

VILLAGE OF WEST MILTON

MIAMI COUNTY

REGULAR AUDIT

January 01, 2008 through December 31, 2009

Years Audited Under GAGAS: 2008 and 2009

CAUDILL & ASSOCIATES, CPA'S

725 5TH Street
Portsmouth, OH 45662



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of West Milton, Miami County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 18, 2010

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**VILLAGE OF WEST MILTON
MIAMI COUNTY**

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Independent Auditor's Report

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

To the Village Council:

We have audited the accompanying financial statements of Village of West Milton, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 Villages 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows.

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 Village of West Milton, Miami County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of West Milton
Miami County

Independent Auditor's Report (Continued)

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

June 9, 2010

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, 2009**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Cash Receipts:</u>					
Property and Local Taxes	\$ 241,630	\$ 85,575	\$ -	\$ -	\$ 327,205
Municipal Income Tax	834,742	-	-	-	834,742
Intergovernmental	227,873	238,145	-	-	466,018
Fines, Licenses & Permit	69,240	2,440	-	-	71,680
Special Assessments	-	914	-	-	914
Interest	10,608	918	-	646	12,172
Miscellaneous	16,858	2,811	-	-	19,669
	<u>1,400,951</u>	<u>330,803</u>	<u>-</u>	<u>646</u>	<u>1,732,400</u>
<u>Cash Disbursements:</u>					
General Government	451,402	-	-	-	451,402
Security of Persons and Property	926,850	-	-	-	926,850
Leisure Time Activities	6,436	40,624	-	-	47,060
Community Environment	1,773	-	-	-	1,773
Transportation	-	330,808	-	-	330,808
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	203,132	-	203,132
Interest	-	-	47,000	-	47,000
	<u>1,386,461</u>	<u>371,432</u>	<u>250,132</u>	<u>-</u>	<u>2,008,025</u>
Total Receipts Over/(Under) Disbursements	<u>14,490</u>	<u>(40,629)</u>	<u>(250,132)</u>	<u>646</u>	<u>(275,625)</u>
<u>Other Financing Receipts / (Disbursements):</u>					
Transfers-In	19,730	41,000	250,131	30,000	340,861
Transfers-Out	(71,000)	(19,730)	-	-	(90,730)
Sale of Fixed Assets	-	6,852	-	-	6,852
	<u>(51,270)</u>	<u>28,122</u>	<u>250,131</u>	<u>30,000</u>	<u>256,983</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(36,780)	(12,507)	(1)	30,646	(18,642)
Fund Cash Balances, January 1	<u>2,436,576</u>	<u>383,323</u>	<u>1</u>	<u>170,141</u>	<u>2,990,041</u>
Fund Cash Balances, December 31	<u>\$ 2,399,796</u>	<u>\$ 370,816</u>	<u>\$ -</u>	<u>\$ 200,787</u>	<u>\$ 2,971,399</u>
Reserve for Encumbrances, December 31	<u>\$ 10,047</u>	<u>\$ 1,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,618</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 PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 1,248,208
Miscellaneous	12,167
Total Operating Cash Receipts	1,260,375
<u>Operating Cash Disbursements:</u>	
Personal Services	361,262
Travel Transportation	1,140
Contractual Services	502,319
Supplies and Materials	29,486
Capital Outlay	97,161
Total Operating Cash Disbursements	991,368
Operating Income/(Loss)	269,007
<u>Non-Operating Cash Receipts:</u>	
Interest	572
Sale of Fixed Assets	13,704
Special Assessments	3,508
Total Non-Operating Cash Receipts	17,784
<u>Non-Operating Cash Disbursements:</u>	
Other Non-Operating Cash Disbursements	3,257
Total Non-Operating Cash Disbursements	3,257
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	283,534
Transfers-Out	(250,131)
Net Receipts Over/(Under) Disbursements	33,403
Fund Cash Balances, January 1	1,040,057
Fund Cash Balances, December 31	\$ 1,073,460
Reserve for Encumbrances, December 31	\$ 3,770

