



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF BRADFORD  
MIAMI COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Funds - For the Year Ended December 31, 2001 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2000 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Funds - For the Year Ended December 31, 2000 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	19

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradford (the Village), as of and for the years ended December 31, 2001 and 2000. 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 accounting principles generally accepted in the United States of America.

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, 2001 and 2000, 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 25, 2002 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.

This report is intended solely for the information and use of the 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 25, 2002

**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, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$174,984	\$90,634		\$265,618
Special Assessments		25,603		25,603
Intergovernmental Receipts	130,026	72,011	252	202,289
Fines, Licenses, and Permits	10,327	1,240		11,567
Earnings on Investments	18,815			18,815
Miscellaneous	7,986	1,720	420	10,126
	<u>342,138</u>	<u>191,208</u>	<u>672</u>	<u>534,018</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	144,280	47,064	1,715	193,059
Leisure Time Activities	7,354	9,575		16,929
Basic Utility Services			8,000	8,000
Transportation		119,979	13,000	132,979
General Government	144,490		1,627	146,117
Capital Outlay	8,427	60,719		69,146
	<u>304,551</u>	<u>237,337</u>	<u>24,342</u>	<u>566,230</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>37,587</u>	<u>(46,129)</u>	<u>(23,670)</u>	<u>(32,212)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In			18,815	18,815
Transfers-Out	(18,815)			(18,815)
Other Sources	4,903	643		5,546
	<u>(13,912)</u>	<u>643</u>	<u>18,815</u>	<u>5,546</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>23,675</u>	<u>(45,486)</u>	<u>(4,855)</u>	<u>(26,666)</u>
<b>Fund Cash Balances, January 1</b>	<u>111,947</u>	<u>147,141</u>	<u>35,747</u>	<u>294,835</u>
<b>Fund Cash Balances, December 31</b>	<u>\$135,622</u>	<u>\$101,655</u>	<u>\$30,892</u>	<u>\$268,169</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 - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$600,714			\$600,714
Miscellaneous	6,003			6,003
Total Operating Cash Receipts	<u>606,717</u>			<u>606,717</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	133,924			133,924
Contractual Services	141,925			141,925
Supplies and Materials	70,199			70,199
Capital Outlay	105,222			105,222
Total Operating Cash Disbursements	<u>451,270</u>			<u>451,270</u>
Operating Income	<u>155,447</u>			<u>155,447</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	7,451			7,451
Loan Proceeds	48,216			48,216
Other Non-Operating Receipts	8,395	3,000	10,684	22,079
Total Non-Operating Cash Receipts	<u>64,062</u>	<u>3,000</u>	<u>10,684</u>	<u>77,746</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	141,725			141,725
Other Non-Operating Expenses		5,997	10,654	16,651
Total Non-Operating Cash Disbursements	<u>141,725</u>	<u>5,997</u>	<u>10,654</u>	<u>158,376</u>
Excess of Receipts Over/(Under) Disbursements	77,784	(2,997)	30	74,817
Fund Cash Balances, January 1	<u>149,878</u>	<u>3,647</u>		<u>153,525</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$227,662</u></u>	<u><u>\$650</u></u>	<u><u>\$30</u></u>	<u><u>\$228,342</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 GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$146,662	\$87,188		\$233,850
Special Assessments		19,816		19,816
Intergovernmental Receipts	129,153	72,368		201,521
Fines, Licenses, and Permits	9,809	610		10,419
Earnings on Investments	22,322			22,322
Miscellaneous	8,830	12,021	450	21,301
<b>Total Cash Receipts</b>	<u>316,776</u>	<u>192,003</u>	<u>450</u>	<u>509,229</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	151,329	48,226	15,297	214,852
Leisure Time Activities	6,006	10,057		16,063
Basic Utility Services			8,578	8,578
Transportation		83,415	10,000	93,415
General Government	127,565			127,565
Capital Outlay	19,149	16,638		35,787
<b>Total Cash Disbursements</b>	<u>304,049</u>	<u>158,336</u>	<u>33,875</u>	<u>496,260</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>12,727</u>	<u>33,667</u>	<u>(33,425)</u>	<u>12,969</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In			22,322	22,322
Transfers-Out	(22,322)			(22,322)
Other Sources	2,594	867		3,461
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(19,728)</u>	<u>867</u>	<u>22,322</u>	<u>3,461</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(7,001)</u>	<u>34,534</u>	<u>(11,103)</u>	<u>16,430</u>
<b>Fund Cash Balances, January 1</b>	<u>118,948</u>	<u>112,607</u>	<u>46,850</u>	<u>278,405</u>
<b>Fund Cash Balances, December 31</b>	<u>\$111,947</u>	<u>\$147,141</u>	<u>\$35,747</u>	<u>\$294,835</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 - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$527,583			\$527,583
Miscellaneous	6,066			6,066
Total Operating Cash Receipts	<u>533,649</u>			<u>533,649</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	144,372			144,372
Contractual Services	131,368			131,368
Supplies and Materials	61,802			61,802
Capital Outlay	100,904			100,904
Total Operating Cash Disbursements	<u>438,446</u>			<u>438,446</u>
Operating Income	<u>95,203</u>			<u>95,203</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	7,089			7,089
Other Non-Operating Receipts	109	8,247	3,906	12,262
Total Non-Operating Cash Receipts	<u>7,198</u>	<u>8,247</u>	<u>3,906</u>	<u>19,351</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	141,731			141,731
Other Non-Operating Expenses		5,250	7,027	12,277
Total Non-Operating Cash Disbursements	<u>141,731</u>	<u>5,250</u>	<u>7,027</u>	<u>154,008</u>
Excess of Receipts Over/(Under) Disbursements	(39,330)	2,997	(3,121)	(39,454)
Fund Cash Balances, January 1	<u>189,208</u>	<u>650</u>	<u>3,121</u>	<u>192,979</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$149,878</u></u>	<u><u>\$3,647</u></u>	<u><u>\$0</u></u>	<u><u>\$153,525</u></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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bradford, Miami County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, 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 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. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

