



**Auditor of State  
Betty Montgomery**



VILLAGE OF BRADFORD  
MIAMI COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradford, Miami County, (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Bradford, Miami County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule for the year ended December 31, 2003, is presented for additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

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

**Betty Montgomery**  
Auditor of State

August 19, 2004

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$142,117	\$91,194		\$233,311
Special Assessments		22,170		22,170
Intergovernmental Receipts	116,023	83,344	\$595	199,962
Fines, Licenses, and Permits	8,516	1,195		9,711
Earnings on Investments	10,217			10,217
Miscellaneous	9,603	620	450	10,673
<b>Total Cash Receipts</b>	<u>286,476</u>	<u>198,523</u>	<u>1,045</u>	<u>486,044</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	164,538	44,618	1,963	211,119
Leisure Time Activities	7,072			7,072
Transportation		182,361		182,361
General Government	132,555	1,463	3,635	137,653
Capital Outlay	5,797			5,797
<b>Total Cash Disbursements</b>	<u>309,962</u>	<u>228,442</u>	<u>5,598</u>	<u>544,002</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(23,486)</u>	<u>(29,919)</u>	<u>(4,553)</u>	<u>(57,958)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		4,923		4,923
Transfers-Out	(4,923)			(4,923)
Other Sources	1,553			1,553
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(3,370)</u>	<u>4,923</u>		<u>1,553</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(26,856)</u>	<u>(24,996)</u>	<u>(4,553)</u>	<u>(56,405)</u>
<b>Fund Cash Balances, January 1</b>	<u>137,323</u>	<u>151,470</u>	<u>28,094</u>	<u>316,887</u>
<b>Fund Cash Balances, December 31</b>	<u>\$110,467</u>	<u>\$126,474</u>	<u>\$23,541</u>	<u>\$260,482</u>

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

VILLAGE OF BRADFORD  
MIAMI COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$657,390			\$657,390
Miscellaneous	950			950
Total Operating Cash Receipts	<u>658,340</u>			<u>658,340</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	175,377			175,377
Contractual Services	158,395			158,395
Supplies and Materials	69,241			69,241
Capital Outlay	449,088			449,088
Total Operating Cash Disbursements	<u>852,101</u>			<u>852,101</u>
Operating Income/(Loss)	<u>(193,761)</u>			<u>(193,761)</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	72			72
Special Assessments	4,975			4,975
Loan Proceeds	281,565			281,565
Other Non-Operating Receipts	22,074		\$12,015	34,089
Total Non-Operating Cash Receipts	<u>308,686</u>		<u>12,015</u>	<u>320,701</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	141,738			141,738
Other Non-Operating Expenses			11,430	11,430
Total Non-Operating Cash Disbursements	<u>141,738</u>		<u>11,430</u>	<u>153,168</u>
Excess of Receipts Over/(Under) Disbursements	(26,813)		585	(26,228)
Fund Cash Balances, January 1	<u>279,117</u>	<u>\$650</u>	<u>713</u>	<u>280,480</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$252,304</u></b>	<b><u>\$650</u></b>	<b><u>\$1,298</u></b>	<b><u>\$254,252</u></b>

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



**VILLAGE OF BRADFORD  
MIAMI COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$134,409	\$87,411		\$221,820
Special Assessments		21,277		21,277
Intergovernmental Receipts	136,304	73,438	\$10,948	220,690
Fines, Licenses, and Permits	12,379	1,388		13,767
Earnings on Investments	7,585			7,585
Miscellaneous	8,744		840	9,584
	<u>299,421</u>	<u>183,514</u>	<u>11,788</u>	<u>494,723</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	152,411	46,262	12,416	211,089
Leisure Time Activities	8,580			8,580
Transportation		85,512		85,512
General Government	126,953	2,170	2,170	131,293
Capital Outlay	13,559			13,559
	<u>301,503</u>	<u>133,944</u>	<u>14,586</u>	<u>450,033</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(2,082)</u>	<u>49,570</u>	<u>(2,798)</u>	<u>44,690</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Other Sources	3,783	245		4,028
	<u>3,783</u>	<u>245</u>		<u>4,028</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,701	49,815	(2,798)	48,718
Fund Cash Balances, January 1	135,622	101,655	30,892	268,169
<b>Fund Cash Balances, December 31</b>	<b><u>\$137,323</u></b>	<b><u>\$151,470</u></b>	<b><u>\$28,094</u></b>	<b><u>\$316,887</u></b>
Reserves for Encumbrances, December 31	<u>\$45,270</u>	<u>\$0</u>	<u>\$0</u>	<u>\$45,270</u>

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$676,480			\$676,480
Miscellaneous	1,108			1,108
Total Operating Cash Receipts	<u>677,588</u>			<u>677,588</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	165,781			165,781
Contractual Services	150,609			150,609
Supplies and Materials	68,164			68,164
Capital Outlay	140,061			140,061
Total Operating Cash Disbursements	<u>524,615</u>			<u>524,615</u>
Operating Income/(Loss)	<u>152,973</u>			<u>152,973</u>
<b>Non-Operating Cash Receipts:</b>				
Loan Proceeds	35,658			35,658
Special Assessments	4,462			4,462
Other Non-Operating Receipts	100		\$13,906	14,006
Total Non-Operating Cash Receipts	<u>40,220</u>		<u>13,906</u>	<u>54,126</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	141,738			141,738
Other Non-Operating Expenses			13,223	13,223
Total Non-Operating Cash Disbursements	<u>141,738</u>		<u>13,223</u>	<u>154,961</u>
Excess of Receipts Over/(Under) Disbursements	51,455		683	52,138
Fund Cash Balances, January 1	<u>227,662</u>	<u>\$650</u>	<u>30</u>	<u>228,342</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$279,117</b></u>	<u><b>\$650</b></u>	<u><b>\$713</b></u>	<u><b>\$280,480</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  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bradford, Miami County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, refuse services, park operations, and police services. The Village appropriates fire levy money to support a volunteer fire department.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

