

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2016



Dave Yost • Auditor of State

Village Council
Village of Doylestown
24 S. Portage Street
Doylestown, Ohio 44230

We have reviewed the *Independent Auditor's Report* of the Village of Doylestown, Wayne County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 26, 2018

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**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

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Independent Auditor's Report

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Doylestown, Wayne County, Ohio as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Doylestown as of December 31, 2016, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Doylestown, Wayne County as of December 31, 2016, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 3, during 2016, the Village of Doylestown restated fund balances for the Special Revenue Funds and Capital Projects Funds in order to properly include cash in segregated accounts as part of the Special Revenue Funds and to reclassify the Cemetery Trust Fund as a Capital Projects Fund rather than a Special Revenue Fund, in accordance with GASB 54. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018, on our consideration of the Village of Doylestown's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Doylestown's internal control over financial reporting and compliance.



Village of Doylestown
Wayne County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Project	Total Governmental Funds
Cash Receipts				
Property and Other Taxes	\$ 298,263	\$ 24,444	\$ -	\$ 322,707
Municipal Income Tax	600,904	-	257,921	858,825
Intergovernmental	58,005	199,915	-	257,920
Special Assessments	-	3,600	-	3,600
Charges for Services	19,165	40,398	-	59,563
Fines, Licenses and Permits	42,227	1,217	-	43,444
Earnings on Investments	-	-	2,186	2,186
Miscellaneous	29,112	8,575	-	37,687
<i>Total Cash Receipts</i>	<u>1,047,676</u>	<u>278,149</u>	<u>260,107</u>	<u>1,585,932</u>
Cash Disbursements				
Current:				
Security of Persons and Property	536,196	59,610	-	595,806
Public Health Services	-	24,793	-	24,793
Leisure Time Activities	96,874	7,567	-	104,441
Community Environment	13,534	564	-	14,098
Transportation	-	239,344	-	239,344
General Government	268,615	-	-	268,615
Capital Outlay	-	-	45,753	45,753
Debt Service:				
Principal Retirement	-	-	52,520	52,520
Interest and Fiscal Charges	-	-	11,514	11,514
<i>Total Cash Disbursements</i>	<u>915,219</u>	<u>331,878</u>	<u>109,787</u>	<u>1,356,884</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>132,457</u>	<u>(53,729)</u>	<u>150,320</u>	<u>229,048</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	111,000	-	111,000
Transfers Out	(111,000)	-	-	(111,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(111,000)</u>	<u>111,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Cash Fund Balances</i>	21,457	57,271	150,320	229,048
<i>Fund Cash Balances Beginning of Year, Restated</i>	<u>275,426</u>	<u>329,358</u>	<u>631,684</u>	<u>1,236,468</u>
Fund Cash Balances End of Year				
Restricted	-	386,629	317,743	704,372
Committed	-	-	464,261	464,261
Assigned	138,259	-	-	138,259
Unassigned (Deficit)	158,624	-	-	158,624
<i>Fund Cash Balances End of Year</i>	<u>\$ 296,883</u>	<u>\$ 386,629</u>	<u>\$ 782,004</u>	<u>\$ 1,465,516</u>

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

Village of Doylestown
Wayne County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 970,072	\$ 12,175	\$ 982,247
Fines, Licenses and Permits	-	13,584	13,584
<i>Total Operating Cash Receipts</i>	<u>970,072</u>	<u>25,759</u>	<u>995,831</u>
Cash Disbursements			
Personal Services	237,276	-	237,276
Fringe Benefits	72,806	-	72,806
Contractual Services	184,038	-	184,038
Supplies and Materials	179,981	-	179,981
Other	-	24,059	24,059
<i>Total Operating Cash Disbursements</i>	<u>674,101</u>	<u>24,059</u>	<u>698,160</u>
<i>Operating Income (Loss)</i>	<u>295,971</u>	<u>1,700</u>	<u>297,671</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	28,424	-	28,424
Capital Outlay	(13,993)	-	(13,993)
Principal Retirement	(177,351)	-	(177,351)
Interest and Other Fiscal Charges	(128,217)	-	(128,217)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(291,137)</u>	<u>-</u>	<u>(291,137)</u>
<i>Net Change in Cash Fund Balances</i>	4,834	1,700	6,534
<i>Fund Cash Balances Beginning of Year</i>	<u>762,695</u>	<u>4,650</u>	<u>767,345</u>
<i>Fund Cash Balances End of Year</i>	<u>\$ 767,529</u>	<u>\$ 6,350</u>	<u>\$ 773,879</u>

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 1 – Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund: The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

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

Capital Improvement Fund – This fund receives an allocation of income tax revenue. The proceeds are being used to pay the principal and interest payments on existing debt from previous capital projects and to fund new capital projects.

