



**Certified Public Accountants, A.C.**

**VILLAGE OF BRADFORD  
MIAMI COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# 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, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 1, 2018

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VILLAGE OF BRADFORD  
MIAMI COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 25, 2018

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, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016 and the respective changes in financial position or cash 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Bradford, Miami County, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**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 (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 26,960	\$ 163,095	\$ 190,055
Municipal Income Tax	176,631	-	176,631
Intergovernmental	66,586	130,717	197,303
Special Assessments	-	60,954	60,954
Fines, Licenses and Permits	20,758	-	20,758
Earnings on Investments	2	-	2
Miscellaneous	9,302	1,320	10,622
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	300,239	356,086	656,325
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	87,052	64,101	151,153
Leisure Time Activities	11,682	-	11,682
Transportation	-	164,894	164,894
General Government	135,608	-	135,608
Capital Outlay	-	43,782	43,782
Debt Service:			
Principal Retirement	-	37,171	37,171
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	234,342	309,948	544,290
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	65,897	46,138	112,035
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	245,020	233,942	478,962
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	280,080	280,080
Assigned	307,917	-	307,917
Unassigned	3,000	-	3,000
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<b>\$ 310,917</b>	<b>\$ 280,080</b>	<b>\$ 590,997</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>(Memorandum Only)</b>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 946,968	\$ -	\$ 946,968
Miscellaneous	5,300	-	5,300
<i>Total Operating Cash Receipts</i>	<u>952,268</u>	<u>-</u>	<u>952,268</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	154,307	-	154,307
Employee Fringe Benefits	77,959	-	77,959
Contractual Services	254,121	-	254,121
Supplies and Materials	54,967	-	54,967
<i>Total Operating Cash Disbursements</i>	<u>541,354</u>	<u>-</u>	<u>541,354</u>
<i>Operating Income</i>	<u>410,914</u>	<u>-</u>	<u>410,914</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Intergovernmental	825,610	-	825,610
Special Assessments	3,063	-	3,063
Miscellaneous Receipts	362	-	362
Debt Proceeds	48,151	-	48,151
Capital Outlay	(941,569)	-	(941,569)
Principal Retirement	(227,883)	-	(227,883)
Interest and Other Fiscal Charges	(13,102)	-	(13,102)
Other Financing Sources	315	-	315
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(305,053)</u>	<u>-</u>	<u>(305,053)</u>
<i>Net Change in Fund Cash Balances</i>	105,861	-	105,861
<i>Fund Cash Balances, January 1</i>	<u>707,306</u>	<u>1,201</u>	<u>708,507</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 813,167</u></b>	<b><u>\$ 1,201</u></b>	<b><u>\$ 814,368</u></b>

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 Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The Village of Bradford, Miami County, (the Village) as a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected 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.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** – These funds account for and report the proceeds 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*** – The street construction, maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees for construction, maintenance and repair of streets within the Village.

***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*** – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** – The sewer fund accounts for the provision of sanitary sewer services to the residents of the Village.

***Refuse Fund*** – The refuse fund accounts for the provision of garbage collection services to the residents of the Village.

**Village of Bradford**  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2017

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***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, 2017. The Sidewalk Bond Fund receives deposits from developers and refunds those deposits to the developers upon completion of the project.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***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. Appropriations lapse at year end.

***Estimated Resources*** – Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Bradford**  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2017

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

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

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

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

**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 302,105	\$ 300,239	\$ (1,866)
Special Revenue	353,975	356,086	2,111
Enterprise	1,776,339	1,829,769	53,430
Total	\$ 2,432,419	\$ 2,486,094	\$ 53,675

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 547,125	\$ 234,342	\$ 312,783
Special Revenue	587,917	309,948	277,969
Enterprise	2,483,644	1,723,908	759,736
Total	\$ 3,618,686	\$ 2,268,198	\$ 1,350,488

**Note 4 – Deposits**

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

	2017
Demand deposits	\$ 1,405,365
Total deposits	\$ 1,405,365

**Deposits**

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

**Note 5 – Taxes**

**Property Taxes**

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.

**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Taxes (Continued)**

***Income Taxes***

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.