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, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Cash Receipts:</u>					
Property and Local Taxes	\$ 238,241	\$ 83,999	\$ -	\$ -	\$ 322,240
Municipal Income Tax	869,979	-	-	-	869,979
Intergovernmental	278,481	231,956	-	179	510,616
Charges for Services	250	940	-	-	1,190
Fines, Licenses & Permit	63,639	2,772	-	-	66,411
Special Assessments	-	42	-	-	42
Interest	69,758	8,826	-	3,575	82,159
Miscellaneous	35,473	12,622	-	-	48,095
	<u>1,555,821</u>	<u>341,157</u>	<u>-</u>	<u>3,754</u>	<u>1,900,732</u>
<u>Cash Disbursements:</u>					
General Government	431,331	56	-	-	431,387
Security of Persons and Property	743,738	-	-	-	743,738
Leisure Time Activities	5,838	35,189	-	-	41,027
Public Health	-	7,500	-	-	7,500
Community Environment	2,124	-	-	-	2,124
Transportation	-	354,011	-	-	354,011
Capital Outlay	125,885	90,000	-	-	215,885
Debt Service:					
Principal	-	-	194,562	-	194,562
Interest	-	-	55,570	-	55,570
	<u>1,308,916</u>	<u>486,756</u>	<u>250,132</u>	<u>-</u>	<u>2,045,804</u>
Total Receipts Over/(Under) Disbursements	<u>246,905</u>	<u>(145,599)</u>	<u>(250,132)</u>	<u>3,754</u>	<u>(145,072)</u>
<u>Other Financing Receipts / (Disbursements):</u>					
Transfers-In	-	51,907	250,132	30,000	332,039
Transfers-Out	(81,907)	-	-	-	(81,907)
Sale of Fixed Assets	3,079	15,000	-	-	18,079
	<u>(78,828)</u>	<u>66,907</u>	<u>250,132</u>	<u>30,000</u>	<u>268,211</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	168,077	(78,692)	-	33,754	123,139
Fund Cash Balances, January 1	<u>2,268,499</u>	<u>462,015</u>	<u>1</u>	<u>136,387</u>	<u>2,866,902</u>
Fund Cash Balances, December 31	<u>\$ 2,436,576</u>	<u>\$ 383,323</u>	<u>\$ 1</u>	<u>\$ 170,141</u>	<u>\$ 2,990,041</u>
Reserve for Encumbrances, December 31	<u>\$ 33,796</u>	<u>\$ 24,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,330</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 PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 1,181,022
Fines, Licenses and Permits	\$2,400
Miscellaneous	14,689
	<u>1,198,111</u>
Total Operating Cash Receipts	<u>1,198,111</u>
<u>Operating Cash Disbursements:</u>	
Personal Services	339,836
Travel Transportation	2,390
Contractual Services	456,555
Supplies and Materials	24,815
Capital Outlay	119,884
	<u>943,480</u>
Total Operating Cash Disbursements	<u>943,480</u>
Operating Income/(Loss)	<u>254,631</u>
<u>Non-Operating Cash Receipts:</u>	
Interest	3,827
Special Assessments	1,467
	<u>5,294</u>
Total Non-Operating Cash Receipts	<u>5,294</u>
<u>Non-Operating Cash Disbursements:</u>	
Other Non-Operating Cash Disbursements	1,939
	<u>1,939</u>
Total Non-Operating Cash Disbursements	<u>1,939</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	257,986
Transfers-Out	<u>(250,132)</u>
Net Receipts Over/(Under) Disbursements	7,854
Fund Cash Balances, January 1	<u>1,032,203</u>
Fund Cash Balances, December 31	<u>\$ 1,040,057</u>
Reserve for Encumbrances, December 31	<u>\$ 7,761</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, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

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

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

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

4. Capital Project Funds

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

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

5. Enterprise Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$2,894,671	\$2,883,078
STAR Ohio	<u>1,150,188</u>	<u>1,147,020</u>
	<u>\$4,044,859</u>	<u>\$4,030,098</u>

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

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,440,349	\$ 1,420,681	\$ (19,668)
Special Revenue	377,729	378,655	926
Debt Service	250,132	250,131	(1)
Capital Projects	30,600	30,646	46
Enterprise	1,280,400	1,278,159	(2,241)
Total	\$ 3,379,210	\$ 3,358,272	\$ (20,938)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,668,460	\$ 1,467,508	\$ 200,952
Special Revenue	448,205	392,733	55,472
Debt Service	250,132	250,132	-
Capital Projects	5,000	-	5,000
Enterprise	1,337,692	1,248,526	89,166
Total	\$ 3,709,489	\$ 3,358,899	\$ 350,590

