

VILLAGE OF WEST MILTON

MIAMI COUNTY

REGULAR AUDIT

January 01, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



Caudill & Associates, CPA

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of West Milton, Miami County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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 Auditor's 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 Auditor's 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 4, 2012

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**VILLAGE OF WEST MILTON
MIAMI COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of West Milton
Miami County
201 N. Main Street
West Milton, Ohio 45836

To the Village Council

We have audited the accompanying financial statements of the Village of West Milton, Miami County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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 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. We believe 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Members of the Council
Village of West Milton
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and the reserve for encumbrances for the Village of West Milton, Miami County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

During 2011 and 2010, the Village of West Milton adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2012, 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.

Caudill & Associates, CPA

Caudill & Associates, CPA

July 16, 2012

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$ 196,202	\$ 84,889	\$ -	\$ -	\$ 281,091
Municipal Income Tax	877,060	-	-	-	877,060
Intergovernmental	247,676	221,661	-	-	469,337
Special Assessments	-	3,057	-	-	3,057
Charges for Services	250	800	-	-	1,050
Fines, Licenses and Permits	71,806	975	-	-	72,781
Earnings on Investments	4,386	319	-	355	5,060
Miscellaneous	12,768	1,202	-	-	13,970
<i>Total Cash Receipts</i>	<u>1,410,148</u>	<u>312,903</u>	<u>-</u>	<u>355</u>	<u>1,723,406</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	865,764	-	-	-	865,764
Leisure Time Activities	6,641	31,294	-	-	37,935
Community Environment	1,000	-	-	-	1,000
Transportation	-	238,989	-	-	238,989
General Government	491,868	-	-	-	491,868
Capital Outlay	86,491	38,496	-	3,500	128,487
Debt Service:					
Principal Retirement	-	-	221,594	-	221,594
Interest and Fiscal Charges	-	-	28,538	-	28,538
<i>Total Cash Disbursements</i>	<u>1,451,764</u>	<u>308,779</u>	<u>250,132</u>	<u>3,500</u>	<u>2,014,175</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,616)</u>	<u>4,124</u>	<u>(250,132)</u>	<u>(3,145)</u>	<u>(290,769)</u>
Other Financing Receipts (Disbursements):					
Transfers In	-	30,000	250,132	-	280,132
Transfers Out	(30,000)	-	-	-	(30,000)
Other Financing Sources	10,753	995	-	2,800	14,548
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(19,247)</u>	<u>30,995</u>	<u>250,132</u>	<u>2,800</u>	<u>264,680</u>
<i>Net Change in Fund Cash Balances</i>	<u>(60,863)</u>	<u>35,119</u>	<u>-</u>	<u>(345)</u>	<u>(26,089)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,238,738</u>	<u>334,055</u>	<u>-</u>	<u>199,322</u>	<u>2,772,115</u>
Fund Cash Balances, December 31					
Restricted	-	369,174	-	3,858	373,032
Committed	-	-	-	195,119	195,119
Unassigned (Deficit)	2,177,875	-	-	-	2,177,875
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,177,875</u>	<u>\$ 369,174</u>	<u>\$ -</u>	<u>\$ 198,977</u>	<u>\$ 2,746,026</u>

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,386,853
Miscellaneous	6,248
<i>Total Operating Cash Receipts</i>	<i>1,393,101</i>
Operating Cash Disbursements:	
Personal Services	324,709
Employee Fringe Benefits	44,915
Contractual Services	584,668
Supplies and Materials	29,960
Other	4,593
<i>Total Operating Cash Disbursements</i>	<i>988,845</i>
<i>Operating Income (Loss)</i>	<i>404,256</i>
Non-Operating Receipts (Disbursements):	
Special Assessments	5,322
Earnings on Investments (proprietary funds only)	262
Capital Outlay	(64,821)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(59,237)</i>
<i>Income (Loss) before Transfers</i>	<i>345,019</i>
Transfers Out	(250,132)
<i>Net Change in Fund Cash Balances</i>	<i>94,887</i>
<i>Fund Cash Balances, January 1</i>	<i>1,075,358</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,170,245</i>

