that an increase of .5% in income taxes be put on the ballot in early 2007.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$951,597 while actual disbursements were \$930,162. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$129,070 for 2006.

**Capital Assets and Debt Administration**

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Village's outstanding debt, of \$2,742,056, included \$500,000 in bonds issued for improvements to the water and sewer system

Village of Doylestown  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that an increase of .5% in income taxes is necessary. This will go in the ballot in early 2007. If it does not pass, cuts will have to be made in all departments.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ann Youngblood, Fiscal Officer, Village of Doylestown, 24 S. Portage St. Doylestown, OH 44230.

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,535,882	\$511,816	\$2,047,698
<i>Total Assets</i>	<u>\$1,535,882</u>	<u>\$511,816</u>	<u>\$2,047,698</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$578,472	\$0	\$578,472
Other Purposes	494,156	0	494,156
Unrestricted	463,254	511,816	975,070
<i>Total Net Assets</i>	<u>\$1,535,882</u>	<u>\$511,816</u>	<u>\$2,047,698</u>

See accompanying notes to the financial statements



**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$270,210	\$49,576	\$11,520	\$916	(\$208,198)	\$0	(\$208,198)
Security of Persons and Property	493,751	0	0	0	(493,751)	0	(493,751)
Public Health Services	34,177	28,412	0	0	(5,765)	0	(5,765)
Leisure Time Activities	69,817	12,480	4,925	0	(52,412)	0	(52,412)
Community Environment	51,138	0	212	0	(50,926)	0	(50,926)
Transportation	249,996	0	3,748	12,932	(233,316)	0	(233,316)
Capital Outlay	529,806	0	0	0	(529,806)	0	(529,806)
Principal Retirement	52,281	0	0	0	(52,281)	0	(52,281)
Interest and Fiscal Charges	17,668	0	0	0	(17,668)	0	(17,668)
<i>Total Governmental Activities</i>	<u>1,768,844</u>	<u>90,468</u>	<u>20,405</u>	<u>13,848</u>	<u>(1,644,123)</u>	<u>0</u>	<u>(1,644,123)</u>
<b>Business Type Activities</b>							
Water Operating	203,959	193,976	0	0	0	(9,983)	(9,983)
Water Line Capital	327,941	80,879	0	0	0	(247,062)	(247,062)
Capital Water Field	53,889	41,434	0	0	0	(12,455)	(12,455)
Sewer Operating	243,452	194,099	0	0	0	(49,353)	(49,353)
Waste Water Treatment Plant Con.	0	286,146	0	0	0	286,146	286,146
Capital Constuction Homan Loan	0	0	0	2,198	0	2,198	2,198
Maple St. & Valleyview Loan	0	0	0	7,211	0	7,211	7,211
S. Well Field & Repair Loan Payment	0	0	0	31,707	0	31,707	31,707
Special Water & Sewer Improvements	40,452	34,350	0	0	0	(6,102)	(6,102)
Principal Retirement	294,755	0	0	0	0	(294,755)	(294,755)
Interest and Fiscal Charges	111,307	0	0	0	0	(111,307)	(111,307)
<i>Total Business Type Activities</i>	<u>1,275,755</u>	<u>830,884</u>	<u>0</u>	<u>41,116</u>	<u>0</u>	<u>(403,755)</u>	<u>(403,755)</u>
<b>Total</b>	<u><u>\$3,044,599</u></u>	<u><u>\$921,352</u></u>	<u><u>\$20,405</u></u>	<u><u>\$54,964</u></u>	<u><u>(1,644,123)</u></u>	<u><u>(403,755)</u></u>	<u><u>(2,047,878)</u></u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					290,800	0	290,800
Municipal Income Taxes					507,206	0	507,206
Grants and Entitlements not Restricted to Specific Programs					404,770	0	404,770
Bonds Issued					500,000	0	500,000
Interest					100,249	0	100,249
Miscellaneous					20,097	0	20,097
<i>Total General Receipts before Transfers</i>					1,823,122	0	1,823,122
Transfers					(44,025)	44,025	0
<b>Total General Receipts</b>					<u>1,779,097</u>	<u>44,025</u>	<u>1,823,122</u>
Change in Net Assets					134,974	(359,730)	(224,756)
<i>Net Assets Beginning of Year</i>					<u>1,400,908</u>	<u>871,546</u>	<u>2,272,454</u>
<i>Net Assets End of Year</i>					<u><u>\$1,535,882</u></u>	<u><u>\$511,816</u></u>	<u><u>\$2,047,698</u></u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction Maint. & Repair	Income Tax Fund	Cemetery Trust Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$463,254	\$5,770	\$50	\$300,584	\$578,472	\$187,752	\$1,535,882