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

**Fire Levy Fund** -This fund receives tax money for payment of fire protection of village residents.

**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 fund:

**Equipment Fund** - This fund receives interest that is transferred from the general fund. The proceeds are being used to purchase equipment.

**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.

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

**Refuse Fund** - This fund receives charges for services from residents to cover the cost of providing this service.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified 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 Activity Fund** - This fund receives fines collected through Mayor's Court.

**E. Budgetary Process**

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**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. 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 carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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

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

	2001	2000
Demand deposits	\$345,176	\$304,336
STAR Ohio	151,335	144,024
Total deposits and investments	496,511	448,360

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio 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, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,864	\$347,041	\$42,177
Special Revenue	182,822	191,851	9,029
Capital Projects	23,000	19,487	(3,513)
Enterprise	601,916	670,779	68,863
Fiduciary	10,000	13,684	3,684
Total	\$1,122,602	\$1,242,842	\$120,240

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$415,583	\$323,366	\$92,217
Special Revenue	329,961	237,337	92,624
Capital Projects	58,748	24,342	34,406
Enterprise	751,794	592,995	158,799
Fiduciary	13,646	16,651	(3,005)
Total	\$1,569,732	\$1,194,691	\$375,041

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$283,682	\$319,370	\$35,688
Special Revenue	182,320	192,870	10,550
Capital Projects	18,000	22,772	4,772
Enterprise	525,500	540,847	15,347
Fiduciary	15,000	12,153	(2,847)
Total	\$1,024,502	\$1,088,012	\$63,510

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$393,627	\$326,371	\$67,256
Special Revenue	291,727	158,336	133,391
Capital Projects	55,851	33,875	21,976
Enterprise	714,708	580,177	134,531
Fiduciary	15,650	12,277	3,373
Total	\$1,471,563	\$1,111,036	\$360,527