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$ 211,689	\$ 86,468	\$ -	\$ -	\$ 298,157
Municipal Income Tax	828,499	-	-	-	828,499
Intergovernmental	235,908	215,501	-	-	451,409
Special Assessments	-	1,934	-	-	1,934
Charges for Services	250	1,010	-	-	1,260
Fines, Licenses and Permits	61,268	930	-	-	62,198
Earnings on Investments	6,509	561	-	499	7,569
Miscellaneous	5,565	737	-	-	6,302
<i>Total Cash Receipts</i>	<u>1,349,688</u>	<u>307,141</u>	<u>-</u>	<u>499</u>	<u>1,657,328</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	943,376	-	-	-	943,376
Leisure Time Activities	9,759	37,451	-	-	47,210
Community Environment	1,421	-	-	-	1,421
Transportation	-	348,945	-	-	348,945
General Government	531,828	-	-	-	531,828
Capital Outlay	-	-	-	3,022	3,022
Debt Service:					
Principal Retirement	-	-	212,135	-	212,135
Interest and Fiscal Charges	-	-	37,998	-	37,998
<i>Total Cash Disbursements</i>	<u>1,486,384</u>	<u>386,396</u>	<u>250,133</u>	<u>3,022</u>	<u>2,125,935</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(136,696)</u>	<u>(79,255)</u>	<u>(250,133)</u>	<u>(2,523)</u>	<u>(468,607)</u>
Other Financing Receipts (Disbursements):					
Transfers In	-	41,000	250,132	-	291,132
Transfers Out	(41,000)	-	-	-	(41,000)
Other Financing Sources	16,638	1,494	-	1,058	19,190
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(24,362)</u>	<u>42,494</u>	<u>250,132</u>	<u>1,058</u>	<u>269,322</u>
<i>Net Change in Fund Cash Balances</i>	<u>(161,058)</u>	<u>(36,761)</u>	<u>(1)</u>	<u>(1,465)</u>	<u>(199,285)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,399,796</u>	<u>370,816</u>	<u>1</u>	<u>200,787</u>	<u>2,971,400</u>
Fund Cash Balances, December 31					
Restricted	-	334,055	-	-	334,055
Committed	-	-	-	199,322	199,322
Unassigned (Deficit)	2,238,738	-	-	-	2,238,738
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,238,738</u>	<u>\$ 334,055</u>	<u>\$ -</u>	<u>\$ 199,322</u>	<u>\$ 2,772,115</u>

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,324,000
Fines, Licenses and Permits	17,200
Miscellaneous	6,591
<i>Total Operating Cash Receipts</i>	<i>1,347,791</i>
Operating Cash Disbursements:	
Personal Services	365,331
Contractual Services	591,149
Supplies and Materials	26,068
Other	1,249
<i>Total Operating Cash Disbursements</i>	<i>983,797</i>
<i>Operating Income (Loss)</i>	<i>363,994</i>
Non-Operating Receipts (Disbursements):	
Special Assessments	4,675
Earnings on Investments (proprietary funds only)	374
Capital Outlay	(117,013)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(111,964)</i>
<i>Income (Loss) before Transfers</i>	<i>252,030</i>
Transfers Out	(250,132)
<i>Net Change in Fund Cash Balances</i>	<i>1,898</i>
<i>Fund Cash Balances, January 1</i>	<i>1,073,460</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,075,358</i>
<i>Reserved for Encumbrance, December 31</i>	<i>\$ 7,116</i>

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, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Milton, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and refuse utilities, park operations, fire services and police services.

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

B. Accounting Basis

These financial statements follow the accounting basis 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

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

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

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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 to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. 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.

