



**Auditor of State
Betty Montgomery**

VILLAGE OF BRADFORD
MIAMI COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2005.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Village of Bradford
Miami County
115 North Miami Street
Bradford, Ohio 45308

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 23, 2006

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bradford
Miami County
115 North Miami Street
Bradford, Ohio 45308

To the Village Council:

We have audited the accompanying financial statements of Village of Bradford, Miami County, (the Village), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004 or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bradford, Miami County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2006, 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.



Betty Montgomery
Auditor of State

August 23, 2006

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<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	\$197,556	\$114,709		\$312,265
Special Assessments		31,327		31,327
Intergovernmental Receipts	112,360	95,843		208,203
Charges for Services			\$450	450
Fines, Licenses, and Permits	6,012	1,171		7,183
Earnings on Investments	12,274			12,274
Miscellaneous	27,807			27,807
Total Cash Receipts	<u>356,009</u>	<u>243,050</u>	<u>450</u>	<u>599,509</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	166,559	81,222	7,091	254,872
Leisure Time Activities	2,174			2,174
Transportation		234,977		234,977
General Government	120,360	1,855		122,215
Total Cash Disbursements	<u>289,093</u>	<u>318,054</u>	<u>7,091</u>	<u>614,238</u>
Total Receipts Over/(Under) Disbursements	<u>66,916</u>	<u>(75,004)</u>	<u>(6,641)</u>	<u>(14,729)</u>
Other Financing Receipts and (Disbursements):				
Loan Proceeds		39,556		39,556
Other Financing Sources	659	23,499		24,158
Other Financing Uses			(450)	(450)
Transfers-In			12,274	12,274
Transfers-Out	(12,274)			(12,274)
Total Other Financing Receipts/(Disbursements)	<u>(11,615)</u>	<u>63,055</u>	<u>11,824</u>	<u>63,264</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>55,301</u>	<u>(11,949)</u>	<u>5,183</u>	<u>48,535</u>
Fund Cash Balances, January 1	<u>84,570</u>	<u>119,875</u>	<u>21,806</u>	<u>226,251</u>
Fund Cash Balances, December 31	<u><u>\$139,871</u></u>	<u><u>\$107,926</u></u>	<u><u>\$26,989</u></u>	<u><u>\$274,786</u></u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$705,283		\$705,283
Miscellaneous	4,500	\$23,420	27,920
	<u>709,783</u>	<u>23,420</u>	<u>733,203</u>
Operating Cash Disbursements:			
Personal Services	164,503		164,503
Contractual Services	161,437		161,437
Supplies and Materials	64,517		64,517
Other		15,750	15,750
Capital Outlay	181,773		181,773
	<u>572,230</u>	<u>15,750</u>	<u>587,980</u>
Total Operating Cash Disbursements			
	<u>572,230</u>	<u>15,750</u>	<u>587,980</u>
Operating Income	<u>137,553</u>	<u>7,670</u>	<u>145,223</u>
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	39,556		39,556
Special Assessments	5,987		5,987
Other Non-Operating Receipts	11,241	9,442	20,683
	<u>56,784</u>	<u>9,442</u>	<u>66,226</u>
Total Non-Operating Cash Receipts			
	<u>56,784</u>	<u>9,442</u>	<u>66,226</u>
Non-Operating Cash Disbursements:			
Debt Service	152,862		152,862
Other Non-Operating Cash Disbursements		9,437	9,437
	<u>152,862</u>	<u>9,437</u>	<u>162,299</u>
Total Non-Operating Cash Disbursements			
	<u>152,862</u>	<u>9,437</u>	<u>162,299</u>
Net Receipts Over Disbursements	41,475	7,675	49,150
Fund Cash Balances, January 1	<u>258,262</u>	<u>755</u>	<u>259,017</u>
Fund Cash Balances, December 31	<u>\$299,737</u>	<u>\$8,430</u>	<u>\$308,167</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$151,370	\$116,804		\$268,174
Special Assessments		26,290		26,290
Intergovernmental Receipts	114,865	84,815	\$3,000	202,680
Charges for Services			330	330
Fines, Licenses, and Permits	13,448	2,068		15,516
Earnings on Investments	6,867			6,867
Miscellaneous	15,417			15,417
	<u>301,967</u>	<u>229,977</u>	<u>3,330</u>	<u>535,274</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	181,868	73,880	15,819	271,567
Leisure Time Activities	9,392			9,392
Transportation		291,535		291,535
General Government	126,221	227	3,558	130,006
Capital Outlay			2,550	2,550
	<u>317,481</u>	<u>365,642</u>	<u>21,927</u>	<u>705,050</u>
Total Receipts Under Disbursements	<u>(15,514)</u>	<u>(135,665)</u>	<u>(18,597)</u>	<u>(169,776)</u>
Other Financing Receipts and (Disbursements):				
Loan Proceeds		88,260		88,260
Other Financing Sources	1,541	1,005	15	2,561
Sale of Fixed Assets		44,725		44,725
Transfers-In			4,338	4,338
Transfers-Out	(4,338)			(4,338)
	<u>(2,797)</u>	<u>133,990</u>	<u>4,353</u>	<u>135,546</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(18,311)	(1,675)	(14,244)	(34,230)
Fund Cash Balances, January 1	<u>102,881</u>	<u>121,550</u>	<u>36,050</u>	<u>260,481</u>
Fund Cash Balances, December 31	<u>\$84,570</u>	<u>\$119,875</u>	<u>\$21,806</u>	<u>\$226,251</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$692,990		\$692,990
Miscellaneous	3,050	\$3,600	6,650
	<u>696,040</u>	<u>3,600</u>	<u>699,640</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	153,238		153,238
Contractual Services	166,455		166,455
Supplies and Materials	66,338		66,338
Other		3,600	3,600
Capital Outlay	401,505		401,505
	<u>787,536</u>	<u>3,600</u>	<u>791,136</u>
Total Operating Cash Disbursements			
Operating Income Loss	<u>(91,496)</u>		<u>(91,496)</u>
Non-Operating Cash Receipts:			
Special Assessments	5,936		5,936
Proceeds from Notes and Bonds	249,068		249,068
Other Non-Operating Receipts	2,101	19,874	21,975
	<u>257,105</u>	<u>19,874</u>	<u>276,979</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Debt Service	159,648		159,648
Other Non-Operating Cash Disbursements		20,354	20,354
	<u>159,648</u>	<u>20,354</u>	<u>180,002</u>
Total Non-Operating Cash Disbursements			
Net Receipts Over/(Under) Disbursements	5,961	(480)	5,481
Fund Cash Balances, January 1	<u>252,301</u>	<u>1,235</u>	<u>253,536</u>
Fund Cash Balances, December 31	<u>\$258,262</u>	<u>\$755</u>	<u>\$259,017</u>
Reserve for Encumbrances, December 31	<u>\$50,463</u>	<u>\$0</u>	<u>\$50,463</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bradford, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water, sewer and refuse, park operations, and police services. The Village appropriates fire levy money to support a volunteer fire department.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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 money for constructing, maintaining, and repairing Village streets.

