



Mary Taylor, CPA
Auditor of State

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Mayor and 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, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this Village, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed 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, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Street, Construction Maintenance Repair Fund, and Cemetery Trust Fund, 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 September 3, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 3, 2010

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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, 2009, 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 2009 are as follows:

Net assets of governmental activities increased \$99,218, or 8 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Capital Improvement Fund.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 17 and 42 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 changed very little compared to 2008 as development within the Village has slowed. But income tax receipts had a greater increase because of the increase in the income tax rate.

The water and sewer operation, the Village's lone business-type activity, broke even for the year.

The East Side Storm Sewer project was completed.

Sewer services began to the Meadows allotment in Chippewa Township.

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.

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.

Village of Doylestown
Management's Discussion and Analysis
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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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, 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 Government'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.

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.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The Village's major governmental funds are the General, Street Construction, Maintenance and Repair, Cemetery Trust, and Capital Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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's major enterprise funds are the Water Operating, Capital Waterline, Capital Water Field, Sewer Operating, and Waste Water Treatment Funds. When the services are provided to other department of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

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's Fiduciary Funds are Agency Funds to account for mayor's court, unclaimed monies, and rental security deposit activity.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$1,333,557	\$1,234,339	\$442,759	\$455,187	\$1,776,316	\$1,689,526
Net Assets						
Restricted for:						
Capital Projects	540,315	446,502			540,315	446,502
Other Purposes	449,824	428,905			449,824	428,905
Unrestricted	343,418	358,932	442,759	455,187	786,177	814,119
Total Net Assets	\$1,333,557	\$1,234,339	\$442,759	\$455,187	\$1,776,316	\$1,689,526

As mentioned previously, net assets of governmental activities increased \$99,218 or 8 percent during 2009. The primary reason contributing to the increase in cash balance was due to closely monitoring capital improvement expenses.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$61,726	\$69,543	\$829,609	\$849,203	\$891,335	\$918,746
Operating Grants and Contributions	223,382	219,243	0	2,840	223,382	222,083
Capital Grants and Contributions	314,054	500	24,533	8,618	338,587	9,118
Total Program Receipts	599,162	289,286	854,142	860,661	1,453,304	1,149,947
General Receipts:						
Property Taxes	310,914	297,604			310,914	297,604
Municipal Income Taxes	770,964	670,405			770,964	670,405
Grants and Entitlements Not Restricted to Specific Programs	125,268	139,438			125,268	139,438
Earnings on Investment	15,159	33,933			15,159	33,933
Sale of Fixed Assets		18,649		10,700	0	29,349
Miscellaneous	24,914	16,109	42,563	44,559	67,477	60,668
Total General Receipts	1,247,219	1,176,138	42,563	55,259	1,289,782	1,231,397
Total Receipts	1,846,381	1,465,424	896,705	915,920	2,743,086	2,381,344
Disbursements:						
General Government	280,969	280,458			280,969	280,458
Security of Persons and Property:	500,361	491,288			500,361	491,288
Public Health Services	34,370	33,236			34,370	33,236
Leisure Time Activities	70,071	65,923			70,071	65,923
Community Environment	68,128	55,883			68,128	55,883
Transportation	314,082	315,152			314,082	315,152
Capital Outlay	418,833	161,449			418,833	161,449
Principal Retirement	37,596	48,259			37,596	48,259
Interest and Fiscal Charges	22,753	25,157			22,753	25,157
Water and Sewer			909,133	911,817	909,133	911,817
Total Disbursements	1,747,163	1,476,805	909,133	911,817	2,656,296	2,388,622
Increase (Decrease) in Net Assets	99,218	(11,381)	(12,428)	4,103	86,790	(7,278)
Net Assets, January 1	1,234,339	1,245,720	455,187	451,084	1,689,526	1,696,804
Net Assets, December 31	\$1,333,557	\$1,234,339	\$442,759	\$455,187	\$1,776,316	\$1,689,526