H. Accumulated Leave

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$3,916,271	\$2,696,037
STAR Ohio	-	1,151,436
Total deposits and investments	\$3,916,271	\$3,847,473

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.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,343,903	\$1,420,901	\$76,998
Special Revenue	357,547	343,898	(13,649)
Debt Service	250,132	250,132	-
Capital Projects	5,300	3,155	(2,145)
Enterprise	1,360,500	1,398,685	38,185
Total	\$3,317,382	\$3,416,771	\$99,389

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,621,473	\$1,481,764	\$139,709
Special Revenue	428,804	308,779	120,025
Debt Service	250,132	250,132	-
Capital Projects	5,000	3,500	1,500
Enterprise	1,432,158	1,303,798	128,360
Total	\$3,737,567	\$3,347,973	\$389,594

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,366,791	\$1,366,326	(\$465)
Special Revenue	344,178	349,635	5,457
Debt Service	250,132	250,132	-
Capital Projects	600	1,557	957
Enterprise	1,345,900	1,352,840	6,940
Total	\$3,307,601	\$3,320,490	\$12,889

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,707,797	\$1,527,384	\$180,413
Special Revenue	424,421	386,396	38,025
Debt Service	250,132	250,132	-
Capital Projects	5,000	3,022	1,978
Enterprise	1,480,712	1,358,058	122,654
Total	\$3,868,062	\$3,524,992	\$343,070

4. Property Tax

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

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

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.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of 1.5% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. 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.

6. Debt

Debt outstanding at December 31, 2011 was as follows:

Loan Description	Principal	Interest Rate
OPWC - Water Tower Replacement Loan	\$88,515	0%
OWDA - Waste Water Treatment Plan	422,924	5%
Total	\$511,439	

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

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

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

Year ending December 31:	Total
2012	\$250,132
2013	250,132
2014	25,290
2015	25,289
Total	\$550,843

7. Retirement Systems

The Village Fire Chief and Law Enforcement Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of police members' wages and 24% of the fire chief's wages, respectively. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

8. Risk Management

Risk Pool Membership

The Village is a member of the Ohio Municipal Joint Self Insurance Pool (the Pool), an unincorporated nonprofit 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.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at December 31, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$1,950,167	\$2,109,514
Liabilities	(\$1,656,732)	(\$1,920,839)
	\$293,435	\$188,675

9. TRANSFERS

The following is a summary of transfers in and out for all funds for 2011 & 2010:

Fund	2011	
	In	Out
General Fund	\$ -	\$ 30,000
Parks and Recreation Fund	30,000	-
OPWC Fund	25,290	-
OWDA Fund	224,842	-
Water Operating	-	25,290
Sewer Operating	-	224,842
Total	\$ 280,132	\$ 280,132

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. TRANSFERS (Continued)

Fund	2010	
	In	Out
General Fund	\$ -	\$ 41,000
Parks and Recreation Fund	41,000	-
OPWC Fund	25,290	-
OWDA Fund	224,842	-
Water Operating Fund	-	25,290
Sewer Operating Fund	-	224,842
Total	\$ 291,132	\$ 291,132

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 Operating and Sewer Operating. These funds transferred monies approved by Village Council for equipment purchases, upkeep, and payment for debt obligations.

10. Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.



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

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

To the Village Council:

We have audited the financial statements of the Village of West Milton, Miami County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 16, 2012, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54), in 2011 and 2010. 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 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(s) 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

Village of West Milton
Miami County

Independent Auditor's 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

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 also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 16, 2012.

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

Caudill & Associates, CPA

Caudill & Associates, CPA

July 16, 2012

Village of West Milton
Miami County
Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2011 and 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	Significant Deficiency – Misclassification of Receipts	Yes	Finding no longer Valid
2009-002	ORC Section – 731.14	Yes	Finding no longer Valid



Dave Yost • 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
DECEMBER 18, 2012