

**VILLAGE OF WEST MILTON**

DAYTON REGION, MIAMI COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002





**Auditor of State  
Betty Montgomery**

Village Council  
Village of West Milton  
701 S. Main Street  
West Milton, Ohio 45383

We have reviewed the Independent Auditor's Report of the Village of West Milton, Miami County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 2002 to December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of 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 16, 2004

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VILLAGE OF WEST MILTON  
MIAMI COUNTY

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**VANDERHORST & MANNING 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, (the Village), as of and for the years ended December 31, 2003, and 2002. 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 audits 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. 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of West Milton, Miami County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report on considering the results of our audit.

This report is intended solely for the information and use of the management, the Village council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

May 27, 2004

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**VILLAGE OF WEST MILTON  
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Total (Memorandum Only)
	General	Special Revenue	Debt Service Funds	Capital Project Funds	Expendable Trust Funds	
<b>Cash Receipts:</b>						
Taxes	\$ 1,021,863	\$ 80,929	\$ 0	\$ 0	\$ 0	\$ 1,102,792
Intergovernmental Receipts	315,775	161,090	0	0	0	476,865
Charges for Services	826	0	0	0	0	826
Fines, Licenses, and Permits	5,592	2,321	0	0	0	7,913
Interest	53,740	5,403	0	3,754	21	62,918
Miscellaneous	8,267	3,612	0	0	0	11,879
Total Cash Receipts	\$ 1,406,063	\$ 253,355	\$ 0	\$ 3,754	\$ 21	\$ 1,663,193
<b>Cash Disbursements:</b>						
General Government	\$ 369,991	\$ 0	\$ 0	\$ 0	\$ 0	\$ 369,991
Security of Persons and Property	656,888	0	0	0	0	656,888
Leisure Time Activities	2,763	34,069	0	0	0	36,832
Community Environment	25,422	0	0	0	0	25,422
Transportation	0	135,815	0	0	0	135,815
Capital Outlay	527,716	203,035	0	0	0	730,751
Debt Service: Principal	0	0	172,220	0	0	172,220
Interest	0	0	92,607	0	0	92,607
Total Cash Disbursements	\$ 1,582,780	\$ 372,919	\$ 264,827	\$ 0	\$ 0	\$ 2,220,526
Total Receipts Over/ (Under) Disbursements	\$ (176,717)	\$ (119,564)	\$ (264,827)	\$ 3,754	\$ 21	\$ (557,333)
<b>Other Financing Sources/(Uses)</b>						
Transfers In	\$ 0	\$ 36,750	\$ 264,835	\$ 45,000	0	346,585
Transfers Out	(81,750)	0	0	0	0	(81,750)
Other Uses	(288)	0	0	0	0	(288)
Total Other Financing Sources/(Uses)	\$ (82,038)	\$ 36,750	\$ 264,835	\$ 45,000	\$ 0	\$ 264,547
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ (258,755)	\$ (82,814)	\$ 8	\$ 48,754	\$ 21	\$ (292,786)
<b>Fund Cash Balances, January 1, 2003</b>	<u>2,524,576</u>	<u>419,073</u>	<u>0</u>	<u>241,007</u>	<u>8,121</u>	<u>3,192,777</u>
<b>Fund Cash Balances, December 31, 2003</b>	<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>
Reserve for Encumbrances, December 31, 2003	<u>\$ 221,111</u>	<u>\$ 1,180</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 222,291</u>

