

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**VILLAGE OF BRADFORD
MIAMI COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Bradford, Miami County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bradford is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 22, 2016

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VILLAGE OF BRADFORD
MIAMI COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 24, 2016

Village of Bradford
Miami County
115 North Main Street
Bradford, OH 45308

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Bradford**, Miami County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bradford, Miami County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 29,695	\$ 186,864	\$ 216,559
Municipal Income Tax	161,457	-	161,457
Intergovernmental	60,739	98,283	159,022
Special Assessments	-	53,058	53,058
Fines, Licenses and Permits	19,253	-	19,253
Earnings on Investments	441	-	441
Miscellaneous	4,922	5,361	10,283
<i>Total Cash Receipts</i>	<u>276,507</u>	<u>343,566</u>	<u>620,073</u>
Cash Disbursements			
Current:			
Security of Persons and Property	84,019	87,021	171,040
Leisure Time Activities	2,841	-	2,841
Transportation	-	113,870	113,870
General Government	108,036	-	108,036
Capital Outlay	-	56,729	56,729
Debt Service:			
Principal Retirement	-	54,476	54,476
Interest and Fiscal Charges	-	874	874
<i>Total Cash Disbursements</i>	<u>194,896</u>	<u>312,970</u>	<u>507,866</u>
<i>Net Change in Fund Cash Balances</i>	81,611	30,596	112,207
<i>Fund Cash Balances, January 1</i>	<u>129,338</u>	<u>197,798</u>	<u>327,136</u>
Fund Cash Balances, December 31			
Restricted	-	228,394	228,394
Unassigned	210,949	-	210,949
<i>Fund Cash Balances, December 31</i>	<u>\$ 210,949</u>	<u>\$ 228,394</u>	<u>\$ 439,343</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 875,739	\$ -	\$ 875,739
Miscellaneous	2,100	-	2,100
<i>Total Operating Cash Receipts</i>	<u>877,839</u>	<u>-</u>	<u>877,839</u>
Operating Cash Disbursements:			
Personal Services	179,073	-	179,073
Employee Fringe Benefits	42,880	-	42,880
Contractual Services	255,680	-	255,680
Supplies and Materials	69,553	-	69,553
Other	-	1,470	1,470
<i>Total Operating Cash Disbursements</i>	<u>547,186</u>	<u>1,470</u>	<u>548,656</u>
<i>Operating Income (Loss)</i>	<u>330,653</u>	<u>(1,470)</u>	<u>329,183</u>
Non-Operating Cash Receipts (Disbursements):			
Special Assessments	8,910	4,695	13,605
Miscellaneous Receipts	1,952	-	1,952
Capital Outlay	(78,609)	-	(78,609)
Principal Retirement	(223,947)	-	(223,947)
Interest and Other Fiscal Charges	(16,789)	-	(16,789)
Other Financing Sources	573	-	573
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(307,910)</u>	<u>4,695</u>	<u>(303,215)</u>
<i>Net Change in Fund Cash Balances</i>	22,743	3,225	25,968
<i>Fund Cash Balances, January 1</i>	<u>689,315</u>	<u>1,201</u>	<u>690,516</u>
Fund Cash Balances, December 31	<u>\$ 712,058</u>	<u>\$ 4,426</u>	<u>\$ 716,484</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 23,050	\$ 152,470	\$ 175,520
Municipal Income Tax	141,115	-	141,115
Intergovernmental	61,515	118,491	180,006
Special Assessments	-	43,128	43,128
Charges for Services	1,393	-	1,393
Fines, Licenses and Permits	19,211	-	19,211
Earnings on Investments	881	-	881
Miscellaneous	4,458	9,104	13,562
<i>Total Cash Receipts</i>	<u>251,623</u>	<u>323,193</u>	<u>574,816</u>
Cash Disbursements			
Current:			
Security of Persons and Property	98,084	89,176	187,260
Transportation	-	122,599	122,599
General Government	119,743	-	119,743
Capital Outlay	-	105,412	105,412
Debt Service:			
Principal Retirement	-	53,644	53,644
Interest and Fiscal Charges	-	1,706	1,706
<i>Total Cash Disbursements</i>	<u>217,827</u>	<u>372,537</u>	<u>590,364</u>
<i>Net Change in Fund Cash Balances</i>	33,796	(49,344)	(15,548)
<i>Fund Cash Balances, January 1</i>	<u>95,542</u>	<u>247,142</u>	<u>342,684</u>
Fund Cash Balances, December 31			
Restricted	-	197,798	197,798
Unassigned	129,338	-	129,338
<i>Fund Cash Balances, December 31</i>	<u>\$ 129,338</u>	<u>\$ 197,798</u>	<u>\$ 327,136</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS),
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 869,807	\$ -	\$ 869,807
Miscellaneous	5,525	-	5,525
<i>Total Operating Cash Receipts</i>	<u>875,332</u>	<u>-</u>	<u>875,332</u>
Operating Cash Disbursements:			
Personal Services	145,285	-	145,285
Employee Fringe Benefits	77,114	-	77,114
Contractual Services	240,291	-	240,291
Supplies and Materials	88,616	-	88,616
<i>Total Operating Cash Disbursements</i>	<u>551,306</u>	<u>-</u>	<u>551,306</u>
<i>Operating Income</i>	<u>324,026</u>	<u>-</u>	<u>324,026</u>
Non-Operating Cash Receipts (Disbursements):			
Special Assessments	32,261	-	32,261
Miscellaneous Receipts	1,250	-	1,250
Capital Outlay	(566,088)	-	(566,088)
Debt Proceeds	241,971	-	241,971
Principal Retirement	(152,091)	-	(152,091)
Interest and Other Fiscal Charges	(19,169)	-	(19,169)
Other Financing Sources	4,041	-	4,041
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(457,825)</u>	<u>-</u>	<u>(457,825)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(133,799)</u>	<u>-</u>	<u>(133,799)</u>
<i>Fund Cash Balances, January 1</i>	<u>823,114</u>	<u>1,201</u>	<u>824,315</u>
Fund Cash Balances, December 31	<u>\$ 689,315</u>	<u>\$ 1,201</u>	<u>\$ 690,516</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 Batavia, Clermont County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, refuse services and park operations. The Village contracts with the Bradford Fire and Rescue Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, an unincorporated non-profit association available to municipal corporations and their instrumentalities.