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Program receipts represent only 32 percent of total receipts for governmental activities and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 68 percent of the Village's total receipts for governmental activities, and of this amount, over 86 percent are local taxes. State and federal grants and entitlements make up 10 percent of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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, the mayor, and fiscal officer, 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 and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; 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 24 and 29 percent of all governmental disbursements, respectively. General government and transportation also represent significant costs, about 16 and 18 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 Village 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)

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$280,969	\$123,382	\$280,458	\$186,805
Security of Persons and Property	500,361	500,361	491,288	491,288
Public Health Services	34,370	(3,085)	33,236	7,890
Leisure Time Activities	70,071	52,861	65,923	49,263
Community Environment	68,128	65,859	55,883	55,836
Transportation	314,082	168,495	315,152	161,572
Capital Outlay	418,833	179,779	161,449	161,449
Principal Retirement	37,596	37,596	48,259	48,259
Interest and Fiscal Charges	22,753	22,753	25,157	25,157
Total Expenses	\$1,747,163	\$1,148,001	\$1,476,805	\$1,187,519

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The dependence upon property and income tax receipts is apparent as over 65 percent of governmental activities are supported through these general receipts.

Business-type Activities

The water and sewer operation of the Village routinely reports receipts and cash disbursements that are relatively equal. Since the sewer plant will be paid off in 2010 we are looking to build a new water plant.

The Village's Funds

Total governmental funds had receipts of \$1,846,381 and disbursements of \$1,747,163. The greatest change within governmental funds occurred within the Capital Improvement Fund. The fund balance of the Capital Improvement Fund increased \$93,812 as the result of not spending as much on capital improvement projects as anticipated.

General Fund receipts were less than disbursements by \$15,514 indicating the General Fund is in a deficit spending situation.

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 2009, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were over original budgeted receipts due to more anticipated miscellaneous receipts. The difference between final budgeted receipts and actual receipts was not significant other than municipal income tax receipts not being as much as budgeted.

Final disbursements were budgeted at \$1,145,960 while actual disbursements were \$928,736. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending under budgeted amounts as demonstrated by actual disbursements being \$217,224 less than budgeted. The result is the decrease in unencumbered fund balance of \$35,683 for 2009.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2010 but reductions in staff may delay the implementation.

Debt

At December 31, 2009, the Village's outstanding debt of \$1,626,253, included Water Improvement Bonds, General Obligation Notes, Ohio Water Development Loans, and Ohio Public Works Loans. The loan for Franklin Drive/Snipe Creek was retired. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Village of Doylestown
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Current Issues

The challenge for all Villages 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. All departments have been asked to reduce their spending for supplies by 15 percent.

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

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**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2009*