**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, 2003

	<b>PROPRIETARY FUND TYPE Enterprise</b>
<b>Cash Receipts:</b>	
Charges for Services	\$ 1,061,405
Miscellaneous	<u>58,515</u>
Total Cash Receipts	<u>\$ 1,119,920</u>
<b>Cash Disbursements:</b>	
Personal Services	\$ 405,693
Travel Transportation	1,368
Contractual Services	204,466
Supplies and Materials	38,700
Capital Outlay	<u>657,835</u>
Total Cash Disbursements	<u>\$ 1,308,062</u>
Operating Income/(Loss)	\$ (188,142)
Non-Operating Cash Receipts:	
Earnings on Investments	<u>2,736</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	\$ (185,406)
Transfers-Out	<u>(264,835)</u>
Net Receipts Over/(Under) Disbursements	\$ (450,241)
<b>Fund Cash Balances, January 1, 2003</b>	<u>1,395,049</u>
<b>Fund Cash Balances, December 31, 2003</b>	<u>\$ 944,808</u>
Reserve for Encumbrances, December 31, 2003	<u>\$ 53,727</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 AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Total (Memorandum Only)
	General	Special Revenue	Debt Service Funds	Capital Project Funds	Expendable Trust Funds	
<b>Cash Receipts:</b>						
Taxes	\$ 1,000,426	\$ 88,415	\$ 0	\$ 0	\$ 0	\$ 1,088,841
Intergovernmental Receipts	274,815	143,409	0	3,116	0	421,340
Charges for Services	52	800	0	0	0	852
Fines, Licenses and Permits	6,878	910	0	3,422	0	11,210
Investment on Earnings	64,758	9,447	0	0	124	74,329
Miscellaneous	16,570	1,262	0	106,444	0	124,276
Total Cash Receipts	\$ 1,363,499	\$ 244,243	\$ 0	\$ 112,982	\$ 124	\$ 1,720,848
<b>Cash Disbursements:</b>						
General Government	\$ 318,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 318,425
Security of Persons and Property	590,813	0	0	0	0	590,813
Leisure Time Activities	3,163	26,515	0	0	0	29,678
Community Environment	15,744	0	0	0	0	15,744
Transportation	0	163,727	0	0	0	163,727
Capital Outlay	189,610	180,853	0	109,560	0	480,023
Debt Service: Principal	0	0	141,374	0	0	141,374
Interest	0	0	110,816	0	0	110,816
Total Cash Disbursements	\$ 1,117,755	\$ 371,095	\$ 252,190	\$ 109,560	\$ 0	\$ 1,850,600
Total Receipts Over/(Under) Disbursements	\$ 245,744	\$ (126,852)	\$ (252,190)	\$ 3,422	\$ 124	\$ (129,752)
<b>Other Financing Sources/(Uses)</b>						
Sale of Fixed Assets	\$ 102,892	\$ 0	\$ 0	\$ 0	\$ 0	\$ 102,892
Transfers In	0	50,816	241,964	45,000	0	337,780
Transfers Out	(95,816)	0	0	0	0	(95,816)
Other Uses	(10)	0	0	0	0	(10)
Total Other Financing Receipts/(Disbursements)	\$ 7,066	\$ 50,816	\$ 241,964	\$ 45,000	\$ 0	\$ 344,846
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ 252,810	\$ (76,036)	\$ (10,226)	\$ 48,422	\$ 124	\$ 215,094
<b>Fund Cash Balances, January 1, 2002</b>	<u>2,271,766</u>	<u>495,109</u>	<u>10,226</u>	<u>192,585</u>	<u>7,997</u>	<u>2,977,683</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 2,524,576</u>	<u>\$ 419,073</u>	<u>\$ 0</u>	<u>\$ 241,007</u>	<u>\$ 8,121</u>	<u>\$ 3,192,777</u>
Reserve for Encumbrances, December 31, 2002:	<u>\$ 30,640</u>	<u>\$ 2,220</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,860</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, 2002

	<u>PROPRIETARY FUND TYPE Enterprise</u>
<b>Cash Receipts:</b>	
Charges for Services	\$ 1,117,909
Miscellaneous	43,630
	<u>                    </u>
Total Cash Receipts	\$ <u>1,161,539</u>
<b>Cash Disbursements:</b>	
Personal Services	\$ 404,996
Travel Transportation	3,749
Contractual Services	272,404
Supplies and Materials	61,806
Capital Outlay	109,841
	<u>                    </u>
Total Cash Disbursements	\$ <u>852,796</u>
Operating Income/(Loss)	\$ 308,743
Non-Operating Cash Receipts:	
Earnings on Investments	4,490
	<u>                    </u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	\$ 313,233
Transfers-Out	<u>(241,964)</u>
Net Receipts Over/(Under) Disbursements	\$ 71,269
<b>Fund Cash Balances, January 1, 2002</b>	<u>1,323,780</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 1,395,049</u>
Reserve for Encumbrances, December 31, 2002	<u>\$ 57,521</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, 2003 AND 2002**

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**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**

Certificates of deposit, and 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. Investments are also in Fifth Third, Public Funds - Banksafe Plus Account.