<i>Total Assets</i>	<u>\$463,254</u>	<u>\$5,770</u>	<u>\$50</u>	<u>\$300,584</u>	<u>\$578,472</u>	<u>\$187,752</u>	<u>\$1,535,882</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$13,110	\$12,472	\$0	\$0	\$53,306	\$103,692	\$182,580
Unreserved:							
Undesignated Reported in:							
General Fund	450,144	0	0	0	0	0	450,144
Special Revenue Funds	0	(6,702)	50	300,584	0	84,060	377,992
Capital Projects Funds	0	0	0	0	525,166	0	525,166
<i>Total Fund Balances</i>	<u>\$463,254</u>	<u>\$5,770</u>	<u>\$50</u>	<u>\$300,584</u>	<u>\$578,472</u>	<u>\$187,752</u>	<u>\$1,535,882</u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Construction Maint. & Repair	Income Tax	Cemetery Trust	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$8,932	\$0	\$498,274	\$0	\$0	\$0	\$507,206
Property and Other Local Taxes	290,800	0	0	0	0	0	290,800
Special Assessments	0	16,678	0	0	916	0	17,594
Charges for Services	12,932	0	0	0	0	28,412	41,344
Fines, Licenses and Permits	40,472	0	0	0	0	8,652	49,124
Intergovernmental	123,622	172,363	0	0	0	108,785	404,770
Interest	88,075	514	0	10,924	0	736	100,249
Donations	0	0	0	0	0	5,137	5,137
Miscellaneous	31,619	0	0	0	0	0	31,619
<i>Total Receipts</i>	<u>596,452</u>	<u>189,555</u>	<u>498,274</u>	<u>10,924</u>	<u>916</u>	<u>151,722</u>	<u>1,447,843</u>
<b>Disbursements</b>							
Current:							
General Government	246,383	0	23,827	0	0	0	270,210
Security of Persons and Property	484,442	0	0	0	0	9,309	493,751
Public Health Services	13,224	0	0	0	0	20,953	34,177
Leisure Time Activities	64,019	0	0	0	0	5,798	69,817
Community Environment	51,138	0	0	0	0	0	51,138
Transportation	0	244,996	0	0	0	5,000	249,996
Capital Outlay	57,846	0	0	0	471,960	0	529,806
Debt Service:							
Principal Retirement	0	0	0	0	52,281	0	52,281
Interest and Fiscal Charges	0	0	0	0	17,668	0	17,668
<i>Total Disbursements</i>	<u>917,052</u>	<u>244,996</u>	<u>23,827</u>	<u>0</u>	<u>541,909</u>	<u>41,060</u>	<u>1,768,844</u>
<i>Excess (Deficit) of Receipts Over (Under) Disbursements</i>	<u>(320,600)</u>	<u>(55,441)</u>	<u>474,447</u>	<u>10,924</u>	<u>(540,993)</u>	<u>110,662</u>	<u>(321,001)</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	284,672	30,000	6	0	189,782	6,000	510,460
Transfers Out	(80,032)	0	(474,453)	0	0	0	(554,485)
Bonds Issued	0	0	0	0	500,000	0	500,000
<i>Total Other Financing Sources (Uses)</i>	<u>204,640</u>	<u>30,000</u>	<u>(474,447)</u>	<u>0</u>	<u>689,782</u>	<u>6,000</u>	<u>455,975</u>
<i>Net Change in Fund Balances</i>	(115,960)	(25,441)	0	10,924	148,789	116,662	134,974
<i>Fund Balances Beginning of Year</i>	<u>579,214</u>	<u>31,211</u>	<u>50</u>	<u>289,660</u>	<u>429,683</u>	<u>71,090</u>	<u>1,400,908</u>
<i>Fund Balances End of Year</i>	<u>\$463,254</u>	<u>\$5,770</u>	<u>\$50</u>	<u>\$300,584</u>	<u>\$578,472</u>	<u>\$187,752</u>	<u>\$1,535,882</u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$30,000	\$30,000	\$8,932	(\$21,068)
Property and Other Local Taxes	282,050	282,050	290,800	8,750
Charges for Services	15,500	15,500	12,932	(2,568)
Fines, Licenses and Permits	72,850	72,850	40,472	(32,378)
Intergovernmental	148,200	148,200	123,622	(24,578)
Interest	30,000	30,000	88,075	58,075
Miscellaneous	31,400	31,400	31,619	219
<i>Total Receipts</i>	610,000	610,000	596,452	(13,548)
<b>Disbursements</b>				
Current:				
General Government	234,970	249,606	249,606	0
Security of Persons and Property	542,760	501,572	484,532	17,040
Public Health Services	2,000	13,224	13,224	0
Leisure Time Activities	192,450	69,723	67,354	2,369
Community Environment	71,100	59,626	57,600	2,026
Capital Outlay	0	57,846	57,846	0
<i>Total Disbursements</i>	1,043,280	951,597	930,162	21,435
<i>(Deficiency) of Receipts (Under) Disbursements</i>	(433,280)	(341,597)	(333,710)	7,887
<b>Other Financing Sources (Uses)</b>				
Transfers In	286,548	286,548	284,672	(1,876)
Transfers Out	(286,548)	(80,032)	(80,032)	0
<i>Total Other Financing Sources (Uses)</i>	0	206,516	204,640	(1,876)
<i>Net Change in Fund Balance</i>	(433,280)	(135,081)	(129,070)	6,011
<i>Fund Balance Beginning of Year</i>	538,399	538,399	538,399	0
Prior Year Encumbrances Appropriated	40,815	40,815	40,815	0
<i>Fund Balance End of Year</i>	\$145,934	\$444,133	\$450,144	\$6,011