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,333,557	\$442,759	\$1,776,316
Net Assets			
Restricted for:			
Capital Projects	540,315		540,315
Other Purposes	449,824		449,824
Unrestricted	343,418	442,759	786,177
<i>Total Net Assets</i>	<u>\$1,333,557</u>	<u>\$442,759</u>	<u>\$1,776,316</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	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
Governmental Activities							
Security of Persons and Property	500,361				(\$500,361)		(\$500,361)
Public Health Services	34,370	\$23,393	\$14,062		3,085		3,085
Leisure Time Activities	70,071	12,470	4,740		(52,861)		(52,861)
Community Environment	68,128	0	2,269		(65,859)		(65,859)
Transportation	314,082	1,600	143,987		(168,495)		(168,495)
General Government	280,969	24,263	58,324	\$75,000	(123,382)		(123,382)
Capital Outlay	418,833			239,054	(179,779)		(179,779)
Debt Service:							
Principal	37,596				(37,596)		(37,596)
Interest	22,753				(22,753)		(22,753)
<i>Total Governmental Activities</i>	<u>1,747,163</u>	<u>61,726</u>	<u>223,382</u>	<u>314,054</u>	<u>(1,148,001)</u>	<u>0</u>	<u>(1,148,001)</u>
Business Type Activities							
Water Operating	202,900	191,013				(\$11,887)	(11,887)
Water Line Capital	39,846	40,711		4,996		\$5,861	5,861
Capital Water Field	49,700	42,488		12,219		\$5,007	5,007
Sewer Operating	239,725	229,432				(\$10,293)	(10,293)
Waste Water Treatment Plant Construction	286,145	272,681				(\$13,464)	(13,464)
Capital Construction Home Loan	1,345			1,401		\$56	56
Maple Street and Valleyview Loan	6,061			5,917		(\$144)	(144)
Grinder Pump Maintenance	8,133	10,519				\$2,386	2,386
S. Well Field and Repair Loan Payment	38,385	39,765				\$1,380	1,380
Special Water and Sewer Improvement	36,893	3,000				(\$33,893)	(33,893)
<i>Total Business Type Activities</i>	<u>909,133</u>	<u>829,609</u>	<u>0</u>	<u>24,533</u>	<u>0</u>	<u>(54,991)</u>	<u>(54,991)</u>
<i>Total Primary Government</i>	<u>\$2,656,296</u>	<u>\$891,335</u>	<u>\$223,382</u>	<u>\$338,587</u>	<u>(\$1,148,001)</u>	<u>(\$54,991)</u>	<u>(\$1,202,992)</u>
General Receipts							
Property Taxes					\$310,914		\$310,914
Municipal Income Taxes					770,964		770,964
Other Taxes					18,188		18,188
Grants and Entitlements not Restricted to Specific Programs					125,268		125,268
Earnings on Investments					15,159		15,159
Miscellaneous					6,726	42,563	49,289
<i>Total General Receipts</i>					<u>1,247,219</u>	<u>42,563</u>	<u>1,289,782</u>
Change in Net Assets					99,218	(12,428)	86,790
<i>Net Assets Beginning of Year</i>					<u>1,234,339</u>	<u>455,187</u>	<u>1,689,526</u>
<i>Net Assets End of Year</i>					<u>\$1,333,557</u>	<u>\$442,759</u>	<u>\$1,776,316</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009*

	General	Street Construction Maint. & Repair	Cemetery Trust	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$343,418</u>	<u>\$50,639</u>	<u>\$301,726</u>	<u>\$540,314</u>	<u>\$97,460</u>	<u>\$1,333,557</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$20,169	\$109				\$20,278
Unreserved:						0
Undesignated (Deficit), Reported in:						0
General Fund	323,249					323,249
Special Revenue Funds		50,530	\$301,726		\$97,460	449,716
Capital Projects Funds				\$540,314		540,314
<i>Total Fund Balances</i>	<u>\$343,418</u>	<u>\$50,639</u>	<u>\$301,726</u>	<u>\$540,314</u>	<u>\$97,460</u>	<u>1,333,557</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Street Construction Maint. & Repair	Cemetery Trust	Capital Improvement	Other Governmental Funds	Total
Receipts						
Property and Other Local Taxes	\$310,914					\$310,914
Municipal Income Taxes	542,862			\$228,102		770,964
Intergovernmental	138,026	\$158,154		239,053	\$39,420	574,653
Special Assessments		4,895				4,895
Charges for Services	12,470				23,393	35,863
Fines, Licenses and Permits	40,682				1,769	42,451
Earnings on Investments	6,877	5	\$8,274		3	15,159
Miscellaneous	11,722			75,000	4,760	91,482
Total Receipts	1,063,553	163,054	8,274	542,155	69,345	1,846,381
Disbursements						
Current:						
Security of Persons and Property	495,279				5,082	500,361
Public Health Services	14,420				19,950	34,370
Leisure Time Activities	63,833				6,238	70,071
Community Environment	54,066				14,062	68,128
Transportation		293,512			20,570	314,082
General Government	280,969					280,969
Capital Outlay			30,839	387,994		418,833
Debt Service:						
Principal Retirement				37,596		37,596
Interest and Fiscal Charges				22,753		22,753
Total Disbursements	908,567	293,512	30,839	448,343	65,902	1,747,163
Excess of Receipts Over (Under) Disbursements	154,986	(130,458)	(22,565)	93,812	3,443	99,218
Other Financing Sources (Uses)						
Transfers In		170,000			500	170,500
Transfers Out	(170,500)					(170,500)
Total Other Financing Sources (Uses)	(170,500)	170,000	0	0	500	0
Net Change in Fund Balances	(15,514)	39,542	(22,565)	93,812	3,943	99,218
Fund Balances Beginning of Year	358,932	11,097	324,291	446,502	93,517	1,234,339
Fund Balances End of Year	\$343,418	\$50,639	\$301,726	\$540,314	\$97,460	\$1,333,557

