

VILLAGE OF WEST MILTON
DAYTON REGION, MIAMI COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Report of Independent Auditors'* of the Village of West Milton, Miami County, prepared by Manning & Associates, CPAs, LLC for the audit period January 1, 2004 through December 31, 2005. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Auditors'* on your financial statements. While the AOS 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 *Report of Independent Auditors'* also includes an opinion on the financial statements using the regulatory format the AOS 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 31, 2006

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**VILLAGE OF WEST MILTON
MIAMI COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

REPORT OF INDEPENDENT AUDITORS'

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

We have audited the accompanying financial statements of the Village of West Milton, Miami County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared 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 accounting principles generally accepted in the United States of America, 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 statement. Since the 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, 2005 and 2004 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, 2005 and 2004 or its changes in financial position, or cash flows of its proprietary funds for the years then ended.

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 of West Milton, Miami County, as of December 31, 2005 and 2004, 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 year ended December 31, 2005 and 2004. 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 a report dated April 28, 2006, on our consideration of the Village's internal control structure 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 28, 2006

**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 YEAR ENDED DECEMBER 31, 2005**

	GOVERNMENTAL FUND TYPES				Total (Memorandum Only)
	General	Special Revenue	Debt Service Funds	Capital Project Funds	
Cash Receipts:					
Taxes	\$ 1,018,562	\$ 84,815	\$ 0	\$ 0	\$ 1,103,377
Intergovernmental Receipts	260,321	218,519	0	604,769	1,083,609
Charges for Services	250	820	0	0	1,070
Fines, Licenses, and Permits	2,722	3,046	0	0	5,768
Interest	100,108	11,266	0	5,769	117,143
Miscellaneous	11,169	14,100	0	0	25,269
Total Cash Receipts	\$ 1,393,132	\$ 332,566	\$ 0	\$ 610,538	\$ 2,336,236
Cash Disbursements:					
General Government	\$ 387,596	\$ 0	\$ 0	\$ 0	\$ 387,596
Security of Persons and Property	689,209	0	0	0	689,209
Leisure Time Activities	5,433	21,952	0	0	27,385
Community Environment	1,414	0	0	0	1,414
Transportation	0	180,872	0	0	180,872
Capital Outlay	313,184	133,808	0	898,590	1,345,582
Debt Service: Principal	0	0	171,253	0	171,253
Interest	0	0	78,878	0	78,878
Total Cash Disbursements	\$ 1,396,836	\$ 336,632	\$ 250,131	\$ 898,590	\$ 2,882,189
Total Receipts Over/ (Under) Disbursements	\$ (3,704)	\$ (4,066)	\$ (250,131)	\$ (288,052)	\$ (545,953)
Other Financing Sources/(Uses)					
Sale of Fixed Assets	\$ 296	\$ 2,555	\$ 0	\$ 0	2,851
Transfers In	40,970	39,000	250,131	45,000	375,101
Transfers Out	(84,000)	0	0	(40,970)	(124,970)
Total Other Financing Sources/(Uses)	\$ (42,734)	\$ 41,555	\$ 250,131	\$ 4,030	\$ 252,982
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ (46,438)	\$ 37,489	\$ 0	\$ (284,022)	\$ (292,971)
Fund Cash Balances, January 1, 2005	2,322,947	341,864	0	336,211	3,001,022
Fund Cash Balances, December 31, 2005	\$ 2,276,509	\$ 379,353	\$ 0	\$ 52,189	\$ 2,708,051
Reserve for Encumbrances, December 31, 2005	\$ 557	2,260	0	0	2,817

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 TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>PROPRIETARY FUND TYPE Enterprise</u>
Cash Receipts:	
Charges for Services	\$ 1,170,829
Miscellaneous	<u>12,035</u>
Total Cash Receipts	<u>\$ 1,182,864</u>
Cash Disbursements:	
Personal Services	\$ 303,612
Travel Transportation	637
Contractual Services	463,894
Supplies and Materials	25,318
Capital Outlay	<u>122,574</u>
Total Cash Disbursements	<u>\$ 916,035</u>
Operating Income/(Loss)	\$ 266,829
Non-Operating Cash Receipts:	
Special Assessments	6,247
Sale of Fixed Assets	<u>401</u>
	6,648
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	\$ 273,477
Transfers-Out	<u>(250,131)</u>
Net Receipts Over/(Under) Disbursements	\$ 23,346
Fund Cash Balances, January 1, 2005	<u>985,029</u>
Fund Cash Balances, December 31, 2005	<u>\$ 1,008,375</u>
Reserve for Encumbrances, December 31, 2005	<u>\$ 34,269</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 YEAR ENDED DECEMBER 31, 2004