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Street Construction, Maintenance & Repair*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$6,200	\$6,200	\$16,678	\$10,478
Intergovernmental	206,000	206,000	172,363	(33,637)
Interest	0	0	514	514
<i>Total Receipts</i>	<u>212,200</u>	<u>212,200</u>	<u>189,555</u>	<u>(22,645)</u>
<b>Disbursements</b>				
Current:				
Transportation	325,641	258,109	257,468	641
<i>Total Disbursements</i>	<u>325,641</u>	<u>258,109</u>	<u>257,468</u>	<u>641</u>
<i>(Deficiency) of Receipts (Under) Disbursements</i>	<u>(113,441)</u>	<u>(45,909)</u>	<u>(67,913)</u>	<u>(22,004)</u>
<b>Other Financing Sources</b>				
Transfers In	112,800	112,800	30,000	(82,800)
<i>Net Change in Fund Balance</i>	<u>(641)</u>	<u>66,891</u>	<u>(37,913)</u>	<u>(104,804)</u>
<i>Fund Balance Beginning of Year</i>	30,570	30,570	30,570	0
Prior Year Encumbrances Appropriated	641	641	641	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$30,570</u>	<u>\$98,102</u>	<u>(\$6,702)</u>	<u>(\$104,804)</u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*Wayne County*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Income Tax*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$500,000	\$500,000	\$498,274	(\$1,726)
<b>Disbursements</b>				
Current:				
General Government	<u>22,420</u>	<u>23,827</u>	<u>23,827</u>	<u>0</u>
<i>Excess of Receipts Over Disbursements</i>	<u>477,580</u>	<u>476,173</u>	<u>474,447</u>	<u>(1,726)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	6	\$6
Transfers Out	<u>(477,580)</u>	<u>(474,453)</u>	<u>(474,453)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(477,580)</u>	<u>(474,453)</u>	<u>(474,447)</u>	<u>6</u>
<i>Net Change in Fund Balance</i>	0	1,720	0	(1,720)
<i>Fund Balance Beginning of Year</i>	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$50</u></u>	<u><u>\$1,770</u></u>	<u><u>\$50</u></u>	<u><u>(\$1,720)</u></u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Cemetery Trust*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Interest	\$10,000	\$10,000	\$10,924	\$924
<b>Disbursements</b>				
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,000</u>	<u>10,000</u>	<u>10,924</u>	<u>924</u>
<b>Other Financing (Uses)</b>				
Transfers Out	<u>(10,000)</u>	<u>(8,920)</u>	<u>0</u>	<u>8,920</u>
<i>Net Change in Fund Balance</i>	0	1,080	10,924	9,844
<i>Fund Balance Beginning of Year</i>	<u>289,660</u>	<u>289,660</u>	<u>289,660</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$289,660</u></u>	<u><u>\$290,740</u></u>	<u><u>\$300,584</u></u>	<u><u>\$9,844</u></u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2006*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Water Line	Sewer Operating	Waste Water Treatment	NonMajor Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$6,205	\$154,876	\$113,359	\$95,383	\$141,993	\$511,816
<b>Net Assets</b>						
Unrestricted	\$6,205	\$154,876	\$113,359	\$95,383	\$141,993	\$511,816