Street Light Fund -This fund receives funds from assessments on street lights in the Village.

Fire Levy Fund – This fund receives funds through taxes to pay for fire protection.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Equipment Fund - This fund receives interest transferred from the General Fund to purchase equipment.

4. 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:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Refuse Fund - This fund receives charges for services from residents to cover cost of refuse service.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court – This fund receives funds from fines and fees issued by the Mayors Court.

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, function or object 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 BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting. Management has included audit adjustments in the accompanying financial statements and budgetary presentations for material items that should have been encumbered.

A summary of 2005 and 2004 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

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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:

	2005	2004
Demand deposits	\$419,958	\$327,192
STAR Ohio	162,995	158,076
Total	\$582,953	\$485,268

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$295,057	\$356,668	\$61,611
Special Revenue	280,577	306,105	25,528
Capital Projects	5,000	12,724	7,724
Enterprise	768,000	766,567	(1,433)
Fiduciary	17,750	32,862	15,112
Total	<u>\$1,366,384</u>	<u>\$1,474,926</u>	<u>\$108,542</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,627	\$301,367	\$78,260
Special Revenue	400,450	318,054	82,396
Capital Projects	26,807	7,541	19,266
Enterprise	1,026,262	725,092	301,170
Fiduciary	18,400	25,187	(6,787)
Total	<u>\$1,851,546</u>	<u>\$1,377,241</u>	<u>\$474,305</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$287,416	\$303,508	\$16,092
Special Revenue	388,571	363,967	(24,604)
Capital Projects	9,000	7,683	(1,317)
Enterprise	1,014,458	953,145	(61,313)
Fiduciary	4,600	23,474	18,874
Total	<u>\$1,704,045</u>	<u>\$1,651,777</u>	<u>(\$52,268)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$390,297	\$321,819	\$68,478
Special Revenue	510,120	365,642	144,478
Capital Projects	45,050	21,927	23,123
Enterprise	1,266,759	997,647	269,112
Fiduciary	5,250	23,954	(18,704)
Total	<u>\$2,217,476</u>	<u>\$1,730,989</u>	<u>\$486,487</u>

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

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.

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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 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.

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$624,791	2%
Ohio Water Development Authority Loan	168,384	6%
Ohio Water Development Authority Loan	503,004	0%
Ohio Public Works Commission Loan	87,500	0%
Total	\$1,383,679	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant improvements and reconstruction of streets that are mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$89,531, including interest, over 20 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loan
2006	\$179,817
2007	179,817
2008	179,817
2009	179,817
2010	179,817
2011 - 2023	852,401
Total	\$1,751,486

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. DEBT (Continued)

In addition, the Village has another debt issue with the OWDA that has not been included above. The issue has not been finalized, but has a issue agreement in the amount of \$265,100. An amortization schedule has not been received.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers 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. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

8. RISK MANAGEMENT

Risk Pool Membership

The Village is a member of 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 Ohio Rev. Code Section 2744.081. The Pool provides property and casualty insurance for its members. The Pools pays judgments, settlements and other expenses resulting from 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 meets its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2004 and 2003 (the latest information available):

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



**Auditor of State
Betty Montgomery**

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

Village of Bradford
Miami County
115 North Miami Street
Bradford, Ohio 45308

To the Village Council:

We have audited the financial statements of the Village of Bradford, Miami County, (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 23, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated August 23, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated August 23, 2005.

Village of Bradford
Miami County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Village Council. It is not intended for 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

August 23, 2006

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2005-001

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket certificate – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period not running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not encumber any of their expenditures for fiscal years 2005 or 2004, and there was no evidence the Village followed the aforementioned exceptions. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2005-001
(Continued)

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials Response: We received no response from officials.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code Section 5705.41(D) – certifying the availability of funds prior to entering into purchase obligations.	No	No action taken.
2003-002	Ohio Rev. Code Section 135.21 – proper allocation of interest earnings.	No	Based upon intent of the Village Council, an adjustment was made on the Village's books and a comment made to the management of the Village in a separate letter.



**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 BRADFORD

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
OCTOBER 5, 2006**