



**Auditor of State
Betty Montgomery**

VILLAGE OF BAIRDSTOWN
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bairdstown
Wood County
101½ West Main Street
North Baltimore, OH 45872-9309

To the Village Council:

We have audited the accompanying financial statements of the Village of Bairdstown, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 *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 audit provides a reasonable basis for our opinion.

As discussed 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 of the Village as of December 31, 2002 and 2001, 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 our report dated June 19, 2003 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 in considering the results of our audit.

Village of Bairdstown
Wood County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 19, 2003

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,789			\$1,789
Special Assessments	1,263		\$2,937	4,200
Intergovernmental Receipts	10,200	\$2,181		12,381
Fines, Licenses, and Permits	7,920			7,920
Earnings on Investments	204			204
Miscellaneous	554	1,035		1,589
				<hr/>
Total Cash Receipts	21,930	3,216	2,937	28,083
Cash Disbursements:				
Current:				
Security of Persons and Property	3,870			3,870
Public Health Services	52			52
Leisure Time Activities		498		498
Community Environment	23			23
Transportation		230		230
General Government	16,115			16,115
Debt Service:				
Principal Payments	2,910			2,910
Interest Payments	306			306
Capital Outlay			2,082	2,082
				<hr/>
Total Cash Disbursements	23,276	728	2,082	26,086
				<hr/>
Total Receipts Over/(Under) Disbursements	(1,346)	2,488	855	1,997
Other Financing Receipts and (Disbursements):				
Proceeds of Loan	10,800			10,800
Transfers-In			310	310
Transfers-Out	(310)			(310)
				<hr/>
Total Other Financing Receipts/(Disbursements)	10,490		310	10,800
				<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	9,144	2,488	1,165	12,797
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Fund Cash Balances, January 1	5,712	8,912	5,523	20,147
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Fund Cash Balances, December 31	<u>\$14,856</u>	<u>\$11,400</u>	<u>\$6,688</u>	<u>\$32,944</u>

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$21,282
Total Operating Cash Receipts	21,282
Operating Cash Disbursements:	
Personal Services	5,510
Fringe Benefits	
Contractual Services	13,750
Supplies and Materials	282
Total Operating Cash Disbursements	19,542
Operating Income	1,740
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	811
Total Non-Operating Cash Receipts	811
Non-Operating Cash Disbursements:	
Debt Service	2,735
Total Non-Operating Cash Disbursements	2,735
Excess of Disbursements Over Receipts	(184)
Fund Cash Balances, January 1	29,701
Fund Cash Balances, December 31	\$29,517

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,734			\$1,734
Special Assessments	1,333		\$2,346	3,679
Intergovernmental Receipts	10,630	\$2,279	35,322	48,231
Fines, Licenses, and Permits	10,528		500	11,028
Earnings on Investments	203			203
Miscellaneous	5,007	104		5,111
Total Cash Receipts	29,435	2,383	38,168	69,986
Cash Disbursements:				
Current:				
Security of Persons and Property	3,794			3,794
Public Health Services	41			41
Leisure Time Activities		105		105
Community Environment	5			5
Transportation		430		430
General Government	20,690			20,690
Debt Service:				
Principal Payments	2,274			2,274
Interest Payments	309			309
Capital Outlay			39,356	39,356
Total Cash Disbursements	27,113	535	39,356	67,004
Total Receipts Over/(Under) Disbursements	2,322	1,848	(1,188)	2,982
Other Financing Receipts and (Disbursements):				
Transfers-In			705	705
Transfers-Out	(705)			(705)
Total Other Financing Receipts/(Disbursements)	(705)		705	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,617	1,848	(483)	2,982
Fund Cash Balances, January 1	4,095	7,064	6,006	17,165
Fund Cash Balances, December 31	\$5,712	\$8,912	\$5,523	\$20,147

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$20,261
Miscellaneous	50
	20,311
Operating Cash Disbursements:	
Personal Services	5,414
Contractual Services	12,857
Supplies and Materials	1,444
	19,715
Total Operating Cash Disbursements	19,715
Operating Income	596
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	2,005
	2,005
Total Non-Operating Cash Receipts	2,005
Non-Operating Cash Disbursements:	
Debt Service	2,670
Other Non-Operating Cash Disbursements	281
	2,951
Total Non-Operating Cash Disbursements	2,951
Excess of Disbursements Over Receipts	(350)
Fund Cash Balances, January 1	30,051
Fund Cash Balances, December 31	\$29,701

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Bairdstown, Wood 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 six-member Council. The Village provides water, sewer, and electric utilities, park operations, and police 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 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets.

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 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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax revenue for constructing, maintaining and repairing Village Streets.

Park Fund - This fund receives donations and is for maintaining Village parks.

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. 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 funds:

Construction Sewer Fund - This fund received State Issue II funding and special assessment revenues for the purpose of construction, improvement, and maintenance of Village sewer lines.

Streets Lights Fund – This fund receives special assessment revenue for maintenance of Village street lights.

4. 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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.

2. EQUITY IN POOLED CASH

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

	2002	2001
Total Demand deposits	\$62,461	\$49,848

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,142	\$32,730	(\$7,412)
Special Revenue	8,455	3,216	(5,239)
Capital Projects	10,169	3,247	(6,922)
Enterprise	53,844	22,093	(31,751)
Total	\$112,610	\$61,286	(\$51,324)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,342	\$23,586	\$5,756
Special Revenue	8,397	728	7,669
Capital Projects	10,167	2,082	8,085
Enterprise	37,822	22,277	15,545
Total	\$85,728	\$48,673	\$37,055

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,071	\$29,435	(\$4,636)
Special Revenue	6,691	2,383	(4,308)
Capital Projects	12,187	38,873	26,686
Enterprise	53,895	22,316	(31,579)
Total	\$106,844	\$93,007	(\$13,837)

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,071	\$27,818	\$10,253
Special Revenue	6,689	535	6,154
Capital Projects	12,187	39,356	(27,169)
Enterprise	38,435	22,666	15,769
Total	\$95,382	\$90,375	\$5,007

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Business Loan	\$427	7.50%
Business Loan	10,339	6.50%
Mortgage Revenue Bonds	33,500	5.00%
Total	\$44,266	

The Mortgage Revenue Bonds relate to water and sewer lines that were constructed in order to provide water and sewer services to Village residents. The bonds will be repaid in annual installments over 25 years.

The Business Loans relate to the construction of a new roof and improvements to the Village hall. The loans are repaid in monthly installments.

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Year ending December 31:	Business Loan	Business Loan	Mortgage Revenue Bonds
2003	\$431	\$2,536	\$2,695
2004		2,536	2,655
2005		2,536	2,715
2006		2,536	2,670
2007		1,901	2,725
2008 – 2027			53,735
Total	<u>\$431</u>	<u>\$12,045</u>	<u>\$67,195</u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2002 and 2001, members of OPERS contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

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 § 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 \$100,000 (\$150,000 for policies issued prior to April 1, 2001).

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

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:

	2002	2001
Assets	\$3,354,251	\$2,958,827
Liabilities	(4,851,866)	(3,863,373)
Retained Deficit	<u>(\$1,497,615)</u>	<u>(\$904,546)</u>

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bairdstown
Wood County
101½ West Main Street
North Baltimore, OH 45872-9309

To the Village Council:

We have audited the accompanying financial statements of the Village of Bairdstown, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 19, 2003. 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 *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 management of the Village in a separate letter dated June 19, 2003.

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 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 operation 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 June 19, 2003.

Village of Bairdstown
Wood County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 19, 2003



**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 BAIRDSTOWN

WOOD 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 14, 2003**