



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF WEST MILTON
MIAMI COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2017 and 2016
Fiscal Years Audited Under GAGAS: 2017 and 2016



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of West Milton, Miami County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 26, 2018

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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:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of West Milton, Miami County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flow thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of West Milton, Miami County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
September 10, 2018

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Taxes	\$ 180,127	\$ 181,830	\$ -	\$ -	\$ 361,957
Municipal Income Tax	1,425,579	-	-	-	1,425,579
Intergovernmental	172,170	217,655	-	60,000	449,825
Special Assessments	-	4,187	-	105	4,292
Charges for Services	2,042	-	-	-	2,042
Fines, Licenses, and Permits	81,667	4,647	-	-	86,314
Earnings on Investments	12,842	1,318	-	2,170	16,330
Miscellaneous	50,098	12,942	-	-	63,040
Total Cash Receipts	<u>1,924,525</u>	<u>422,579</u>	<u>-</u>	<u>62,275</u>	<u>2,409,379</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	933,273	-	-	-	933,273
Leisure Time Activities	37,192	-	-	-	37,192
Community Environment	911	-	-	-	911
Transportation	59,467	278,093	-	-	337,560
General Government	773,239	-	-	-	773,239
Capital Outlay	279,732	70,423	-	63,858	414,013
Debt Service:					
Redemption of Principal	-	-	6,521	-	6,521
Total Cash Disbursements	<u>2,083,814</u>	<u>348,516</u>	<u>6,521</u>	<u>63,858</u>	<u>2,502,709</u>
Excess of Receipts Over/(Under) Disbursements	(159,289)	74,063	(6,521)	(1,583)	(93,330)
Other Financing Receipts (Disbursements):					
Transfers-In	-	-	6,521	25,000	31,521
Transfers-Out	(25,000)	-	-	-	(25,000)
Total Other Financing Receipts (Disbursements)	<u>(25,000)</u>	<u>-</u>	<u>6,521</u>	<u>25,000</u>	<u>6,521</u>
Net Change in Fund Cash Balances	(184,289)	74,063	-	23,417	(86,809)
Fund Cash Balances, January 1	1,707,709	340,226	-	276,585	2,324,520
Fund Cash Balances, December 31					
Restricted	-	414,289	-	-	414,289
Committed	-	-	-	300,002	300,002
Assigned	24,178	-	-	-	24,178
Unassigned (Deficit)	1,499,242	-	-	-	1,499,242
Fund Cash Balances, December 31	<u>\$ 1,523,420</u>	<u>\$ 414,289</u>	<u>\$ -</u>	<u>\$ 300,002</u>	<u>\$ 2,237,711</u>

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 2,170,817
Fines, Licenses, and Permits	6,400
Earnings on Investments	1,098
Miscellaneous	31,826
	2,210,141
Operating Cash Disbursements:	
Personal Services	589,573
Contractual Services	1,121,668
Supplies and Materials	35,150
Other	4,406
	1,750,797
Operating Income (Loss)	459,344
Non-Operating Receipts (Disbursements)	
Intergovernmental	55,020
Special Assessments	11,083
Loan Proceeds	300,000
Capital Outlay	(587,705)
Principal Retirement	(90,436)
Interest and Fiscal Charges	(16,526)
	(328,564)
Income (Loss) before Transfers	130,780
Transfers In	68,107
Transfers Out	(74,628)
	124,259
Net Change in Fund Cash Balances	124,259
Fund Cash Balances, January 1	2,470,463
Fund Cash Balances, December 31	\$ 2,594,722

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

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of West Milton (the Village), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected seven-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, refuse services, park operations (leisure time activities), and police and fire services. The Village contracts with Miami County Sanitary for water supply. The Village contracts with Waste Management for refuse collection.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund accounts for and reports intergovernmental revenues restricted for the general construction, reconstruction, resurfacing, repair and operation of streets and storm sewers.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

OPWC Debt Fund This fund received proceeds from Ohio Public Works Commission for effluent sewer replacement.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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

Proprietary Fund Type

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

Refuse Fund The refuse fund accounts for the provision of refuse collection services to the residents and commercial users. It receives charges for services to cover refuse service costs.

