

VILLAGE OF WEST MILTON

Miami County

Regular Audit

January 1, 2006 through December 31, 2007

Fiscal Years Audited Under GAGAS: 2006 and 2007

Caudill & Associates, CPA's

725 5th Street

Portsmouth, OH 45662



Mary Taylor, CPA

Auditor of State

Village Council
Village of West Milton
701 South Miami Street
West Milton, Ohio 45383

We have reviewed the *Independent Auditors' Report* of the Village of West Milton, Miami County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 West Milton is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

April 15, 2008

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**VILLAGE OF WEST MILTON
MIAMI COUNTY**

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Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditors' Report

Members of Council
Village of West Milton
Miami County
701 South Miami Street
West Milton, Ohio 45383

We have audited the accompanying financial statements of the Village of West Milton (The Village), Miami County, Ohio, as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position, or cash flows of its proprietary funds for the years then ended.

Members of Council
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Independent Auditor's Report
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances, and reserves for encumbrances of the Village, as of the December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPAs

Caudill & Associates, CPA's
March 15, 2008

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2007**

| | <u>Governmental Funds Types</u> | | | | <u>Totals (Memorandum Only)</u> |
|---|---------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------------------|
| | <u>General</u> | <u>Special Revenues</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| <u>Cash Receipts</u> | | | | | |
| Property and Other Taxes | \$ 262,708 | \$ 88,613 | \$ - | \$ - | \$ 351,321 |
| Municipal Income Taxes | 844,785 | - | - | - | 844,785 |
| Intergovernmental Receipts | 259,284 | 231,760 | - | - | 491,044 |
| Charges for Services | 250 | 860 | - | - | 1,110 |
| Fines Licences & Permit | 4,280 | 1,821 | - | 33 | 6,134 |
| Special Assessments | 8,769 | 405 | - | - | 9,174 |
| Interest | 162,585 | 20,081 | - | 5,481 | 188,147 |
| Miscellaneous | 16,214 | 2,367 | - | - | 18,581 |
| Total Cash Receipts | <u>1,558,875</u> | <u>345,907</u> | <u>-</u> | <u>5,514</u> | <u>1,910,296</u> |
| <u>Disbursements:</u> | | | | | |
| General Government | 431,033 | - | - | - | 431,033 |
| Security of Persons and Property | 813,132 | 3,857 | - | - | 816,989 |
| Leisure Time Activities | 6,067 | 47,892 | - | - | 53,959 |
| Community Environment | 1,582 | - | - | - | 1,582 |
| Transportation | - | 327,004 | - | - | 327,004 |
| Capital Outlay | - | - | - | 3,303 | 3,303 |
| Debt Service: Principal | - | - | 186,406 | - | 186,406 |
| Interest | - | - | 63,726 | - | 63,726 |
| Total Cash Disbursements | <u>1,251,814</u> | <u>378,753</u> | <u>250,132</u> | <u>3,303</u> | <u>1,884,002</u> |
| Total Receipts Over (Under) Disbursements | <u>307,061</u> | <u>(32,846)</u> | <u>(250,132)</u> | <u>2,211</u> | <u>26,294</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Transfers In | - | 50,500 | 250,132 | 30,000 | 330,632 |
| Transfers Out | (460,500) | - | - | - | (460,500) |
| Sale of Fixed Assets | - | 2,600 | - | - | 2,600 |
| Total Other Financing Sources (Uses) | <u>(460,500)</u> | <u>53,100</u> | <u>250,132</u> | <u>30,000</u> | <u>(127,268)</u> |
| Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses | (153,439) | 20,254 | - | 32,211 | (100,974) |
| Fund Cash Balance, January 1 | <u>2,421,938</u> | <u>441,761</u> | <u>1</u> | <u>104,176</u> | <u>2,967,876</u> |
| Fund Cash Balance, December 31 | <u>\$ 2,268,499</u> | <u>\$ 462,015</u> | <u>\$ 1</u> | <u>\$ 136,387</u> | <u>\$ 2,866,902</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 4,602</u> | <u>\$ 46,100</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,702</u> |