**Note 6 – Risk Management**

***Risk Pool Membership***

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

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

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

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA #3752	\$ 217,385	4.84%
OWDA #4135	95,862	0.00%
OWDA #4430	458,555	0.00%
OWDA #5972	1,865,595	0.00%
OWDA #7435	252,411	2.41%
OWDA #7686	48,151	1.14%
OPWC #CK13P	1,260,000	0.00%
OPWC #CT34H	18,000	0.00%
OPWC #CT22I	47,500	0.00%
OPWC #CT23J	58,540	0.00%
Total	<u>\$ 4,321,999</u>	

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 #4430 is being repaid 58% from the Street Construction, Maintenance and Repair Fund and OPWC CT22I and OPWC CT23J are being repaid 100% from the Street Construction, Maintenance and Repair Fund. 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.

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

Year ending December 31:	<u>OPWC #CK13P</u>	<u>OPWC #CT34H</u>	<u>OPWC #CT22I</u>	<u>OPWC #CT23J</u>	<u>Total OPWC</u>
2018	\$ 46,666	\$ 2,250	\$ 5,000	\$ 5,575	\$ 59,491
2019	46,666	2,250	5,000	5,575	59,491
2020	46,666	2,250	5,000	5,575	59,491
2021	46,666	2,250	5,000	5,575	59,491
2022	46,666	2,250	5,000	5,575	59,491
2023-2027	233,330	6,750	22,500	30,665	293,245
2028-2032	233,330	-	-	-	233,330
2033-2037	233,330	-	-	-	233,330
2038-2042	233,330	-	-	-	233,330
2043-2047	93,350	-	-	-	93,350
Total	<u>\$ 1,260,000</u>	<u>\$ 18,000</u>	<u>\$ 47,500</u>	<u>\$ 58,540</u>	<u>\$ 1,384,040</u>



**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Debt (Continued)**

Year ending December 31:	<u>OWDA #3752</u>	<u>OWDA #4135</u>	<u>OWDA #4430</u>	<u>OWDA #5972</u>	<u>Total OWDA</u>
2018	\$ 40,160	\$ 12,782	\$ 45,856	\$ 113,066	\$ 211,864
2019	40,420	12,782	45,856	113,066	212,124
2020	40,692	12,782	45,856	113,066	212,396
2021	40,978	12,782	45,856	113,067	212,683
2022	41,278	12,782	45,856	113,066	212,982
2023-2027	41,922	31,952	229,275	565,332	868,481
2028-2032	-	-	-	565,332	565,332
2033-2037	-	-	-	169,600	169,600
Total	<u>\$ 245,450</u>	<u>\$ 95,862</u>	<u>\$ 458,555</u>	<u>\$ 1,865,595</u>	<u>\$ 2,665,462</u>

No amortization schedule is available for OWDA #7435 and #7686 as the total loans were not disbursed as of December 31, 2017.

**Note 10 – 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.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 24,649	\$ 153,194	\$ 177,843
Municipal Income Tax	168,880	-	168,880
Intergovernmental	64,191	205,032	269,223
Special Assessments	3,185	60,212	63,397
Fines, Licenses and Permits	20,577	-	20,577
Earnings on Investments	518	-	518
Miscellaneous	4,290	8,603	12,893
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	286,290	427,041	713,331
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	85,065	53,581	138,646
Leisure Time Activities	6,228	-	6,228
Transportation	-	168,008	168,008
General Government	160,926	169	161,095
Capital Outlay	-	162,564	162,564
Debt Service:			
Principal Retirement	-	37,171	37,171
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	252,219	421,493	673,712
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	34,071	5,548	39,619
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	210,949	228,394	439,343
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	233,942	233,942
Assigned	245,020	-	245,020
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 245,020</u>	<u>\$ 233,942</u>	<u>\$ 478,962</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 (REGULATORY CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 897,808	\$ -	\$ 897,808
Miscellaneous	13,407	-	13,407
<i>Total Operating Cash Receipts</i>	<u>911,215</u>	<u>-</u>	<u>911,215</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	150,805	-	150,805
Employee Fringe Benefits	68,832	-	68,832
Contractual Services	259,717	-	259,717
Supplies and Materials	80,502	-	80,502
Other	-	6,795	6,795
<i>Total Operating Cash Disbursements</i>	<u>559,856</u>	<u>6,795</u>	<u>566,651</u>
<i>Operating Income (Loss)</i>	<u>351,359</u>	<u>(6,795)</u>	<u>344,564</u>
<b>Non-Operating Cash Receipts (Disbursements):</b>			
Intergovernmental	118,879	-	118,879
Special Assessments	2,584	3,570	6,154
Miscellaneous Receipts	10,521	-	10,521
Debt Proceeds	255,726	-	255,726
Capital Outlay	(496,096)	-	(496,096)
Principal Retirement	(243,317)	-	(243,317)
Interest and Other Fiscal Charges	(11,601)	-	(11,601)
Other Financing Sources	7,193	-	7,193
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(356,111)</u>	<u>3,570</u>	<u>(352,541)</u>
<i>Net Change in Fund Cash Balances</i>	(4,752)	(3,225)	(7,977)
<i>Fund Cash Balances, January 1</i>	<u>712,058</u>	<u>4,426</u>	<u>716,484</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 707,306</b></u>	<u><b>\$ 1,201</b></u>	<u><b>\$ 708,507</b></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 Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The Village of Bradford, Miami County, (the Village) as a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected 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.