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

B. Accounting Basis

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. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village's cash is deposited in checking and savings accounts.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

3. 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. Additionally, the fund receives various grants and loans to cover the costs of major sewer projects.

Refuse Fund – This fund receives charges for services from residents to cover refuse service costs.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency funds account for the Mayor's Court Fund and the Sidewalk Bond Fund. The Mayor's Court Fund receives revenues and fines and fees issued by the Mayor's Court, which are then distributed to other governments. The Village's Mayor's Court was abolished in 2011; however, funds remain in the account as of December 31, 2015. The Sidewalk Bond Fund receives deposits from developers and refunds those deposits to the developers upon completion of the project.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

VILLAGE OF BRADFORD
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. Assigned

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

5. Unassigned

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

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

G. 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.

H. 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 DEPOSITS

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

	2015	2014
Demand deposits	<u>\$ 1,155,827</u>	<u>\$ 1,017,652</u>
Total deposits	<u>\$ 1,155,827</u>	<u>\$ 1,017,652</u>

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

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 277,645	\$ 276,507	\$ (1,138)
Special Revenue	337,413	343,566	6,153
Enterprise	892,398	889,274	(3,124)
Total	\$ 1,507,456	\$ 1,509,347	\$ 1,891

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 406,983	\$ 194,896	\$ 212,087
Special Revenue	535,211	312,970	222,241
Enterprise	1,581,713	866,531	715,182
Total	\$ 2,523,907	\$ 1,374,397	\$ 1,149,510

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 251,191	\$ 251,623	\$ 432
Special Revenue	321,469	323,193	1,724
Enterprise	1,668,829	1,154,855	(513,974)
Total	\$ 2,241,489	\$ 1,729,671	\$ (511,818)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 346,732	\$ 217,827	\$ 128,905
Special Revenue	568,611	372,537	196,074
Enterprise	2,491,943	1,288,654	1,203,289
Total	\$ 3,407,286	\$ 1,879,018	\$ 1,528,268

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

4. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OWDA #3147	\$ 20,175	6.04%
OWDA #3752	277,047	4.84%
OWDA #4135	121,426	0.00%
OWDA #4430	550,265	0.00%
OWDA #5972	2,091,728	0.00%
OPWC #CK13P	1,353,333	0.00%
OPWC #CT34H	22,500	0.00%
OPWC #CT22I	57,500	0.00%
OPWC #CT23J	69,690	0.00%
Total	\$ 4,563,664	

The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) loans relate to water and sewer plant improvements and reconstruction of streets. OWDA and OPWC loans will be paid in semiannual installments, 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 debt service requirements.