See accompanying notes to the financial statements



**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2006

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Water Line Capital	Sewer Operating	Waste Water Treatment	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$193,976	\$39,439	\$194,099	\$286,146	\$107,491	\$821,151
<b>Operating Disbursements</b>						
Personal Services	102,719	0	107,424	0	0	210,143
Fringe Benefits	40,829	0	41,538	0	0	82,367
Contractual Services	39,595	0	58,008	0	0	97,603
Materials and Supplies	20,816	0	36,482	0	0	57,298
Capital Outlay	0	327,941	0	0	94,341	422,282
<i>Total Operating Disbursements</i>	<u>203,959</u>	<u>327,941</u>	<u>243,452</u>	<u>0</u>	<u>94,341</u>	<u>869,693</u>
<i>Operating Income / (Loss)</i>	(9,983)	(288,502)	(49,353)	286,146	13,150	(48,542)
<b>Non-Operating Receipts (Disbursements)</b>						
Special Assessments	0	41,440	0	0	9,409	50,849
Principal Retirement	0	(44,816)	0	(226,328)	(23,611)	(294,755)
Interest and Fiscal Charges	(1,683)	(41,163)	0	(59,817)	(8,644)	(111,307)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,683)</u>	<u>(44,539)</u>	<u>0</u>	<u>(286,145)</u>	<u>(22,846)</u>	<u>(355,213)</u>
<i>Income / (Loss) before Transfers</i>	(11,666)	(333,041)	(49,353)	1	(9,696)	(403,755)
Transfers In	0	24,760	0	0	19,265	44,025
<i>Change in Net Assets</i>	(11,666)	(308,281)	(49,353)	1	9,569	(359,730)
<i>Net Assets Beginning of Year</i>	<u>17,871</u>	<u>463,157</u>	<u>162,712</u>	<u>95,382</u>	<u>132,424</u>	<u>871,546</u>
<i>Net Assets End of Year</i>	<u>\$6,205</u>	<u>\$154,876</u>	<u>\$113,359</u>	<u>\$95,383</u>	<u>\$141,993</u>	<u>\$511,816</u>

See accompanying notes to the financial statements

**Village of Doylestown, Ohio**  
**Wayne County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,100</u>
<b>Net Assets</b>	
Unrestricted	<u>\$4,100</u>

See accompanying notes to the financial statements

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VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 1 – Reporting Entity**

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 reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general 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.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Doylestown has no component units.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 2 – Summary of Significant Accounting Policies (continued)**

The Village does not apply FASB statement issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance and net assets of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair, Income Tax Fund, Cemetery Trust Fund and Capital Improvements Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Street Construction, Maintenance and Repair Fund accounts for constructing, maintaining and repairing Village streets. The Income Tax Fund is used to account for the costs of collecting the self-assessed taxes and the cost of administering and enforcing the income tax in accordance with the Village ordinance. The Cemetery Trust Fund accounts for the resources that are restricted to capital improvements of the Chestnut Hill Cemetery. The Capital Improvements Fund accounts for receipts that are restricted for the payment of capital improvements to the Village, including related debt payments. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water fund, water line fund, sewer fund, and the wastewater treatment fund.

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

Water Line Fund – The Water Line fund pays for the South Wellfield Loan and the upkeep of all water lines.

Sewer Operating Fund – The Sewer Operating fund receives charges for services from residents to cover the cost of providing this utility.