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Total (Memorandum Only)
	General	Special Revenue	Debt Service Funds	Capital Project Funds	Private Purpose Trust Funds	
Cash Receipts:						
Taxes	\$ 1,041,115	\$ 85,553	\$ 0	\$ 0	\$ 0	\$ 1,126,668
Intergovernmental Receipts	420,570	194,631	0	0	0	615,201
Charges for Services	328	730	0	0	0	1,058
Fines, Licenses and Permits	5,474	1,170	0	0	0	6,644
Investment on Earnings	41,600	4,316	0	4,737	0	50,653
Miscellaneous	8,916	2,745	0	0	0	11,661
Total Cash Receipts	<u>\$ 1,518,003</u>	<u>\$ 289,145</u>	<u>\$ 0</u>	<u>\$ 4,737</u>	<u>\$ 0</u>	<u>\$ 1,811,885</u>
Cash Disbursements:						
General Government	\$ 385,150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 385,150
Security of Persons and Property	714,821	0	0	0	0	714,821
Public Health Services	0	2,880	0	0	0	2,880
Leisure Time Activities	4,826	23,301	0	0	0	28,127
Community Environment	14,275	0	0	0	8,156	22,431
Transportation	0	177,539	0	0	0	177,539
Capital Outlay	272,685	109,378	0	0	0	382,063
Debt Service: Principal	0	0	164,570	0	0	164,570
Interest	0	0	85,913	0	0	85,913
Total Cash Disbursements	<u>\$ 1,391,757</u>	<u>\$ 313,098</u>	<u>\$ 250,483</u>	<u>\$ 0</u>	<u>\$ 8,156</u>	<u>\$ 1,963,494</u>
Total Receipts Over/(Under) Disbursements	<u>\$ 126,246</u>	<u>\$ (23,953)</u>	<u>\$ (250,483)</u>	<u>\$ 4,737</u>	<u>\$ (8,156)</u>	<u>\$ (151,609)</u>
Other Financing Sources/(Uses)						
Sale of Fixed Assets	\$ 2,992	\$ 2,446	\$ 0	\$ 0	\$ 0	\$ 5,438
Transfers In	0	27,112	250,475	45,000	0	322,587
Transfers Out	(72,112)	0	0	0	0	(72,112)
Other Sources	0	0	0	0	14	14
Other Uses	0	0	0	(3,287)	0	(3,287)
Total Other Financing Receipts/(Disbursements)	<u>\$ (69,120)</u>	<u>\$ 29,558</u>	<u>\$ 250,475</u>	<u>\$ 41,713</u>	<u>\$ 14</u>	<u>\$ 252,640</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ 57,126	\$ 5,605	\$ (8)	\$ 46,450	\$ (8,142)	\$ 101,031
Fund Cash Balances, January 1, 2004	<u>2,265,821</u>	<u>336,259</u>	<u>8</u>	<u>289,761</u>	<u>8,142</u>	<u>2,899,991</u>
Fund Cash Balances, December 31, 2004	<u>\$ 2,322,947</u>	<u>\$ 341,864</u>	<u>\$ 0</u>	<u>\$ 336,211</u>	<u>\$ 0</u>	<u>\$ 3,001,022</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 17,464</u>	<u>\$ 70</u>	<u>\$ 0</u>	<u>\$ 3,400</u>	<u>\$ 0</u>	<u>\$ 20,934</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 TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>PROPRIETARY FUND TYPE Enterprise</u>
Cash Receipts:	
Charges for Services	\$ 1,096,606
Investment on Earnings	1,904
Miscellaneous	<u>8,971</u>
Total Cash Receipts	\$ <u>1,107,481</u>
Cash Disbursements:	
Personal Services	\$ 309,499
Travel Transportation	2,070
Contractual Services	444,953
Supplies and Materials	33,580
Capital Outlay	<u>33,348</u>
Total Cash Disbursements	\$ <u>823,450</u>
Operating Income/(Loss)	\$ 284,031
Non-Operating Cash Receipts:	
Special Assessments	1,911
Sale of Fixed Assets	<u>4,754</u>
	6,665
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	\$ 290,696
Transfers-In	28,415
Transfers-Out	<u>(278,890)</u>
Net Receipts Over/(Under) Disbursements	\$ 40,221
Fund Cash Balances, January 1, 2004	<u>944,808</u>
Fund Cash Balances, December 31, 2004	<u>\$ 985,029</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 4,647</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
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Milton of Miami County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected seven-member Council. The Village provides general governmental services, including water and sewer utilities, refuse services, park operations (leisure time activities), police 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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 prescribed or permitted by the Auditor of State.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to 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:

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives intergovernmental revenues to maintain and repair streets.