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users. It receives charges for services to cover water service costs.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users. It receives charges for services to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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, personal services, and transfers level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost and Money Market Mutual Funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. The Village maintains Certificates of Deposit (CD's) with Fifth Third Bank and Huntington Bank.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,159,500	\$1,924,525	(\$234,975)
Special Revenue	390,600	422,579	31,979
Debt Service	6,521	6,521	(0)
Capital Projects	85,556	87,275	1,719
Enterprise	2,682,761	2,644,351	(38,410)
Total	\$5,324,938	\$5,085,251	(\$239,687)

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,442,261	\$2,108,814	\$333,447
Special Revenue	404,800	348,516	56,284
Debt Service	6,521	6,521	0
Capital Projects	63,914	63,858	56
Enterprise	2,740,687	2,520,092	220,595
Total	\$5,658,183	\$5,047,800	\$610,382

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$1,832,433
Certificates of deposit	3,000,000
Total deposits and investments	\$4,832,433

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

Investments

The Village does not have investment holdings with the Federal Reserve for U.S. Treasury Notes, repurchase agreements, equity securities, or Star Ohio investments.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 14. The second half payment is due July 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

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

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.

Note 6 - Risk Management

Risk Pool Membership

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

Assets	\$1,091,882
Liabilities	(757,765)
Accumulated Surplus	<u>\$334,117</u>

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

All of the Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 8 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Minster Bank - Meter Replacement	\$390,321	3%
Minster Bank - Larrel Lane	\$109,970	2.49%
Ohio Public Works Commission (OPWC)	78,247	0%
Ohio Water Development Authority - North Tower	300,000	0.64%
Total	\$878,538	

Meter Replacement Debt (Minster Bank): This debt was created in 2014 for the purpose of replacing all water meters and upgrading to a new utility reading system. The borrowed amount was \$580,000 at an interest rate of 3%. Payments of \$34,053.50 are made on a semi-annual basis in January and July. The maturity date of the debt is 1/15/24.

Larrel Lane Debt (Minster Bank): This debt was created in 2015 for the purpose of replacing sanitary sewer lines, laterals, and manholes on Larrel Lane. The borrowed amount was \$180,742.80 at an interest rate of 2.49%. Payments of \$19,427.72 are made on a semi-annual basis in January and July. The maturity date of the debt is 7/15/20.

OPWC Debt: This debt was created in 2015 for the purpose of improvement to the wastewater effluent channel. The borrowed amount was \$97,808.66 at an interest rate of 0%. Payments of \$3,260.29 are made on a semi-annual basis in June and December. The maturity date of the debt is 1/30/30.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Debt (Continued)

OWDA Debt: This debt was created in 2017 for the purpose of refurbishing the North Water Tower. The borrowed amount was \$300,000 at an annual interest rate of .64%. The maturity date of the debt is 7/31/2028. No amortization was available at the time of the audit report.

Amortization

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

Year ending December 31:	Meter Debt (Minster Bank)	Larrel Lane Debt (Minster Bank)	OPWC (Effluent)
2018	\$68,107	\$38,855	\$6,521
2019	68,107	38,855	6,521
2020	68,107	38,855	6,521
2021	68,107	-	6,521
2022	68,107	-	6,521
2023-2027	102,161	-	32,605
2028-2030	-	-	13,037
Total	<u>\$ 442,696</u>	<u>\$ 116,565</u>	<u>\$ 78,247</u>