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,465,142	\$ 1,558,900	\$ 93,758
Special Revenue	376,398	408,064	31,666
Debt Service	250,133	250,132	(1)
Capital Projects	33,500	33,754	254
Enterprise	1,190,500	1,203,405	12,905
Total	\$ 3,315,673	\$ 3,454,255	\$ 138,582

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,664,142	\$ 1,424,619	\$ 239,523
Special Revenue	536,275	511,290	24,985
Debt Service	250,133	250,132	1
Capital Projects	-	-	-
Enterprise	1,316,233	1,203,312	112,921
Total	\$ 3,766,783	\$ 3,389,353	\$ 377,430

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

4. PROPERTY TAX

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

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
OPWC – Water Tower Replacement Loan	\$139,095	0%
OWDA – Waste Water Treatment Plan	806,073	5%
Total	\$945,168	

OPWC Loan was for the Water Tower Replacement. Semi-annual payments of \$12,645 are 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 are payable in January and July with final payment July 2013.

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

<u>Year Ended December 31,</u>	
2010	\$ 250,132
2011	250,132
2012	250,132
2013	250,132
2014	25,290
2015	25,289
Total	\$ 1,051,107

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. For 2009 and 2008, OPERS members contributed 10 percent of their gross salaries. The Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Village belongs to 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.

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available) :

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Retained Earnings	<u>(\$261,787)</u>	<u>(\$471,551)</u>

8. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Up to 1% credit can be given to residents that live within the Village but are taxed by another local government entity.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

9. TRANSFERS

The following is a summary of transfers in and out for all funds for 2009 & 2008:

Fund	2009	
	Transfer In	Transfer Out
General Fund	\$ 19,730	\$ 71,000
Cemetery Fund	1,000	-
Fire Truck Capital Improvement Fund	30,000	-
Parks and Recreation Fund	40,000	-
OPWC Fund	25,290	-
OWDA Fund	224,841	-
FEMA Grant Fund	-	19,730
Sanitary Sewer Fund	-	224,841
Water Fund	-	25,290
Total	<u>\$ 340,861</u>	<u>\$ 340,861</u>

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, FEMA Grant, Sanitary Sewer, and Water Fund. These funds transferred monies approved by Village Council for equipment purchases, upkeep, and payment for debt obligations.

Fund	2008	
	Transfer In	Transfer Out
General Fund	\$ -	\$ 81,907
Cemetery Fund	6,800	-
Fire Truck Capital Improvement Fund	30,000	-
Parks and Recreation Fund	42,000	-
Drug Law Enforcement Fund	3,107	-
OPWC Fund	25,290	-
OWDA Fund	224,842	-
Sewer Capital Improvement Fund	-	61,000
Sanitary Sewer Fund	-	163,842
Water Fund	-	25,290
Total	<u>\$ 332,039</u>	<u>\$ 332,039</u>

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, Sewer Capital Improvement, Sanitary Sewer and Water fund. These funds transferred monies approved by Village Council for equipment purchases, upkeep, and payment for debt obligations.

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

10. COMPLIANCE

Contrary to Ohio Rev. Code Section 731.14, the Village could not provide proof of competitive bidding of qualified expenditures.



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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 Village of West Milton, Miami County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 9, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Village of West Milton
Miami County

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

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 one instance of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying Schedule of Findings and Responses as item No. 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 9, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

June 9, 2010

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-001

Significant Deficiency – Misclassification of Receipts

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2009 and 2008, the Village erroneously posted receipts to the incorrect accounts. This required reclassifications to properly present the activity of the Village for both years.

We recommend the Village implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Village Responses:

The Village will attempt to implement such procedures as recommended.

Finding Number 2009-002

Noncompliance Citation – Contract Competitive Bidding

Ohio Revised Code Section 731.14 states that most contracts made by the legislative authority of a municipal government are subject to competitive bidding procedures. Competitive bidding procedures require that a contract be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the municipality.

The Village could not locate contract documents for the 2008 Wagner Paving contract apart from a bid tabulation sheet thus no documentation was present to test for contract requirements

We recommend the Village to ensure that competitive bidding procedures are performed and O.R.C. prescribed qualifying contracts entered are in writing. The contract files should be maintained as documentation of the process.

Village Responses:

The Village will ensure the contract expenditures to be in compliance of O.R.C. requirements.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST MILTON

MIAMI COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 1, 2010