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

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

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

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

Fiduciary Funds: Fiduciary funds include private purpose trust funds and agency funds.

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not report any private purpose trust funds.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A summary of 2016 budgetary activity appears in Note 4.

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 3 – Compliance and Accountability

The Special Revenue Funds balance was restated as of January 1, 2016, due to Permissive funds, held by the County, not being included in the financial statement. Additionally, the Special Revenue Funds and Capital Project Funds balances were restated as of January 1, 2016, to properly classify the Cemetery Trust Fund, in accordance with GASB 54. The effect of the restatement is as follows:

	Special Revenue Funds	Capital Project Funds
Fund Balance, December 31, 2015	\$ 576,959	\$ 312,977
Permissive Held by Wayne County	71,106	-
Cemetery Trust Reclassification	(318,707)	318,707
Restated Beginning Balance, January 1, 2016	\$ 329,358	\$ 631,684

The Village transferred \$25,913 from the cemetery trust fund (a capital projects fund) to the cemetery fund (a special revenue fund), contrary to Ohio Revised Code sections 5705.14, 5705.15, and 5705.16.

Note 4 – Budgetary Activity

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,076,060	\$1,047,676	(\$28,384)
Special Revenue	439,470	389,149	(50,321)
Capital Projects	201,000	260,107	59,107
*Enterprise	1,279,931	998,496	(281,435)
Total	\$2,996,461	\$2,695,428	(\$301,033)

*Enterprise included budgeted receipts for OPWC/OWDA which did not transpire for \$435,275. See Note 12.

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,209,455	\$1,048,478	\$160,977
Special Revenue	453,424	348,970	104,454
Capital Projects	182,386	112,062	70,324
Enterprise	1,651,941	1,018,653	633,288
Total	\$3,497,206	\$2,528,163	\$969,043

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 5 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2016 was as follows:

Demand deposits	<u>\$1,944,415</u>
U.S. Treasury Notes	164,786
FHLB	25,219
FHLMC	49,835
Money Market	<u>55,140</u>
Total investments	<u>294,980</u>
Total deposits and investments	<u><u>\$2,239,395</u></u>

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

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

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

Note 6 - Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. During 2016 the Village’s net income tax receipts are allocated 70 percent to the General Fund, and 30 percent to the Capital Improvement Fund, a capital project fund.

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 7 – Interfund Balances

The Village had no outstanding advances for year ending December 31, 2016.

Note 8 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in coverage from the prior year.

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2016</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time police</i>	<i>July 1, 2015- December 31, 2016</i>	<i>12.25%</i>	<i>19.5%</i>

Social Security

The Village has no employees currently contributing to Social Security.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 11 - Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Water System Improvement Bond	\$86,000	4.50%
Various Purpose Improvement Bonds Series 2006	195,043	5.10%
Various Purpose Improvement Bonds Series 2005	241,472	4.94%
Ohio Public Works Commission Loan CP08A	34,577	0.00%
Ohio Public Works Commission Loan CP08L	143,432	0.00%
Ohio Public Works Commission Loan CP17M	111,602	0.00%
Ohio Public Works Commission Loan CP43Q	274,577	0.00%
Ohio Water Development Authority Loan #6191	3,124,225	3.45%
Total	<u><u>\$4,210,928</u></u>	

The USDA Water System Improvement Bond is for the purpose of making improvements to the water system. The original bond amount was \$115,000. The Bond is being repaid from the Capital Water Field/Tower Fund, an enterprise fund, in annual installments including interest of 4.50% over 30 years. The final payment is due on March 1, 2034.

The Various Purpose Improvement Bonds (Series 2006) is for the purpose of constructing and installing water and sewer improvements. The original bond amount was \$500,000. The bond is being repaid from the Capital Improvement Fund, a capital project fund, in semiannual installments of \$24,048, including interest of 5.1% over 15 years. The final payment is due on June 23, 2021.

The Various Purpose Improvement Bonds (Series 2005) is for the purpose of constructing and installing water lines and related water system improvements. The original bond amount was \$900,000. The Bond is being repaid from the Sewer Capital Improvements Fund, an enterprise fund, in semiannual installments of \$43,831, including interest of 4.94 percent over 14 years. The final payment is due on November 30, 2019.

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

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

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

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

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

The Village's taxing authority collateralized all other debts.