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

VILLAGE OF WEST MILTON
MIAMI COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2007

| | <u>PROPRIETARY FUND TYPE</u> |
|--|----------------------------------|
| | <u>Enterprise</u> |
| <u>Operating Cash Receipts</u> | |
| Charges for Services | \$ 1,176,711 |
| Fines, License and Permits | 9,400 |
| Miscellaneous | 13,095 |
| Total Operating Cash Receipts | <u>1,199,206</u> |
| <u>Operating Cash Disbursements</u> | |
| Personal Services | 331,146 |
| Travel Transportation | 1,120 |
| Contractual Services | 483,354 |
| Supplies and Materials | 31,356 |
| Capital Outlay | 430,007 |
| Total Operating Cash Disbursements | <u>1,276,983</u> |
| Operating Income/(Loss) | <u>(77,777)</u> |
| <u>Non-Operating Cash Receipts</u> | |
| Interest | 8,197 |
| Sale of Fixed Assets | 7,558 |
| Special Assessment | 2,457 |
| Total Non-Operating Cash Receipts | <u>18,212</u> |
| <u>Non-Operating Cash Disbursements:</u> | |
| Other Non-operating Cash Disbursements | <u>(6,345)</u> |
| Total Non-Operating Cash Disbursements | <u>(6,345)</u> |
| Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers | <u>(65,910)</u> |
| Transfers-In | 380,000 |
| Transfers-Out | <u>(250,132)</u> |
| Net Cash Receipts Over/(Under) Disbursements | 63,958 |
| Fund Cash Balance, January 1 | <u>968,245</u> |
| Fund Cash Balance, December 31 | <u>\$ 1,032,203</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 38,233</u> |

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2006**

| | Governmental Funds Types | | | | Totals (Memorandum Only) |
|---|---------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------------------|
| | General | Special Revenues | Debt Service | Capital Projects | |
| <u>Cash Receipts</u> | | | | | |
| Property and Other Taxes | \$ 261,149 | \$ 87,503 | \$ - | \$ - | \$ 348,652 |
| Municipal Income Taxes | 785,039 | - | - | - | 785,039 |
| Intergovernmental Receipts | 269,159 | 238,139 | - | - | 507,298 |
| Charges for Services | 250 | 930 | - | - | 1,180 |
| Fines Licences & Permit | 5,170 | 5,504 | - | - | 10,674 |
| Special Assessments | - | 213 | - | 7,874 | 8,087 |
| Interest | 152,352 | 20,071 | - | 2,656 | 175,079 |
| Miscellaneous | 11,692 | 1,210 | - | 750 | 13,652 |
| Total Cash Receipts | 1,484,811 | 353,570 | - | 11,280 | 1,849,661 |
| <u>Disbursements:</u> | | | | | |
| General Government | 397,592 | - | - | - | 397,592 |
| Security of Persons and Property | 721,775 | - | - | - | 721,775 |
| Leisure Time Activities | 5,656 | 24,987 | - | - | 30,643 |
| Community Environment | 1,112 | - | - | - | 1,112 |
| Transportation | - | 188,982 | - | - | 188,982 |
| Capital Outlay | 132,154 | 124,268 | - | 4,293 | 260,715 |
| Debt Service: Principal | - | - | 178,642 | - | 178,642 |
| Interest | - | - | 71,490 | - | 71,490 |
| Total Cash Disbursements | 1,258,289 | 338,237 | 250,132 | 4,293 | 1,850,951 |
| Total Receipts Over (Under) Disbursements | 226,522 | 15,333 | (250,132) | 6,987 | (1,290) |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Transfers In | - | 47,075 | 250,133 | 45,000 | 342,208 |
| Transfers Out | (92,075) | - | - | - | (92,075) |
| Sale of Fixed Assets | 10,982 | - | - | - | 10,982 |
| Total Other Financing Sources (Uses) | (81,093) | 47,075 | 250,133 | 45,000 | 261,115 |
| Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses | 145,429 | 62,408 | 1 | 51,987 | 259,825 |
| Fund Cash Balance, January 1 | 2,276,509 | 379,353 | - | 52,189 | 2,708,051 |
| Fund Cash Balance, December 31 | \$ 2,421,938 | \$ 441,761 | \$ 1 | \$ 104,176 | \$ 2,967,876 |
| Reserve for Encumbrances, December 31 | \$ 7,403 | \$ 371 | \$ - | \$ - | \$ 7,774 |