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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. 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, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$971,003	3%
Ohio Water Development Authority Loan	37,182	2%
Ohio Water Development Authority Loan	207,238	6%
Ohio Water Development Authority Loan	137,500	0%
Total	<u>\$1,352,923</u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant improvements that are mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$53,915, 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.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT (Continued)**

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

2003	141,724
2004	141,724
2005	141,724
2006	141,724
Subsequent	889,270
Total	<u><u>\$1,597,890</u></u>

**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 Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. 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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

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 audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 and 1999 (the latest years available):



**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	\$3,863,373	\$3,461,914
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

**9. LEGAL COMPLIANCE**

The Village was not in compliance with the following Ohio Rev. Code statutes:

- a. Ohio Rev. Code Section 135.21 describes allocation of interest received. The Village was not in compliance with this Section.
- b. Ohio Rev. Code Section 5705.41(D) which requires subdivisions to encumber funds prior to the obligation of funds. The Village was not in compliance with this Section.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL 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, 2001 and 2000, and have issued our report hereon dated June 25, 2002. 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 misstatements, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30355-001 and 2001-30355-002. We also noted certain immaterial instances of non-compliance that we have reported to the management of the Village in a separate letter dated June 25, 2002.

**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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-30355-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 25, 2002.

The Village of Bradford  
Miami County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management and the 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 25, 2002

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30355-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within thirty days of the date of the fiscal officer's certification.

The Village failed to properly certify the availability of funds for all expenditures during fiscal years 2001 and 2000.

The Village should certify the availability of funds before ordering goods or services to comply with this requirement.

**FINDING NUMBER 2001-30355-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 135.21** provides for the allocation of interest among funds.

Interest earned on monies deposited by a treasurer which do not belong in the treasury of the subdivision, due to their status as custodial funds, because he is acting as ex officio treasurer, or otherwise, generally must be apportioned to the funds to which the principal belongs (including undivided tax funds);

All interest earned must be credited to the general funds of the subdivision, with the following exceptions:

- Interest earned on money derived from a motor vehicle license or fuel tax must follow the principal (Article XII, Section 5a, Ohio Const and 1982 Op. Atty Gen No. 82-301).
- Interest earned on money received from the federal government may be due to the fund to which the principal belongs.

The Village allocated interest to the Equipment Fund, contrary to the above statute. The total interest allocated to the fund during 2000 was \$22,322 and during 2001 was \$18,815. This was 98% of total revenue during 2000 and 96% during 2001. The financial statements have been adjusted accordingly.

To ensure compliance with this provision, the Village should implement procedures to ensure the proper allocation of interest among funds.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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(Continued)

**FINDING NUMBER 2001-30355-003**

**Reportable Condition**

The Village has contracted with a third-party administrator to collect, deposit and post Village income tax collections, however they have not established proper procedures to determine whether the service organization has sufficient controls in place and operating to reduce the risk that income tax receipts have been completely and accurately processed in accordance with the contract.

The Village should implement procedures to help assure the completeness and accuracy of income tax receipts processed by its third-party administrator. Statement on Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70 should provide the Village with an appropriate level of assurance that income tax receipts are being processed in conformance with the contract.

In addition, the Village should specify in their contract with the third-party administrator that an annual Tier II SAS 70 audit report be performed. The Village should be provided a copy of the SAS 70 report timely and should review the report's contents. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide the Village with a Tier II report, the Village should contract with a different organization that will provide such a report.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
<b>1999-30355-001</b>	Revised Code 5705.41 (D), failure to certify funds	No	Not Corrected, repeated for current audit period
<b>1999-30355-002</b>	Revised Code 135.21, allocation of interest	No	Not Corrected, repeated for current audit period
<b>1999-30355-003</b>	Reportable Condition, recreation fund receipts	Yes	Corrective action taken, assets of recreation fund were donated to non profit organization and all activities ceased







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
AUGUST 15, 2002**