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Taxes	\$ 178,874	\$ 181,592	\$ -	\$ -	\$ 360,466
Municipal Income Tax	1,370,791	-	-	-	1,370,791
Intergovernmental	178,311	214,648	-	-	392,959
Special Assessments	-	1,932	-	-	1,932
Charges for Services	1,523	13,825	-	-	15,348
Fines, Licenses, and Permits	82,432	560	-	-	82,992
Earnings on Investments	8,713	863	-	1,502	11,078
Miscellaneous	27,022	-	-	-	27,022
Total Cash Receipts	<u>1,847,666</u>	<u>413,420</u>	<u>-</u>	<u>1,502</u>	<u>2,262,588</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	957,598	-	-	-	957,598
Leisure Time Activities	33,614	-	-	-	33,614
Community Environment	1,518	-	-	-	1,518
Transportation	57,255	390,230	-	-	447,485
General Government	430,077	-	-	-	430,077
Capital Outlay	111,959	71,624	-	200	183,783
Debt Service:					
Redemption of Principal	-	-	6,521	-	6,521
Total Cash Disbursements	<u>1,592,021</u>	<u>461,854</u>	<u>6,521</u>	<u>200</u>	<u>2,060,596</u>
Excess of Receipts Over/(Under) Disbursements	255,645	(48,434)	(6,521)	1,302	201,992
Other Financing Receipts (Disbursements):					
Transfers-In	-	-	6,521	12,000	18,521
Transfers-Out	(12,000)	-	-	-	(12,000)
Total Other Financing Receipts (Disbursements)	<u>(12,000)</u>	<u>-</u>	<u>6,521</u>	<u>12,000</u>	<u>6,521</u>
Net Change in Fund Cash Balances	243,645	(48,434)	-	13,302	208,513
Fund Cash Balances, January 1	<u>1,464,064</u>	<u>388,660</u>	<u>-</u>	<u>263,283</u>	<u>2,116,007</u>
Fund Cash Balances, December 31					
Restricted	-	340,226	-	3,858	344,084
Committed	-	-	-	272,727	272,727
Assigned	14,095	-	-	-	14,095
Unassigned (Deficit)	<u>1,693,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,693,614</u>
Fund Cash Balances, December 31	<u>\$ 1,707,709</u>	<u>\$ 340,226</u>	<u>\$ -</u>	<u>\$ 276,585</u>	<u>\$ 2,324,520</u>

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

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 2,168,748
Fines, Licenses, and Permits	1,200
Earnings on Investments	795
Miscellaneous	30,731
	2,201,474
Total Operating Cash Receipts	2,201,474
Operating Cash Disbursements:	
Personal Services	603,372
Contractual Services	1,064,094
Supplies and Materials	41,086
Other	5,660
	1,714,212
Total Operating Cash Disbursements	1,714,212
Operating Income (Loss)	487,262
Non-Operating Receipts (Disbursements)	
Special Assessments	12,233
Sale of Fixed Assets	10,000
Capital Outlay	(122,732)
Principal Retirement	(88,657)
Interest and Fiscal Charges	(18,305)
	(207,461)
Total Non-Operating Cash Receipts (Disbursements)	(207,461)
Income (Loss) before Transfers	279,801
Transfers In	68,107
Transfers Out	(74,628)
	273,280
Net Change in Fund Cash Balances	273,280
Fund Cash Balances, January 1	2,197,183
Fund Cash Balances, December 31	\$ 2,470,463

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

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of West Milton (the Village), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected seven-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, refuse services, park operations (leisure time activities), and police and fire services. The Village contracts with Miami County Sanitary for water supply. The Village contracts with Waste Management for refuse collection.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund This fund accounts for and reports intergovernmental revenues restricted for the general construction, reconstruction, resurfacing, repair and operation of streets and storm sewers.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

OPWC Debt Fund This fund received proceeds from Ohio Public Works Commission for effluent sewer replacement.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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

Proprietary Fund Type

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

Refuse Fund The refuse fund accounts for the provision of refuse collection services to the residents and commercial users. It receives charges for services to cover refuse service costs.