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

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Fiduciary Funds**

Fiduciary funds include the Mayor’s Court and Rental Security Deposit funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

**C. Basis of Accounting**

The Village’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

U.S. Treasury Notes, Federal National Mortgage Association, 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 Villages name.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

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



VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Construction, Maintenance and Repair Fund, Income Tax Fund and Cemetery Trust Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements budgetary basis rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). There were no outstanding advances at year end.

**Note 4 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 4 – Deposits and Investments (continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$602,267 of the Village's bank balance of \$906,767 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 4 – Deposits and Investments (continued)**

Investments

As of December 31, 2006, the Village had the following investments:

	<u>Carrying Value</u>	<u>Less than One Year Maturity</u>	<u>1 – 5 Years Maturity</u>
First American Treasury MM	\$39,390	\$39,390	\$0
US Treasury Notes	54,917	0	54,917
FNMA	76,478	51,486	24,992
Federal Home Loan Banks Repurchase Agreement	129,799	40,000	89,799
	943,000	\$943,000	0
Total Portfolio	<u>\$1,243,584</u>	<u>\$1,073,876</u>	<u>\$169,708</u>

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments had the following ratings by Standard & Poors.

First American Treasury MM	AAAm
FNMA	AAA
Federal Home Loan Banks	Aaa/AAA

The Village has no investment policy dealing with the investment credit risk beyond the requirements in state statutes.

**Note 5 – 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. Income tax receipts equaled \$507,206 for 2006.

**Note 6 – Property Taxes**

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.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 6 – Property Taxes** (continued)

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

The full tax rate for all Village operations for the year ended December 31, 2006, was \$6.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and general personal property upon which 2006 property tax receipts were based are as follows:

	Total Assessed Value
Real Property	
Residential/Agriculture	\$49,346,280
Commercial/Industrial/Mineral	5,535,980
Public Utilities	1,043,920
Tangible Personal Property	1,214,760
Total Assessed Value	\$57,140,940

**Note 7– Risk Management**

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. The Pool is a separate legal entity per Section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members.

The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles. The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and members equity at December 31, 2006.

	2006
Assets	\$2,331,284
Liabilities	3,130,475
Members Equity	(799,191)

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.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 7– Risk Management (continued)**

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

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their gross wages and the Village contributed an amount equal to 13.70 percent of participants' gross salaries. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$71,243, \$60,383, and \$60,319 respectively. The full amount has been contributed for 2006, 2005 and 2004.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 8 – Defined Benefit Pension Plans (continued)**

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. The Village's required contributions to the Fund for the years ended December 31, 2006, 2005 and 2004 were \$44,499, \$51,741, and \$48,146. The full amount has been contributed for 2006, 2005 and 2004.

**Note 9 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government employers." A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases.

Health care premiums were assumed to increase 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annual, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,215. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$31,662. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**Note 9 - Postemployment Benefits (continued)**

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No.12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribution a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 that were used to fund postemployment benefits were \$2,805 for police. The OP&F's total health care expense for the year December 31, 2005 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 13,922 for police and 10,587 for firefighters.

**Note 10 – Debt**

Debt outstanding at December 31, 2006 was as follows:

	Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06
<b>Governmental Debt</b>				
General Obligation Bond	\$35,785	\$0	\$17,508	\$18,277
Storm Water System Improvement Bond (Series 2004)	84,000	0	23,476	60,524
Various Purpose Improvement Bonds (Series 2006)	0	500,000	11,298	488,702
<b>Busniess-Type Debt</b>				
General Obligation Notes	41,456	0	3,313	38,143
Water System Improvement Bond (Series 2005)	878,399	0	44,816	833,583
Water System Improvement Bond	113,000	0	2,000	111,000
Ohio Water Development Authority Loan #2234	1,252,226	0	226,328	1,025,898
Ohio Water Development Authority Loan #1546	11,618	0	2,270	9,348
Ohio Public Works Commission Loan #CP08A	161,358	0	11,527	149,831
Ohio Public Works Commission Loan #CP35E	11,250	0	4,500	6,750
Total	<u>\$2,589,092</u>	<u>\$500,000</u>	<u>\$347,036</u>	<u>\$2,742,056</u>



VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 10 – Debt (continued)**

The Ohio Water Development Authority (OWDA) Loan #2234 relates to a wastewater treatment plant constructed by the Village. The original amount of the loan was \$3,591,522. The loans will be repaid in semiannual installments of \$143,073, including interest of 5.00 percent, over 20 years. The final payment is due on July 1, 2010. Property and revenue of the utility facilities have been pledged to repay this debt.