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$310,000	\$310,000	\$310,914	\$914
Municipal Income Taxes	625,000	625,000	542,862	(82,138)
Intergovernmental	135,200	135,200	138,026	2,826
Special Assessments	2,000	2,000	0	(2,000)
Charges for Services	15,500	15,500	12,470	(3,030)
Fines, Licenses and Permits	69,000	69,000	40,682	(28,318)
Earnings on Investments	40,000	40,000	6,877	(33,123)
Miscellaneous	10,700	15,700	11,722	(3,978)
<i>Total receipts</i>	<u>1,207,400</u>	<u>1,212,400</u>	<u>1,063,553</u>	<u>(148,847)</u>
Disbursements				
Current:				
Security of Persons and Property	587,872	587,872	497,863	90,009
Public Health Services	14,670	14,670	14,420	250
Leisure Time Activities	89,691	89,691	70,018	19,673
Community Environment	85,896	85,896	58,384	27,512
General Government	367,831	367,831	288,051	79,780
				0
<i>Total Disbursements</i>	<u>1,145,960</u>	<u>1,145,960</u>	<u>928,736</u>	<u>217,224</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>61,440</u>	<u>66,440</u>	<u>134,817</u>	<u>68,377</u>
Other Financing Sources (Uses)				
Transfers Out	(172,491)	(172,491)	(170,500)	1,991
<i>Net Change in Fund Balance</i>	(111,051)	(106,051)	(35,683)	70,368
<i>Unencumbered Cash Balance Beginning of Year</i>	339,379	339,379	339,379	0
Prior Year Encumbrances Appropriated	19,553	19,553	19,553	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$247,881</u>	<u>\$252,881</u>	<u>\$323,249</u>	<u>\$70,368</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance, and Repair Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$177,000	\$177,000	\$158,154	(\$18,846)
Special Assessments	3,500	3,500	4,895	\$1,395
Earnings on Investments	500	500	5	(\$495)
<i>Total receipts</i>	<u>181,000</u>	<u>181,000</u>	<u>163,054</u>	<u>(17,946)</u>
Disbursements				
Current:				
Transportation	<u>353,275</u>	<u>353,275</u>	<u>293,621</u>	<u>59,654</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(172,275)</u>	<u>(172,275)</u>	<u>(130,567)</u>	<u>41,708</u>
Other Financing Sources				
Transfers In	<u>171,991</u>	<u>171,991</u>	<u>170,000</u>	<u>(\$1,991)</u>
<i>Net Change in Fund Balance</i>	(284)	(284)	39,433	39,717
<i>Unencumbered Cash Balance Beginning of Year</i>	10,813	10,813	10,813	0
Prior Year Encumbrances Appropriated	<u>284</u>	<u>284</u>	<u>284</u>	<u>0</u>
Unencumbered Cash Balance End of Year	<u>\$10,813</u>	<u>\$10,813</u>	<u>\$50,530</u>	<u>\$39,717</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Trust Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Earnings on Investments	10,000	11,839	8,274	(3,565)
Disbursements				
Current:				
Capital Outlay	10,000	30,839	30,839	0
<i>Total Disbursements</i>	<u>10,000</u>	<u>30,839</u>	<u>30,839</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(19,000)	(22,565)	(3,565)
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>324,291</u>	<u>324,291</u>	<u>324,291</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$324,291</u>	<u>\$305,291</u>	<u>\$301,726</u>	<u>(\$3,565)</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009*