**Public Entity Risk Pool**

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Fund Accounting**

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

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

**Special Revenue Funds** – These funds account for and report the proceeds 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** – The street construction, maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees for construction, maintenance and repair of streets within the Village.

**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** – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** – The sewer fund accounts for the provision of sanitary sewer services to the residents of the Village.

**Refuse Fund** – The refuse fund accounts for the provision of garbage collection services to the residents of the Village.

**Village of Bradford**  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

**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, 2016. The Sidewalk Bond Fund receives deposits from developers and refunds those deposits to the developers upon completion of the project.

**Basis of Accounting**

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

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

**Budgetary Process**

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

**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. Appropriations lapse at year end.

**Estimated Resources** – Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

**Deposits and Investments**

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

**Village of Bradford**  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

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

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

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

**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 285,498	\$ 286,290	\$ 792
Special Revenue	429,569	427,041	(2,528)
Enterprise	1,286,203	1,306,118	19,915
Total	\$ 2,001,270	\$ 2,019,449	\$ 18,179

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 496,447	\$ 252,219	\$ 244,228
Special Revenue	653,989	421,493	232,496
Enterprise	1,771,272	1,310,870	460,402
Total	\$ 2,921,708	\$ 1,984,582	\$ 937,126

**Note 4 – Deposits**

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

	2016
Demand deposits	\$ 1,187,469
Total deposits	\$ 1,187,469

**Deposits**

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

**Note 5 – Taxes**

**Property Taxes**

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.

**Village of Bradford**  
Miami County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

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**Note 5 – Taxes (Continued)**

**Income Taxes**

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.

**Note 6 – Risk Management**

**Risk Pool Membership**

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

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

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

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

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

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

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



**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA #3752	\$ 247,929	4.84%
OWDA #4135	108,644	0.00%
OWDA #4430	504,410	0.00%
OWDA #5972	1,978,661	0.00%
OWDA #7435	255,726	2.41%
OPWC #CK13P	1,306,667	0.00%
OPWC #CT34H	20,250	0.00%
OPWC #CT22I	52,500	0.00%
OPWC #CT23J	64,115	0.00%
Total	<u>\$ 4,538,902</u>	

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 #4430 is being repaid 58% from the Street Construction, Maintenance and Repair Fund and OPWC CT22I and OPWC CT23J are being repaid 100% from the Street Construction, Maintenance and Repair Fund. 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.

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

Year ending December 31:	<u>OPWC #CK13P</u>	<u>OPWC #CT34H</u>	<u>OPWC #CT22I</u>	<u>OPWC #CT23J</u>	<u>Total OPWC</u>
2017	\$ 46,666	\$ 2,250	\$ 5,000	\$ 5,575	\$ 59,491
2018	46,666	2,250	5,000	5,575	59,491
2019	46,666	2,250	5,000	5,575	59,491
2020	46,666	2,250	5,000	5,575	59,491
2021	46,666	2,250	5,000	5,575	59,491
2022-2026	233,330	9,000	27,500	36,240	306,070
2027-2031	233,330	-	-	-	233,330
2032-2036	233,330	-	-	-	233,330
2037-2041	233,330	-	-	-	233,330
2042-2046	140,017	-	-	-	140,017
Total	<u>\$ 1,306,667</u>	<u>\$ 20,250</u>	<u>\$ 52,500</u>	<u>\$ 64,115</u>	<u>\$ 1,443,532</u>