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

Debt Service Funds

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

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

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

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.

Proprietary Fund Type

Enterprise Funds

These funds are used to account for the activities of Village operations which are operated on a self-sustaining basis. The Village had the following enterprise funds:

Water Fund - This fund receives the revenue from water sales to Village residents on a per gallon basis. Water system operating expenditures are charged to this fund.

Sewer Fund - This fund receives the revenue from sewer rates charged to Village residents based on water usage. Sewer system operating expenditures are charged to this fund.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the copies of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable.

The Village has classified their trust funds as Expendable Trust Funds.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. Appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick 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.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	2005	2004
Demand Deposits	\$ 87,255	\$ 476,625
Repurchase Agreements	2,616,259	2,527,087
STAR Ohio	<u>1,012,912</u>	<u>982,339</u>
Total Deposits and Investments	<u>\$3,716,426</u>	<u>\$3,986,051</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) 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 ended December 31, 2005, and 2004 were as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,434,310	\$1,434,398	\$ 88
Special Revenue	371,522	374,121	2,599
Debt Service	250,131	250,131	0
Capital Projects	655,469	655,538	69
Enterprise	1,172,200	1,189,512	17,312
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,883,632</u>	<u>\$3,903,700</u>	<u>\$20,068</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,774,464	\$1,481,393	\$ 293,071
Special Revenue	383,620	338,892	44,728
Debt Service	250,131	250,131	0
Capital Projects	959,140	939,560	19,580
Enterprise	1,290,662	1,200,435	90,227
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,658,017</u>	<u>\$4,210,411</u>	<u>\$ 447,606</u>

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

2. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,520,794	\$1,520,995	\$ 201
Special Revenue	318,383	318,703	320
Debt Service	250,475	250,475	0
Capital Projects	49,700	49,737	37
Enterprise	1,141,315	1,142,561	1,246
Fiduciary	<u>14</u>	<u>14</u>	<u>0</u>
Total	<u>\$3,280,681</u>	<u>\$3,282,485</u>	<u>\$ 1,804</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,637,553	\$1,481,333	\$ 156,220
Special Revenue	341,665	313,168	28,497
Debt Service	250,483	250,483	0
Capital Projects	15,000	6,687	8,313
Enterprise	1,234,733	1,106,987	127,746
Fiduciary	<u>8,156</u>	<u>8,156</u>	<u>0</u>
Total	<u>\$3,487,590</u>	<u>\$3,166,814</u>	<u>\$ 320,776</u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 payment, 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
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

4. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
OPWC - Water Tower Replacement Loan	\$ 240,255	0%
OWDA - Loan - Waste Water Treatment Plant	<u>1,467,655</u>	5%
Total	<u>\$1,707,910</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, 2005	
2006	\$ 237,487
2007	250,132
2008	250,132
2009	250,132
2010	250,132
2011-2015	<u>800,975</u>
Total	<u>\$2,038,990</u>

5. 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, 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. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

7. RISK MANAGEMENT

The Village has obtained Pool Insurance (Ohio Municipal League Joint Self-Insurance Pool) for the following risks:

- General liability
- Auto Liability & Auto Physical Damage
- Property Coverage
- Law Enforcement Liability
- Inland Marine Coverage
- Public Officials Liability
- Stop GAP
- Boiler Insurance
- Gatekeepers

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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of 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 reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the 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 deficit at December 31, 2004 and 2003 (the latest information available).

	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained (deficit) earnings	<u>\$(1,034,121)</u>	<u>\$(1,841,812)</u>

**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLAINTS AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Village of West Milton, Miami County (the Village), as of and for the years ended December 31, 2005, and 2004, and have issued our report thereon dated April 28, 2006, 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 audits 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider material weaknesses. In a separate letter to the Village's management dated April 28, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

April 28, 2006



**Auditor of State
Betty Montgomery**

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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
AUGUST 15, 2006**