	<u>Water Operating</u>	<u>Capital Water Line</u>	<u>Capital Water Field</u>	<u>Sewer Operating</u>	<u>Waste Water Treatment</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	<u>\$13,874</u>	<u>\$109,915</u>	<u>\$107,190</u>	<u>\$22,095</u>	<u>\$143,073</u>	<u>\$46,612</u>	<u>\$442,759</u>
Net Assets							
Unrestricted	<u>13,874</u>	<u>109,915</u>	<u>107,190</u>	<u>22,095</u>	<u>143,073</u>	<u>46,612</u>	<u>442,759</u>
<i>Total Net Assets</i>	<u>\$13,874</u>	<u>\$109,915</u>	<u>\$107,190</u>	<u>\$22,095</u>	<u>\$143,073</u>	<u>\$46,612</u>	<u>\$442,759</u>

See accompanying notes to the financial statements

VILLAGE OF DOYLESTOWN
WAYNE COUNTY
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2009

	Water Operating	Capital Waterline	Capital Water Field	Sewer Operating	Waste Water Treatment	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts							
Charges for Services	\$191,013	\$40,711	\$42,488	\$229,432	\$272,681	\$53,284	\$829,609
Operating Disbursements							
Personal Services	102,033			108,371			210,404
Employee Fringe Benefits	36,315			38,982			75,297
Contractual Services	38,712			62,835			101,547
Supplies and Materials	25,840			29,537		8,134	63,511
<i>Total Operating Disbursements</i>	<u>202,900</u>	<u>0</u>	<u>0</u>	<u>239,725</u>	<u>0</u>	<u>8,134</u>	<u>450,759</u>
<i>Operating Income (Loss)</i>	<u>(11,887)</u>	<u>40,711</u>	<u>42,488</u>	<u>(10,293)</u>	<u>272,681</u>	<u>45,150</u>	<u>378,850</u>
Non-Operating Receipts (Disbursements)							
Intergovernmental		4,996	12,219				17,215
Special Assessments						7,317	7,317
Miscellaneous Receipts			19,895	22,669			42,564
Capital Outlay		(10,222)	(10,893)			(36,893)	(58,008)
Principal Payments		(17,812)	(25,526)		(262,471)	(28,193)	(334,002)
Interest and Fiscal Charges		(11,812)	(13,281)		(23,674)	(17,597)	(66,364)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(34,850)</u>	<u>(17,586)</u>	<u>22,669</u>	<u>(286,145)</u>	<u>(75,366)</u>	<u>(391,278)</u>
<i>Change in Net Assets</i>	<u>(11,887)</u>	<u>5,861</u>	<u>24,902</u>	<u>12,376</u>	<u>(13,464)</u>	<u>(30,216)</u>	<u>(12,428)</u>
<i>Net Assets Beginning of Year</i>	<u>25,761</u>	<u>104,054</u>	<u>82,288</u>	<u>9,719</u>	<u>156,537</u>	<u>76,828</u>	<u>455,187</u>
<i>Net Assets End of Year</i>	<u>\$13,874</u>	<u>\$109,915</u>	<u>\$107,190</u>	<u>\$22,095</u>	<u>\$143,073</u>	<u>\$46,612</u>	<u>\$442,759</u>

See accompanying notes to the financial statements

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis
December 31, 2009*

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,230
<i>Total Assets</i>	<u>6,230</u>
Net Assets	
Restricted for:	
Other Purposes	<u>6,230</u>
<i>Total Net Assets</i>	<u>\$6,230</u>

See accompanying notes to the financial statements

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009

Note 1 – Reporting Entity

The Village of Doylestown, Wayne County, Ohio, (the Village) is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

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 government services, water and sewer utilities, maintenance of Village roads, park operations, 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 2.C, 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. The Village does not apply FASB statements 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 basic 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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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 proprietary fund statements report all other receipts and disbursements as nonoperating.