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users. It receives charges for services to cover water service costs.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users. It receives charges for services to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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, personal services, and transfers level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 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 re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost and Money Market Mutual Funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. The Village maintains Certificates of Deposit (CD's) with Fifth Third Bank and Huntington Bank.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,776,323	\$1,847,666	\$71,343
Special Revenue	387,900	413,420	25,520
Debt Service	6,521	6,521	(0)
Capital Projects	12,500	13,502	1,002
Enterprise	2,398,207	2,291,814	(106,393)
Total	\$4,581,451	\$4,572,923	(\$8,528)

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,863,091	\$1,604,021	\$259,070
Special Revenue	505,550	461,854	43,696
Debt Service	6,521	6,521	0
Capital Projects	2,000	200	1,800
Enterprise	2,211,270	2,018,534	192,736
Total	\$4,588,432	\$4,091,130	\$497,302

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$3,794,983
Certificates of deposit	1,000,000
Total deposits and investments	\$4,794,983

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

Investments

The Village does not have investment holdings with the Federal Reserve for U.S. Treasury Notes, repurchase agreements, equity securities, or Star Ohio investments.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – Taxes

Property Taxes

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

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

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.

Note 6 - Risk Management

Risk Pool Membership

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

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (Continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2016.

Assets	\$1,272,799
Liabilities	(821,016)
Accumulated Surplus	\$451,783

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

All of the Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 8 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Minster Bank - Meter Replacement	\$445,331	3%
Minster Bank - Larrel Lane	\$145,396	2.49%
Ohio Public Works Commission (OPWC)	84,768	0%
Total	\$675,495	

Village of West Milton, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 – Debt (Continued)

Meter Replacement Debt (Minster Bank): This debt was created in 2014 for the purpose of replacing all water meters and upgrading to a new utility reading system. The borrowed amount was \$580,000 at an interest rate of 3%. Payments of \$34,053.50 are made on a semi-annual basis in January and July. The maturity date of the debt is 1/15/24.

Larrel Lane Debt (Minster Bank): This debt was created in 2015 for the purpose of replacing sanitary sewer lines, laterals, and manholes on Larrel Lane. The borrowed amount was \$180,742.80 at an interest rate of 2.49%. Payments of \$19,427.72 are made on a semi-annual basis in January and July. The maturity date of the debt is 7/15/20.

OPWC Debt: This debt was created in 2015 for the purpose of improvement to the wastewater effluent channel. The borrowed amount was \$97,808.66 at an interest rate of 0%. Payments of \$3,260.29 are made on a semi-annual basis in June and December. The maturity date of the debt is 1/30/30.

Amortization

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

Year ending December 31:	Meter Debt (Minster Bank)	Larrel Lane Debt (Minster Bank)	OPWC (Effluent)
2017	\$68,107	\$38,855	\$6,521
2018	68,107	38,855	6,521
2019	68,107	38,855	6,521
2020	68,107	38,855	6,521
2021	68,107	-	6,521
2022-2026	170,268	-	32,605
2027-2031	-	-	19,558
Total	<u>\$510,803</u>	<u>\$155,420</u>	<u>\$84,768</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of West Milton, Miami County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated September 10, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Village of West Milton

Miami County

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and other Matters Required by *Government Auditing Standards*

Page 2

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.

Piketon, Ohio

September 10, 2018

**VILLAGE OF WEST MILTON
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 and 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

MATERIAL WEAKNESS – FUND BALANCE CLASSIFICATIONS

The Village's 2016 annual financial statements were adjusted for the following errors related to fund balance reporting:

- GASB Statement 54, paragraph 8 (GASB Codification 1800.168) states, in part, that fund balance should be reported as restricted when constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The Village's special revenue fund balances met this classification; however, nearly all such fund balances were incorrectly classified as unassigned for 2016 in the adjusted amounts of \$340,226.

Failure to properly classify fund balances could lead to misstated financial statements and misleading financial statement information.

The Village should perform a review of all Village funds and determine proper reporting of fund balances in accordance with GASB Statement 54 and Auditor of State Bulletin 2011-004 requirements.

Officials' Response: We did not receive a response from officials regarding this finding.

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Dave Yost • Auditor of State

VILLAGE OF WEST MILTON

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 8, 2018