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

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

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

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

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

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

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

**Mayor's Court Activity Fund** - This fund receives fines collected through Mayor's Court.

**E. Budgetary Process**

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

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

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

	<b>2003</b>	<b>2002</b>
Demand deposits	\$358,791	\$443,193
STAR Ohio	155,943	154,174
Total deposits and investments	514,734	597,367

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

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$290,428	\$288,029	(\$2,399)
Special Revenue	193,098	203,446	10,348
Capital Projects	420,000	1,045	(418,955)
Enterprise	990,123	967,026	(23,097)
Fiduciary	2,000	0	(2,000)
Total	<u>\$1,895,649</u>	<u>\$1,459,546</u>	<u>(\$436,103)</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$420,166	\$314,885	\$105,281
Special Revenue	380,247	228,442	151,805
Capital Projects	420,000	5,598	414,402
Enterprise	1,269,238	993,839	275,399
Fiduciary	2,650	0	2,650
Total	<u>\$2,492,301</u>	<u>\$1,542,764</u>	<u>\$949,537</u>

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$303,858	\$303,204	(\$654)
Special Revenue	201,543	183,759	(17,784)
Capital Projects	430,000	11,788	(418,212)
Enterprise	685,000	717,808	32,808
Fiduciary	5,000	0	(5,000)
Total	<u>\$1,625,401</u>	<u>\$1,216,559</u>	<u>(\$408,842)</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$427,291	\$346,773	\$80,518
Special Revenue	334,092	133,944	200,148
Capital Projects	430,000	14,586	415,414
Enterprise	912,662	666,353	246,309
Fiduciary	5,650	0	5,650
Total	<u>\$2,109,695</u>	<u>\$1,161,656</u>	<u>\$948,039</u>

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$801,342	2%
Ohio Water Development Authority Loan	39,338	2%
Ohio Water Development Authority Loan	188,949	6%
Ohio Water Development Authority Loan	112,500	0%
Total	<u>\$1,142,129</u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant improvements that are mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$53,915, including interest, over 20 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

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

	<b>OWDA Loan</b>
Year ending December 31:	
2004	141,724
2005	141,724
2006	141,724
2007	141,724
Subsequent	742,702
Total	\$1,309,598

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2003 and 2002.

	<u>2003</u>	<u>2002 (Restated)</u>
Assets	\$1,811,340	\$1,852,060
Liabilities	(3,653,152)	(3,858,213)
Retained deficit	(\$1,841,812)	(\$2,006,153)



**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. Department of Housing &amp; Urban Development</b> (Passed through Ohio Department of Development)			
Community Development Block Grants/State's Program	CW-01-371-1	14.228	\$417,000
<b>Department of Homeland Security</b> (Passed through Ohio Emergency Management Agency)			
Public Assistance Grant	1453-DR-037-08084	97.036	<u>3,466</u>
Total Federal Financial Assistance			<u><u>\$420,466</u></u>

*The accompanying notes to this schedule are an integral part of the schedule.*

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL AWARDS**

The Federal Homeland Security Act of 2002 established the Department of Homeland Security (the Department) to consolidate functions of other Federal agencies related to homeland security. Effective January 24, 2003, the Department began to administer certain Federal awards the Village previously received from other Federal agencies. The accompanying Federal Awards Expenditure Schedule reports all such 2003 award amounts under the Department's Catalog of Federal Domestic Assistance (CFDA) numbers. The purposes and compliance requirement of these programs has not changed.

<b>Previous Federal Agency</b>	<b>CFDA No. used In 2002</b>	<b>Homeland Security CFDA No. used for 2003</b>
Federal Emergency Management Agency	83.544	97.036

**NOTE C - MATCHING REQUIREMENTS**

The Community Development Block grant required that the Village obtain non-Federal funds (matching funds) to support this Federally-funded program. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



## **Auditor of State Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of the Village of Bradford, Miami County, (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated August 19, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated August 19, 2004.

This report is intended for the information and use of management and the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 19, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Village Council:

#### Compliance

We have audited the compliance of the Village of Bradford, Miami County, (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

#### Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance  
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Village Council, and federal awarding agencies and pass-through agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 19, 2004

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002  
OMB CIRCULAR A -133 § .505 For the Year Ended December 31, 2003**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.228 Community Development Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

VILLAGE OF BRADFORD  
MIAMI COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

NONCOMPLIANCE CERTIFYING THE AVAILABILITY OF FUNDS

FINDING NUMBER 2003-001

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

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

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

Amounts of less than \$1,000 (\$3,000, effective April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation will be eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring Financial Condition and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 15% expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending fund and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.



**FINDING NUMBER 2003-002  
(Continued)**

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

**FINDING NUMBER 2003- 002**

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

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

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

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

The Village allocated interest to the Equipment Fund, contrary to the above statute. The total interest allocated to the fund during 2003 was \$4,923 and during 2003 was \$7,585. This was 98% of total revenue during 2003 and 96% during 2002. The financial statements have been adjusted accordingly.

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

<p><b>3. Findings and Questioned Costs for Federal Awards - For the Year Ended December 31, 2003</b></p>
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None.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
<b>2001-001</b>	Revised Code 5705.41 (D), failure to certify funds	No	Not Corrected, repeated for current audit period
<b>2001-002</b>	Revised Code 135.21, allocation of interest	No	Not Corrected, repeated for current audit period
<b>2001-003</b>	Failure to obtain SAS 70 for income taxes third-party administrator	N/A	No Longer Valid, control risk assessed at the maximum.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF BRADFORD**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 4, 2004**