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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 Fund, Cemetery Trust Fund, and Capital Improvement 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 Cemetery Trust Fund accounts for the resources that are restricted to capital improvements of the Chestnut Hill Cemetery. The Capital Improvement 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.

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 Operating Fund, Capital Water Line Fund, Capital Water Field Fund, Sewer Operating Fund, and the Wastewater Treatment Fund. The Village has no internal service funds.

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

Capital Water Line Fund – The Capital Water Line Fund pays for the South Well Field Loan and the upkeep of all water lines.

Capital Water Field Fund – The Capital Water Field Fund pays for the maintenance of the water plant buildings.

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

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

Fiduciary Funds

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

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 liabilities and the related expenses) 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 certificated 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.

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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (Continued)

During 2009, the Village invested in nonnegotiable certificates of deposit and government securities. The nonnegotiable certificates of deposit and government securities are reported at cost.

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.

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 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare 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 are 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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 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). The encumbrances outstanding at year end (budgetary basis) amounted to \$20,169 for the general fund *and* \$109 for all other funds. 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.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 4 – Deposits and Investments

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;
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; and
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, none of the Village's bank balance of \$1,132,236 was exposed to custodial credit risk because National City Bank participates in the FDIC's Transaction Account Guarantee Program, under which all non-interest bearing accounts are fully guaranteed by the Federal Deposit Insurance Corporation.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 4 - Deposits and Investments (continued)

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.

Investments

As of December 31, 2009, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
U.S. Treasury Notes	\$ 78,494		\$78,494	
Money Market Fund	168,232	\$168,232		
FHLMC	30,000	30,000		
Federal Home Loan Banks	25,000			\$25,000
Total	<u>\$301,726</u>	<u>\$198,232</u>	<u>\$78,494</u>	<u>\$25,000</u>

The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments had AAA ratings by Standards and Poor's.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – Income Taxes

The Village levies a 2 percent income tax whose proceeds are placed 70% into the General Fund and 30% into the Capital Improvement Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 2 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax receipts equaled \$770,964 for 2009.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

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.

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, 2009, was \$6.30 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 (2008) property tax receipts were based are as follows:

<u>Real Property</u>	<u>Total Assessed Value</u>
Residential/Agriculture	\$55,900,400
Commercial/Industrial/Mineral	5,952,640
Public Utilities	718,180
Tangible Personal Property	<u>285,040</u>
Total Assessed Value	<u>\$62,856,260</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 – Interfund Receivables/Payables

Interfund balances at December 31, 2009, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Homan Drive	\$671
Wastewater Treatment Plant	<u>40,000</u>
Total General Fund	<u>\$40,671</u>

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid in 2010.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Village contracted The Ohio Plan for various types of insurance coverage as follows:

Type of Coverage	Amount of Coverage
Commercial Property	\$10,156,200
General Liability	14,110,000
Commercial Crime	17,000
Inland Marine	497,674
Vehicle	4,055,000
Law Enforcement	10,060,000
Public Officials	10,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.

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

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 9 – Defined Benefit Pension Plans (continued)

The Village's contribution rate for 2009 was 14 percent and public safety and law enforcement employer units contributed at 17.63 percent. For the period January 1 through March 31, 2009, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$77,802, \$76,680, and \$70,998, respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - 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.