The Ohio Water Development Authority (OWDA) Loan #1546 is for the cost associated with the rearrangement of Village owned utility facilities as part of an Ohio Department of Transportation highway improvement project. The original amount of the loan was \$32,016. The loans will be repaid in semiannual installments of \$1,571 including interest of 7.51 percent, over 20 years. The final payment is due on January 1, 2010.

The Ohio Public Works Commission (OPWC) Loan #CP08A relates to the elevated water tank replacement project. The original amount of the loan was \$230,513. The zero percent interest loan is being repaid in semiannual installments of \$5,763, over 20 years. The final payment is due on July 1, 2019.

The Ohio Public Works Commission (OPWC) Loan #CP35E relates to a water supply well replacement project. The original amount of the loan was \$22,500. The zero percent interest loan is being repaid in semiannual installments of \$2,250 over five years. The final payment is due on January 1, 2008.

The General Obligation Bonds relate to the purchase of real estate for parking improvements. The original amount of the loan was \$84,000. The bonds will be repaid in semiannual installments of \$9,439, including interest of 4.35 percent over five years. The final payment is due on August 15, 2007.

The General Obligation Note relates to the construction and installation of water and sewer lines. The original amount of the loan was \$61,380. The notes will be repaid in semiannual installments of \$3,031, including interest of 6.75 percent over 17 years. The final payment is due on April 5, 2015.

The Storm Water System Improvement Bond (Series 2004) is for the purpose of paying costs of constructing and installing storm water system improvements along Franklin Drive, Circle Drive and Hoffman Street. The original amount of the loan was \$120,000. The Bond will be repaid in semiannual installments of \$13,511.38 including interest of 4.378 percent over 5 years. The final payment is due on June 1, 2009.

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

The Various Purpose Improvement Bonds (Series 2006) is for the purpose of paying the costs of constructing and installing water and sewer improvements. The original amount of the loan was \$500,000. The Bond will be repaid in semiannual installments of \$20,048, including interest of 5.10 percent over 15 years. The final payment is due on June 23, 2021.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

**Note 10 – Debt (continued)**

Water System Improvement Bond is for the purpose of paying the cost of improving a water storage tank. The original amount of the loan was \$115,000. The bond will be repaid in annual installments ranging from \$6,600 to \$7,630, including interest of 4.50 percent over 30 years. The final payment is due on March 1, 2034.

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

Year Ending December 31:	OWDA Loans		OPWC Loans		General Obligation Notes		General Obligation Bond		2004 Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	240,227	49,014	16,026	0	3,540	2,748	18,277	600	24,514	2,508
2008	252,448	36,804	13,776	0	3,776	2,284	0	0	25,600	1,423
2009	265,293	23,974	11,526	0	4,042	2,019	0	0	10,410	290
2010	277,278	10,433	11,526	0	4,320	1,741	0	0	0	0
2011	0	0	11,526	0	4,616	1,445	0	0	0	0
2012+	0	0	92,201	0	17,849	2,419	0	0	0	0
Total	<u>1,035,246</u>	<u>120,225</u>	<u>156,581</u>	<u>0</u>	<u>38,143</u>	<u>12,656</u>	<u>18,277</u>	<u>600</u>	<u>60,524</u>	<u>4,220</u>

Year Ending December 31:	2005 Bond		Water System Improv. Bond		2006 Bond		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	47,058	40,605	2,000	4,995	23,468	24,628	375,110	125,098
2008	49,411	38,252	2,000	4,905	24,681	23,416	371,692	107,085
2009	51,882	35,781	2,000	4,815	25,955	22,141	371,108	89,019
2010	54,477	33,145	2,000	4,725	27,296	20,801	376,896	70,846
2011	57,201	30,461	2,000	4,635	28,706	19,391	104,049	55,932
2012+	573,555	127,744	101,000	63,135	358,596	98,324	1,143,201	291,623
Total	<u>833,583</u>	<u>305,988</u>	<u>111,000</u>	<u>87,210</u>	<u>488,702</u>	<u>208,701</u>	<u>2,742,056</u>	<u>739,601</u>