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

VILLAGE OF WEST MILTON
MIAMI COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2006

| | <u>PROPRIETARY FUND TYPE</u> |
|--|----------------------------------|
| | <u>Enterprise</u> |
| <u>Operating Cash Receipts</u> | |
| Charges for Services | \$ 1,114,202 |
| Fines, License and Permits | 12,150 |
| Miscellaneous | 11,546 |
| Total Operating Cash Receipts | <u>1,137,898</u> |
| <u>Operating Cash Disbursements</u> | |
| Personal Services | 306,402 |
| Travel Transportation | 809 |
| Contractual Services | 465,490 |
| Supplies and Materials | 18,977 |
| Capital Outlay | 140,626 |
| Total Operating Cash Disbursements | <u>932,304</u> |
| Operating Income/(Loss) | <u>205,594</u> |
| <u>Non-Operating Cash Receipts</u> | |
| Interest | 7,382 |
| Special Assessment | 1,214 |
| Total Non-Operating Cash Receipts | <u>8,596</u> |
| <u>Non-Operating Cash Disbursements:</u> | |
| Other Non-operating Cash Disbursements | (4,187) |
| Total Non-Operating Cash Disbursements | <u>(4,187)</u> |
| Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers | <u>210,003</u> |
| Transfers-In | - |
| Transfers-Out | <u>(250,133)</u> |
| Net Cash Receipts Over/(Under) Disbursements | (40,130) |
| Fund Cash Balance, January 1 | <u>1,008,375</u> |
| Fund Cash Balance, December 31 | <u>\$ 968,245</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 27,505</u> |

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Milton, Miami County, (the Village), is a body corporate and political established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The village is directed by a publicly-elected seven-member Council governs the Village. The Village provides general governmental services, including water and sewer utilities, refuse services, park operations, police services, and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

Investments are included in fund balances. Accordingly, purchases of investments are recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as are receipts or disbursements, respectively. US Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurers' investment pool), is valued at amounts reported by the State Treasurer. Mutual funds are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives intergovernmental revenues for constructing, maintaining and repairing Village streets.

Street Levy Fund – This fund receives intergovernmental revenues to improve roads.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village has the following significant Debt Service Funds:

OWDA Debt Fund - This fund received proceeds from Ohio Water Development Authority for the Waste Water Treatment Plant.

OPWC Debt Fund - This fund received proceeds from Ohio Public Works Commission for water tower replacement.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Sidewalk, Curb and Gutter Fund – This fund receives intergovernmental revenue for maintenance of the Village’s sidewalks, curbs and gutters.

5. Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2007 | 2006 |
|-----------------------|-------------|-------------|
| Demand Deposits | \$350 | \$47,569 |
| Repurchase Agreements | 2,780,383 | 2,825,093 |
| STAR Ohio | 1,118,372 | 1,063,459 |
| Total deposits | \$3,899,105 | \$3,936,121 |

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

Investments: Investments in Star Ohio and Mutual Funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$1,558,354 | \$1,558,875 | \$521 |
| Special Revenue | 397,140 | 399,007 | 1,867 |
| Debt Service | 250,133 | 250,132 | (1) |
| Capital Projects | 35,200 | 35,514 | 314 |
| Enterprise | 1,591,750 | 1,597,418 | 5,668 |
| Total | \$3,832,577 | \$3,840,946 | \$8,369 |

2007 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$1,859,665 | \$1,716,916 | \$142,749 |
| Special Revenue | 453,225 | 424,853 | 28,372 |
| Debt Service | 250,133 | 250,132 | 1 |
| Capital Projects | 54,970 | 3,303 | 51,667 |
| Enterprise | 1,643,040 | 1,571,693 | 71,347 |
| Total | \$4,261,033 | \$3,966,897 | \$294,136 |

2006 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|------------------------------|----------------------------|------------------|
| General | \$1,495,617 | \$1,495,793 | \$176 |
| Special Revenue | 400,163 | 400,645 | 482 |
| Debt Service | 250,133 | 250,133 | 0 |
| Capital Projects | 55,600 | 56,280 | 680 |
| Enterprise | 1,157,250 | 1,146,494 | (10,756) |
| Total | \$3,358,763 | \$3,349,345 | (\$9,418) |