Funding Policy - 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. For 2009, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$38,340, \$46,568, and \$48,543. The full amount has been contributed for 2009, 2008 and 2007.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 10 - Postemployment Benefits (continued)

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 10 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 to December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$29,876, \$38,340, and \$41,183 respectively. The full amount has been contributed for 2009, 2008 and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post -employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 10 percent of covered payroll for police.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 10 - Postemployment Benefits (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$22,452 for the year ended December 31, 2009, \$23,371 for the year ended December 31, 2008, and \$21,423 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate (%)	Principal Outstanding 12/31/08	Reductions	Principal Outstanding 12/31/09
OWDA Loan #2234	5	\$538,288	\$(262,471)	\$275,817
OWDA Loan #1546	7.51	4,283	(2,056)	2,227
OPWC Loan #CP08A	0	126,780	(11,525)	115,255
Storm Water System Imp. Bond (Series 2004)	4.34	12,000	(12,000)	0
Water System Improvement Bond (Series 2005)	4.94	737,107	(51,903)	685,204
Various Purpose Improvement Bond (Series 2006)	5.1	441,536	(25,596)	415,940
Water System Improvement Bond	4.5	107,000	(2,000)	105,000
General Obligation Notes	6.75	<u>30,857</u>	<u>(4,047)</u>	<u>26,810</u>
Total		<u>\$1,997,851</u>	<u>\$(371,598)</u>	<u>\$1,626,253</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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 loan will be repaid in semiannual installments of \$1,571, including interest of 7.51%, over 20 years. The final payment is due on January 1, 2010.

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 11 – Debt (continued)

The Ohio Water Development Authority (OWDA) Loan #2234 relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The original amount of the loan was \$3,591,522. The loan will be repaid in semiannual installments of \$143,073, including interest, of 5% over 20 years. The final payment is due July 1, 2010. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Property and revenue of the utility facilities have been pledged to repay this debt.

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 of 20 years. The final payment is due on January 2, 2019.

The Storm Water System Improvement Bond (Series 2004) is for the purpose of paying costs of construction and installing storm water system improvements along Franklin Drive, Circle Drive and Huffman Street. The Bond will be repaid in semiannual installments of \$13,511 including interest of 4.378% 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 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 bond will be repaid in semiannual installments of \$24,048, including interest of 5.1% over 15 years. The final payment is due on June 23, 2021.

The Water System Improvement Bond is for the purpose of paying the cost of improving a water storage tank. The bond will be repaid in annual installment ranging from \$6,600 to \$7,730, including interest of 4.5 percent over 30 years. The final payment is due on March 1, 2034.

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 following is a summary of the Village's future annual debt service requirements:

Year	OPWC Loans		OWDA Loans		G. O. Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$11,525	\$0	\$278,044	\$10,433	\$4,320	\$1,741
2011	11,525	0	0	0	4,616	1,445
2012	11,525	0	0	0	4,930	1,131
2013	11,525	0	0	0	5,271	789
2014	11,525	0	0	0	5,633	428
2015 +	<u>57,630</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,040</u>	<u>70</u>
Totals	<u>\$115,255</u>	<u>\$0</u>	<u>\$278,044</u>	<u>\$10,433</u>	<u>\$26,810</u>	<u>\$5,604</u>

Village of Doylestown
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 11 – Debt (continued)

Year	2005 Bond		2006 Bond		Water System Imp. Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$54,477	\$33,186	\$27,296	\$20,801	\$2,000	\$4,725
2011	57,201	30,461	28,706	19,391	2,000	4,635
2012	60,062	27,600	30,188	17,908	3,000	4,545
2013	63,065	24,597	31,748	16,349	3,000	4,410
2014	66,219	21,443	33,387	14,709	3,000	4,275
2015 +	<u>384,180</u>	<u>54,103</u>	<u>264,615</u>	<u>49,357</u>	<u>92,000</u>	<u>49,905</u>
Totals	<u>\$685,204</u>	<u>\$191,390</u>	<u>\$415,940</u>	<u>\$138,515</u>	<u>\$105,000</u>	<u>\$72,495</u>