**Note 11 – Interfund Transfers**

During 2006 the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$284,672	\$80,032
Street Construction, Maintenance and Repair Fund	30,000	0
Income Tax Fund	6	474,453
Capital Project Fund	189,782	0
Other Governmental Funds	6,000	0
Business-Type Activities:		
Water Line Fund	24,760	0
Other Enterprise Funds	19,265	0
Total Transfers	<u>\$554,485</u>	<u>\$554,485</u>

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Note 11 – Interfund Transfers (continued)**

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the Income Tax fund represent the allocation of 60 percent of all net income tax proceeds, after meeting expenses, being allocated to current operating expenses and 40 percent to capital improvements, which include the payment of principal and of interest on general indebtedness incurred for capital improvements.

**Note 12 – 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.

**Note 13 – Noncompliance**

Contrary to Ohio Rev. Code Section 5705.39, the Village had appropriations greater than estimated resources.

Contrary to Ohio Rev. Code Section 5705.41(D), orders and contracts were made without fiscal officers and certifications.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Village of Doylestown  
24 South Portage Street  
Doylestown, Ohio 44230

To the Village Council:

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Doylestown, Wayne County, Ohio, (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 29, 2008, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial report that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process,

**Village of Doylestown, Wayne County  
Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements performed in  
Accordance with *Government Auditing Standards***

Page 2

or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2006-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider finding 2006-01 to be a material weakness.

Compliance and Other Matters

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 grant agreements, 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as items 2006-02 through 2006-03.

We noted certain matters that we reported to management of the Village in a separate letter dated November 29, 2008.

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

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

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

November 29, 2008

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
DECEMBER 31, 2006

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

Finding 2006-01 Significant Deficiency/Material Weakness

Financial Statement Adjustments

Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Receipts and disbursements were not accurately posted to the Village's accounting system and/or financial statements. The following posting errors were noted:

- Bond proceeds of \$500,000 were incorrectly reported as miscellaneous revenue on the Statement of Activities, and in the Capital Improvement Fund, on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances.
- In the Enterprise Funds, principal payments of \$63,603 and interest payment of \$46,251 were incorrectly posted as capital outlay.
- Several reclassification entries were necessary to properly reflect revenue between program revenue and general revenue on the Statement of Activities.

Officials Response:

The adjustments have been reviewed and the receipts and disbursements will be properly recorded in the future.

Finding 2006-02 Noncompliance

Section 5705.39, Revised Code, requires that total appropriations from each fund shall not exceed total estimated fund resources from each fund.

Total appropriations exceeded total estimated resources in the Permissive Motor Vehicle Fund by \$126,580.

The Clerk/Treasurer should monitor appropriations and estimated resources to help avoid overspending and request amended certificates of estimated resources from the County Auditor.

VILLAGE OF DOYLESTOWN  
WAYNE COUNTY  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
DECEMBER 31, 2006

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

Officials Response:

Appropriations and estimated resources will be monitored to ensure appropriations do not exceed available resources in the future.

Finding 2006-03 Noncompliance

Section 5705.41(D), Revised Code, states that 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. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

- A) Then and Now Certificate – 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, 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.
- B) If the amount involved is less than \$3,000 the Clerk/Treasurer may authorize it to be paid without the affirmation of Village Council, upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

The Village did not properly certify the availability of funds prior to purchase commitment for 52 percent of expenditures tested. In addition there was no evidence that the Village followed the aforementioned exceptions.

Officials Response:

Orders and contracts will have the certification of the fiscal officer prior to purchase or a Then and Now Certificate will be executed.

**VILLAGE OF DOYLESTOWN  
WAYNE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2005-001	ORC Section 5705.39, Appropriations exceeded estimated resources	No	Not Corrected See Finding 2006-02
2005-002	ORC Section 5705.41(D) Certification of fiscal officer	No	Not Corrected See Finding 2006-04
2005-003	ORC Section 5705.14, 5705.15 and 5705.16, pertaining to allowable transfers	Yes	Finding no longer valid
2005-004	Unreconciled bank balance	Yes	Fully Corrected
2005-005	Recording errors in preparing financial statements	No	Not Corrected See Finding 2006-01





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF DOYLESTOWN**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2009**