**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, 2003 AND 2002**

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**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.

**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.

**VILLAGE OF WEST MILTON  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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 2001 and 2000 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF WEST MILTON  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

	2003	2002
Demand Deposits	\$ 57,179	\$ 65,161
Certificates of Deposit	0	1,097,456
Repurchase Agreements	1,641,668	1,509,409
STAR Ohio	<u>2,145,952</u>	<u>1,915,800</u>
Total Deposits and Investments	<u>\$3,844,799</u>	<u>\$4,587,826</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, 2003, and 2002 were as follows:

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,404,983	\$1,406,063	\$ 1,080
Special Revenue	288,516	290,105	1,589
Debt Service	264,835	264,835	0
Capital Projects	48,200	48,754	554
Enterprise	1,122,829	1,122,656	( 173)
Fiduciary	<u>0</u>	<u>21</u>	<u>21</u>
Total	<u>\$3,129,363</u>	<u>\$3,132,434</u>	<u>\$ 3,071</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,026,064	\$1,885,929	\$ 140,135
Special Revenue	419,870	374,099	45,771
Debt Service	264,835	264,827	8
Capital Projects	60,000	0	60,000
Enterprise	1,939,650	1,626,624	313,026
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,710,419</u>	<u>\$4,151,479</u>	<u>\$ 558,940</u>

**VILLAGE OF WEST MILTON  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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**3. BUDGETARY ACTIVITY (Continued)**

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,469,394	\$1,466,391	\$( 3,003)
Special Revenue	292,268	295,059	2,791
Debt Service	252,190	241,964	(10,226)
Capital Projects	156,959	157,982	1,023
Enterprise	1,194,100	1,166,029	(28,071)
Fiduciary	<u>0</u>	<u>124</u>	<u>124</u>
Total	<u>\$3,364,911</u>	<u>\$3,327,549</u>	<u>\$(37,362)</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,559,462	\$1,244,221	\$ 315,241
Special Revenue	470,049	373,315	96,734
Debt Service	252,190	252,190	0
Capital Projects	191,426	109,560	81,866
Enterprise	1,644,608	1,152,281	492,327
Fiduciary	<u>1,111</u>	<u>0</u>	<u>1,111</u>
Total	<u>\$4,118,846</u>	<u>\$3,131,567</u>	<u>\$ 987,279</u>

**4. 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, 2003 AND 2002

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**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OPWC - Water Tower Replacement Loan	\$ 290,835	0%
EVCISA – Loans	350	0%
OWDA - Loan - Waste Water Treatment Plant	<u>1,752,547</u>	5%
Total	<u>\$2,043,732</u>	

Debt outstanding at December 31, 2002 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OPWC - Water Tower Replacement Loan	\$ 328,770	0%
EVCISA – Loans	2,400	0%
OWDA - Loan - Waste Water Treatment Plant	<u>1,884,783</u>	5%
Total	<u>\$2,215,953</u>	

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

<b>Year Ending December 31, 2003</b>	
2004	\$ 250,482
2005	250,132
2006	250,132
2007	250,132
2008	250,132
2009-2015	<u>1,801,501</u>
Total	<u>\$3,052,511</u>

**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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, 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 2003. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF WEST MILTON  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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**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

**Risk Pool Membership**

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.

Casualty excess-of-loss contracts at December 31, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 21, 2002; and \$125,000 for policies issued April 1, 2002 or later.

Property coverage contracts protect against losses, subject to a deductible of \$50,000, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

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, 2002 and 2001 (the latest information available).

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

**REPORT OF INDEPENDENT ACCOUNTANTS' ON COMPLIANCE AND ON  
INTERNAL CONTROL 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, 2003, and 2002, and have issued our report thereon dated May 27, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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. However we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 27, 2004.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 27, 2004.

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

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

May 27, 2004

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**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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 5, 2004**