**Village of Bradford**  
*Miami County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 9 – Debt (Continued)**

Year ending December 31:	<u>OWDA #3752</u>	<u>OWDA #4135</u>	<u>OWDA #4430</u>	<u>OWDA #5972</u>	<u>Total OWDA</u>
2017	\$ 40,160	\$ 12,782	\$ 45,856	\$ 113,066	\$ 211,864
2018	40,420	12,782	45,856	113,066	212,124
2019	40,692	12,782	45,856	113,066	212,396
2020	40,978	12,782	45,856	113,067	212,683
2021	41,278	12,782	45,856	113,066	212,982
2022-2026	83,514	44,734	229,280	565,332	922,860
2027-2031	-	-	45,850	565,332	611,182
2032-2036	-	-	-	282,666	282,666
Total	<u>\$ 287,042</u>	<u>\$ 108,644</u>	<u>\$ 504,410</u>	<u>\$ 1,978,661</u>	<u>\$ 2,878,757</u>

No amortization schedule is available for OWDA #7435 as the total loan was not disbursed as of December 31, 2016.

**Note 10 – 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.

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

July 25, 2018

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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 25, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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 2017-001 to be a material weakness.

### **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 2017-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 25, 2018.

### **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, 2017 and 2016*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting Receipts, Disbursements and Classification of Fund Balances**

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- The 2017 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, 2016 ending fund balance. The Agency Fund balance was understated by \$551.
- Subsequent appropriations in the General Fund were classified as Unassigned instead of Assigned in 2017 and 2016.
- Special revenue fund balances were classified as Unassigned instead of Restricted in 2017 and 2016.
- Rollback receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the General, Street Construction, Maintenance and Repair and Fire Levy Funds in 2016 and 2017.
- Special Assessments were recorded as Miscellaneous instead of Special Assessments in the General Fund in 2016.
- Cable franchise fees were recorded as Miscellaneous instead of Fines, Licenses and Permits in the General Fund in 2017 and 2016.
- CDBG grant was recorded as Miscellaneous instead of Intergovernmental in the Street Construction, Maintenance and Repair Fund in 2016 and the Water Fund in 2017.
- OWDA debt payments recorded as Capital Outlay in the Street Construction, Maintenance and Repair Fund in 2016.
- State Highway Fund disbursements were recorded as General Government instead of Transportation in 2016.
- OPWC on-behalf funds were not recorded properly as Intergovernmental revenue and Capital Outlay disbursement in the Water Fund in 2016.
- OPWC grants were recorded as Miscellaneous instead of Intergovernmental in the Water Fund in 2016 and 2017.
- OWDA debt proceeds were recorded as Miscellaneous instead of Debt Proceeds in the Water and Sewer Funds in 2016.
- OWDA debt was not properly recorded as Debt Proceeds revenue and Capital Outlay disbursement in the Water and Sewer Funds in 2016 and 2017.
- The interest portion of an OWDA debt payment was posted as Principal Retirement instead of Interest and Other Fiscal Charges in the Water and Sewer Funds in 2017.
- Construction deposit was recorded as Miscellaneous instead of Special Assessments in the Agency Fund in 2016.
- Fire Levy Fund disbursements were recorded as Transportation instead of Security of Persons and Property in 2017.

**Village of Bradford**  
Miami County  
Schedule of Audit Findings  
For the Years Ended December 31, 2017 and 2016

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

**FINDING NUMBER 2017-001 (Continued)**

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.

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.

We also recommend the Clerk/Treasurer refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and disbursements and refer to the Auditor of State Technical 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 2017-002**

**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, 2017 and 2016*

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2017-002 (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 2017 or 2016 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 Clerk/Treasurer 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, 2017 and 2016*

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Finding Number	Finding Summary	Status	Additional Information
2015-001	Posting Receipts, Disbursements and Classification of Fund Balances	No	Not Corrected; Repeated as Finding 2017-001
2015-002	Ohio Revised Code Section 5705.41(D)(1) – Failure to properly encumber disbursements	No	Not Corrected; Repeated as Finding 2017-002





# 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  
OCTOBER 11, 2018