The Kansas State Bank of Manhattan debt relates to a capital lease of the Village's street sweeper that was acquired in 2009 and repaid in 2015.

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

	OPWC Loans	OWDA Loans	Total
Year ending December 31:			
2016	\$ 12,825	\$ 235,277	\$ 248,102
2017	12,825	213,883	226,708
2018	12,825	213,883	226,708
2019	12,825	213,882	226,707
2020	12,825	213,882	226,707
2021-2025	64,126	978,664	1,042,790
2026-2030	21,439	657,043	678,482
2031-2035	-	395,732	395,732
Total	\$ 149,690	\$ 3,122,246	\$ 3,271,936

No amortization schedule is available for OPWC CK13P as the total loan was not disbursed as of December 31, 2015.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

5. 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. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% 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.

7. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

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. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2015, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$ 1,339,719	\$ 1,030,198
Liabilities	<u>(1,051,927)</u>	<u>(882,203)</u>
Accumulated Surplus	\$ <u>287,792</u>	\$ <u>147,995</u>

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 24, 2016

Village of Bradford
Miami County
115 North Main Street
Bradford, OH 45308

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Bradford**, Miami County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 24, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

... "bringing more to the table"

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2015-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2016.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2015 and 2014, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- The 2014 beginning fund cash balance, which was adjusted in the prior audit period for the Village's Agency Fund did not agree to the December 31, 2013 audited ending fund balance. The Agency Fund balance was understated by \$551.
- Cable franchise fees were recorded as Miscellaneous instead of Fines, Licenses and Permits in the General Fund in 2015 and 2014;
- Gasoline excise tax receipt was recorded in 2016 instead of 2015 in the Street Construction, Maintenance and Repair and State Highway Funds;
- Capital lease payments were recorded as Transportation instead of Principal Retirement and Interest and Fiscal Charges in the Street Construction, Maintenance and Repair and State Highway Funds in 2015 and 2014;
- Special revenue fund balances were classified as Unassigned instead of Restricted in 2015 and 2014;
- Street lighting assessment was recorded as Intergovernmental instead of Special Assessments in the Street Lighting Fund in 2015;
- Sidewalk bond deposits were recorded as Earnings on Investments instead of Special Assessments in the Sidewalk Bond Agency Fund in 2015;
- Insurance claim reimbursement was recorded as Special Assessments instead of Miscellaneous in the Street Lighting Fund in 2014;
- OPWC debt issuances were recorded as Miscellaneous instead of Debt Proceeds in the Sewer Fund in 2014;
- OPWC loan distributions and corresponding expenditures were recorded in 2014 on the Village's system, but were adjusted in prior year audit to be properly reflected in 2013 activity;

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

VILLAGE OF BRADFORD
MIAMI COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001 (Continued)

We also recommend the Fiscal Officer refer to the Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – We did not receive a response from the Village Officials to this finding.

FINDING 2015-002

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting 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. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal 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.

VILLAGE OF BRADFORD
MIAMI COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING 2015-002 (Continued)

3. Super Blanket Certificate – The entity 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. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly encumber any expenditures tested during 2015 or 2014 because the Village failed to complete purchase orders of any kind. 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 Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – We did not receive a response from the Village Officials to this finding.

**VILLAGE OF BRADFORD
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Revised Code Section 5705.41(D)(1) – Failure to properly encumber disbursements	No	Not Corrected; Repeated as Finding 2015-002
2013-002	Ohio Revised Code Section 733.28 – Material Financial Statement Errors	No	Not Corrected; Repeated as Finding 2015-001
2013-003	OMB Circular A-133 Subpart C Section 320(a)&(b) – Failure to report to Federal Audit Clearinghouse timely	N/A	Finding No Longer Applicable to Village

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Dave Yost • Auditor of State

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
SEPTEMBER 1, 2016