2006 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$1,516,628 | \$1,357,767 | \$158,861 |
| Special Revenue | 366,925 | 338,608 | 28,317 |
| Debt Service | 250,133 | 250,132 | 1 |
| Capital Projects | 5,000 | 4,293 | 707 |
| Enterprise | 1,285,990 | 1,214,129 | 71,861 |
| Total | \$3,424,676 | \$3,164,929 | \$259,747 |

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------------------------------|---------------------------|----------------------|
| OPWC – Water Tower Replacement Loan | \$189,675 | 0.00% |
| OWDA – Waste Water Treatment Plan | <u>1,153,187</u> | 5.00% |
| Total | <u><u>\$1,342,862</u></u> | |

OPWC Loan was for the Water Tower Replacement. Semi-annual payments of \$12,645, payable in January and July with final payment July 2015.

OWDA Loan was for the Waste Water Treatment Plant. Semi-annual payments of \$112,421 payable in January and July with final payment July 2013.

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

| Year Ending December 31, 2007 | |
|--------------------------------------|----------------------------|
| 2008 | \$ 250,132 |
| 2009 | 250,132 |
| 2010 | 250,132 |
| 2011 | 250,132 |
| 2012 | 250,132 |
| 2013-2015 | <u>300,711</u> |
| Total | <u><u>\$ 1,551,371</u></u> |

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

6. RETIREMENT SYSTEMS

The Village’s law enforcement officers and the fire chief belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. For 2007 and 2006, OPERS members contributed 9 percent of their gross salaries. The Village contributed an amount equaling 13.70 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the “Pool”), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance agreements.

Members may withdraw at the end of any coverage period upon 60 days prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005 (the latest information available)

| | 2006 | 2005 |
|-----------------------------|-------------|---------------|
| Assets | \$2,331,284 | \$2,241,661 |
| Liabilities | (3,130,475) | (3,457,720) |
| Retained (deficit) earnings | (\$799,191) | (\$1,216,059) |

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

8. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% 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. Up to 1% credit can be given to residents that live within the Village but are taxed by another local government entity.

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.

9. TRANSFERS

The following is a summary of transfers in and out for all funds for 2007 & 2006.

| Fund | 2007 | |
|--------------------|--------------------|---------------------|
| | Transfer In | Transfer Out |
| General Fund | \$ - | \$ 460,500 |
| Cemetery Fund | 1,000 | - |
| Park Fund | 49,500 | |
| Fire Truck Capital | 30,000 | - |
| OPWC Debt Service | 25,290 | |
| OWDA Debt Service | 224,842 | |
| Water Fund | 380,000 | 25,290 |
| Sewer Fund | - | 179,872 |
| Sewer Capital Fund | - | 44,970 |
| Total | \$ 710,632 | 710,632 |

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money fro anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out was money from the General, Water, Sewer and Sewer Capital fund. These funds transferred monies approved by Village Council for equipment purchases, upkeep, and payment for debt obligations.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

9. TRANSFERS (Continued)

| Fund | 2006 | |
|--------------------|--------------------|---------------------|
| Fund | Transfer In | Transfer Out |
| General Fund | \$ - | \$ 92,075 |
| Park Fund | 47,075 | - |
| Fire Truck Capital | 45,000 | - |
| OPWC Debt Service | 25,290 | - |
| OWDA Debt Service | 224,843 | - |
| Water Fund | - | 25,290 |
| Sewer Fund | - | 179,873 |
| Sewer Capital Fund | - | 44,970 |
| Total | \$ 342,208 | \$ 342,208 |

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money from anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out was money from the General, Water, Sewer and Sewer Capital fund. These funds transferred monies approved by Village Council for equipment purchases, upkeep, and payment for debt obligations.

Caudill & Associates, CPA's

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Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of Council
Village of West Milton
Miami County
701 South Miami Street.
West Milton, Ohio 45383

We have audited the accompanying cash-basis financial statements of the Village of West Milton (the Village), Miami County, as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated March 15, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Village of West Milton

Miami County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to the Village's management in a separate letter date March 15, 2008.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 15, 2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST MILTON

MIAMI 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
APRIL 29, 2008**