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

Year ending Dec. 31:	USDA Water	Various	Various	OPWC Loan		OPWC Loan		OWDA Loan	
	System Improvement Bond 2001	Purpose Impvmt Bonds Series 2006	Purpose Impvmt Bonds Series 2005	CP08A 1999	OPWC Loan CP08L 2010	CP17M 2012	OPWC Loan CP43Q 2015	#6191	2014
2017	\$6,870	\$48,096	\$87,663	\$11,525	\$15,937	\$7,200	\$13,394		\$178,780
2018	6,735	48,097	87,662	11,526	15,937	7,200	13,394		178,780
2019	6,600	48,097	87,663	11,526	15,937	7,200	13,394		178,780
2020	7,465	48,097	0	0	15,937	7,200	13,394		178,780
2021	7,285	24,048	0	0	15,937	7,200	13,394		178,780
2022-2026	35,680	0	0	0	63,747	36,001	66,970		893,900
2027-2031	35,280	0	0	0	0	36,001	66,970		893,900
2032-2036	21,845	0	0	0	0	3,600	66,970		893,900
2037-2041	0	0	0	0	0	0	6,697		893,900
2042-2043	0	0	0	0	0	0	0		357,561
Total	\$127,760	\$216,435	\$262,988	\$34,577	\$143,432	\$111,602	\$274,577		\$4,827,061

Leases

The Village leases copy equipment under noncancelable leases. The Village disbursed \$4,725 to pay lease costs for the year ended December 31, 2016.

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

Year ending December 31:	Leases
2017	\$4,725
2018	3,150
Total	\$7,875

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Note 12 – Construction and Contractual Commitments

On July 1, 2016, the Village contracted with Lockhart Concrete Co., for the project entitled Waste Water Treatment Plant Mechanical Screen and Phosphorus Removal Chemical System in the amount of \$364,500. OWDA approved up to \$333,296 in financing at 2.08% interest. OPWC approved a \$52,000 interest free loan in addition to providing a \$52,000 grant. Though these resources were expected in 2016, unforeseen circumstances delayed the project and resources are now expected in 2017.

Note 13 – Public Entity Risk Pool

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

Note 14 – Insurance Purchasing Pool

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



Julian & Grube, Inc.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Doylestown, Wayne County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2018, wherein we noted the Village of Doylestown followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, as discussed in Note 3, the Village of Doylestown restated fund balances for the Special Revenue Funds and Capital Projects Funds in order to properly include cash in segregated accounts as part of the Special Revenue Funds and to reclassify the Cemetery Trust Fund as a Capital Projects Fund rather than a Special Revenue Fund, in accordance with GASB 54.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Doylestown's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Village Council
Village of Doylestown

Compliance and Other Matters

As part of reasonably assuring whether the Village of Doylestown's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2016-002.

Village of Doylestown's Response to Findings

The Village of Doylestown'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 of Doylestown's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Julian & Grube, Inc.
February 27, 2018

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2016**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2016-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Material adjustments were made to the financial statements and notes for the year ended December 31, 2016, to properly state cash receipts, cash disbursements, other financing receipts/disbursements and cash fund balances. The audited financial statements and Village records have been adjusted for the material misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village consult with their auditors, Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response: The Village Fiscal Officer will work to provide a sound fiscal environment for the Village and is continually refining policies and procedures to help with financial statement presentation.

Finding Number	2016-002
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Noncompliance – Interfund Transfers

Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 provide that no transfer can be made from one fund of a subdivision to any other fund, except for purposes defined by statute. Therefore, transferring cash restricted for one purpose to a fund with a different restricted purpose potentially permits the transfer in violation of the originating fund's restricted purpose.

The Village transferred \$25,913 from the cemetery trust fund (a capital projects fund) to the cemetery fund (a special revenue fund). The cemetery trust fund was originally established only for capital improvements of the cemetery, while the cemetery fund is for general cemetery operations. This transfer would thus, inappropriately remove restrictions previously imposed on the funds.

These transfers do not meet the Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 requirements, nor were they approved by the Court of Common Pleas. Transfers must meet the Ohio Revised Code requirements, unless otherwise approved by the Court of Common Pleas. The audited financial statements and the Village's accounting system have been adjusted to properly reflect this adjustment.

We recommend the Village review the provisions set forth in the Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 to ensure the Village's funds are being used for their intended purposes.

Client Response: The Village Fiscal Officer will work to ensure the Village's funds are being used for their intended purposes.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2015-001	<u>Noncompliance / Material Weakness - OPWC & OWDA</u> - Ohio Rev. Code § 5705.42 requires payments made on-behalf of another political subdivision in the form of a grant/loan be properly budgeted and accounted for. Numerous adjustments were made to the financial statements in 2015 to correct these misstatements.	Yes	Finding No Longer Valid
2015-002	<u>Material Weakness - Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements in 2015, to properly state financial statement amounts.	No	Repeated as finding 2016-001
2015-003	<u>Noncompliance / Material Weakness</u> - Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. In 2015, the Village's appropriations approved in the minutes did not agree to the Uniform Accounting Network (UAN) system appropriations.	Yes	Finding No Longer Valid



Dave Yost • Auditor of State

VILLAGE OF DOYLESTOWN

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018