Year	Total	
	Principal	Interest
2010	\$377,662	\$70,886
2011	104,048	55,932
2012	109,705	51,184
2013	114,619	46,145
2014	119,764	40,855
2015 +	<u>800,465</u>	<u>153,435</u>
Totals	<u>\$1,626,253</u>	<u>\$418,437</u>

Note 12 – Interfund Transfers

During 2009 the following transfers were made:

<u>Governmental Activities</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	(\$170,500)
Street Construction, Maint. & Repair Fund	170,000	0
Beautification Fund	500	0
Total Transfers	<u>\$170,500</u>	<u>(\$170,500)</u>

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.

Note 13 – Construction and Contractual Commitments

The Eastside storm water project was completed. East Clinton Street and the Cemetery roads were paved by Superior Paving at a cost of \$79,124.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 Mayor and 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, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 3, 2010. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this Village, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 3, 2010.

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Council, and others within the Village. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 3, 2010

VILLAGE OF DOYLESTOWN
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Material Weakness

Financial Statement Errors

The Fiscal Officer did not properly record certain transactions to the correct account which resulted in errors on the Village's financial statements. Sound financial reporting is essential to ensure the information provided to readers of the financial statements is complete and accurate.

During 2009, the following errors were noted:

- interest was understated by \$5,318 in the Cemetery Trust Fund due to the Village improperly reporting an increase in the market value of investments during 2008 and a decrease in market value in 2009 to interest revenue;
- principal and interest payments of \$7,763 and \$4,815, respectively, were improperly reported as Capital Outlay in the Capital Water Field Fund;
- charges for services receipts of \$40,711 were improperly reported as special assessments receipts in the Waterline Fund;
- intergovernmental receipts of \$4,996 were improperly reported as miscellaneous receipts in the Waterline Fund;
- intergovernmental receipts of \$10,623 were improperly reported as miscellaneous receipts in the Capital Water Field Fund;
- Program Revenue Charges for Services of \$40,711 were improperly reported as Program Revenue Capital Grants and Contributions in the Business Type Activities

The Notes to the Financial Statements also contained several errors and were not submitted with the reporting package at year end. The debt schedules did not include the amounts outstanding in five year increments as required. The cash and investment note did not include the proper detail for investments including the term to maturity and credit risk.

The accumulation of errors may compromise management's ability to effectively monitor the finances and make appropriate decisions for the Village. The Fiscal Officer should review the adjustments identified above to help ensure future posting of receipts and expenditures are done correctly. To assist in proper classification of receipts and expenditures, the Fiscal Officer should review the Village Officer's Handbook and maintain a fund/account sheet which documents the specific accounts where each type of revenue and expenditure should be posted.

The Village should adopt procedures to help ensure the Fiscal Officer is submitting accurate and complete financial statements that comply with reporting requirements. These procedures should include periodically monitoring the classification of receipts and expenditures compared to the "Village Officer's Handbook" chart of accounts, and performing a final review of the statements by the Fiscal Officer and Board prior to filing reports to identify and correct posting errors and/or omissions. The accompanying financial statements were adjusted to properly reflect the items noted above. Additionally, the cash fund balance affect of these adjustments were posted to the Village's ledgers.

Officials' Response: The Village will be more diligent in recording transactions to the correct accounts. If needed, the Village will add new account numbers to properly record the transactions.

**VILLAGE OF DOYLESTOWN
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2008-001	Financial Statement Errors – Receipts and disbursements were not accurately posted to the Village's accounting system and/or financial statements.	No	Not Corrected. See Finding 2009-001.
Finding 2008-002	Section 5705.41(D), Revised Code, The Village did not properly certify the availability of funds prior to purchase commitment for 39 percent of the expenditures tested.	No	Partially Corrected. Repeat in Management Letter.



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
OCTOBER 5, 2010**