



**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



VILLAGE OF BRADFORD  
MIAMI COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradford, Miami County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 7, 2000

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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, 1999**

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$137,450	\$90,907		\$228,357
Intergovernmental Receipts	127,244	70,344		197,588
Special Assessments		14,299		14,299
Fines, Licenses, and Permits	16,173	1,714		17,887
Miscellaneous	<u>25,926</u>	<u>14,254</u>	570	<u>40,750</u>
Total Cash Receipts	306,793	191,518	570	498,881
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	142,793	42,425	5,919	191,137
Leisure Time Activities	16,850	9,079		25,929
Transportation		63,915		63,915
General Government	122,380	1,534	3,305	127,219
Capital Outlay	<u>17,230</u>	<u>77,967</u>		<u>95,197</u>
Total Cash Disbursements	<u>299,253</u>	<u>194,920</u>	9,224	<u>503,397</u>
Total Receipts Over / (Under) Disbursements	7,540	(3,402)	(8,654)	(4,516)
Other Financing Receipts / (Disbursements):				
Transfers In			17,581	17,581
Transfers Out	(17,581)			(17,581)
Other Sources	1,320	14,937		16,257
Other Uses	<u>(2,219)</u>			<u>(2,219)</u>
Total Other Financing Receipts / (Disbursements)	<u>(18,480)</u>	14,937	17,581	<u>14,038</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(10,940)	11,535	8,927	9,522
Fund Cash Balances, January 1, 1999	<u>129,888</u>	<u>101,073</u>	<u>37,923</u>	<u>268,884</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$118,948</u></b>	<b><u>\$112,608</u></b>	<b><u>\$46,850</u></b>	<b><u>\$278,406</u></b>
Reserve for Encumbrances, December 31, 1999	<u>\$11,759</u>			

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPES</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>Agency</u>	
<b>Cash Receipts:</b>				
Charges for Services	\$507,578			\$507,578
Miscellaneous	3,673			3,673
<b>Total Cash Receipts</b>	<b>511,251</b>			<b>511,251</b>
<b>Cash Disbursements:</b>				
Personal Services	159,280			159,280
Contractual Services	121,718			121,718
Supplies and Materials	68,675			68,675
Capital Outlay	111,500			111,500
<b>Total Cash Disbursements</b>	<b>461,173</b>			<b>461,173</b>
Operating Income / (Loss)	50,078			50,078
Non-Operating Cash Receipts / (Disbursements):				
Intergovernmental Revenue	10,283			10,283
Other Non-Operating Revenues	13,248	4,424	20,806	38,478
Debt Service	(141,725)			(141,725)
Other Non-Operating Expenses		(10,723)	(17,687)	(28,410)
<b>Total Non-Operating Cash Receipts / Disbursements</b>	<b>(118,194)</b>	<b>(6,299)</b>	<b>3,119</b>	<b>(121,374)</b>
Net Receipts Over / (Under) Disbursements	(68,116)	(6,299)	3,119	(71,296)
<b>Fund Cash Balances, January 1, 1999</b>	<b>257,323</b>	<b>6,949</b>	<b>2</b>	<b>264,274</b>
Fund Cash Balances, December 31, 1999	\$189,207	\$650	\$3,121	\$192,978

*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, 1998**

	<u>GOVERNMENTAL FUND TYPES</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$134,002	\$93,084		\$227,086
Intergovernmental Receipts	110,605	67,738		178,343
Special Assessments		12,703		12,703
Fines, Licenses, and Permits	20,658	1,914		22,572
Miscellaneous	28,912	14,060	274	43,246
<b>Total Cash Receipts</b>	<b>294,177</b>	<b>189,499</b>	<b>274</b>	<b>483,950</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	135,588	70,525	3,482	209,595
Leisure Time Activities	1,788	14,021		15,809
Basic Utility Services			2,000	2,000
Transportation		131,538	2,000	133,538
General Government	106,727	2,643	6,000	115,370
<b>Total Cash Disbursements</b>	<b>244,103</b>	<b>218,727</b>	<b>13,482</b>	<b>476,312</b>
<b>Total Receipts Over / (Under) Disbursements</b>	<b>50,074</b>	<b>(29,228)</b>	<b>(13,208)</b>	<b>7,638</b>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers In		5,000	21,665	26,665
Transfers Out	(26,665)			(26,665)
Other Sources	6,432	30,947		37,379
Other Uses	(2,626)			(2,626)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(22,859)</b>	<b>35,947</b>	<b>21,665</b>	<b>34,753</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>27,215</b>	<b>6,719</b>	<b>8,457</b>	<b>42,391</b>
<b>Fund Cash Balances, January 1, 1998</b>	<b>102,673</b>	<b>94,354</b>	<b>29,466</b>	<b>226,493</b>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$129,888</u></b>	<b><u>\$101,073</u></b>	<b><u>\$37,923</u></b>	<b><u>\$268,884</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 - PROPRIETARY FUND TYPE  
AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUNDS</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>Agency</u>	
<b>Cash Receipts:</b>				
Charges for Services	\$496,291			\$496,291
Miscellaneous	7,993			7,993
<b>Total Cash Receipts</b>	<b>504,284</b>			<b>504,284</b>
<b>Cash Disbursements:</b>				
Personal Services	139,374			139,374
Contractual Services	116,164			116,164
Supplies and Materials	78,364			78,364
Capital Outlay	64,493			64,493
<b>Total Cash Disbursements</b>	<b>398,395</b>			<b>398,395</b>
Operating Income / (Loss)	105,889			105,889
Non-Operating Cash Receipts / (Disbursements):				
Other Non-Operating Revenues	13,575	7,424	19,301	40,300
Intergovernmental		4,112		4,112
Taxes	5,846			5,846
Debt Service	(141,724)			(141,724)
Other Non-Operating Expenses		(4,587)	(21,330)	(25,917)
<b>Total Non-Operating Cash Receipts / Disbursements</b>	<b>(122,303)</b>	<b>6,949</b>	<b>(2,029)</b>	<b>(117,383)</b>
Net Receipts Over / (Under) Disbursements	(16,414)	6,949	(2,029)	(11,494)
Fund Cash Balances, January 1, 1998	273,737		2,031	275,768
<b>Fund Cash Balances, December 31, 1998</b>	<b>\$257,323</b>	<b>\$6,949</b>	<b>\$2</b>	<b>\$264,274</b>

*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, 1999 AND 1998**

**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 general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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:

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

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**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 capital project fund:

Equipment Fund - This fund receives interest. The proceeds are being used to purchase equipment for village use.

**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.

**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.

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**E. Budgetary Process (Continued)**

**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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 334,565	\$ 403,016
STAR Ohio	<u>136,819</u>	<u>130,142</u>
Total deposits and investments	<u>\$ 471,384</u>	<u>\$ 533,158</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (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, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 274,139	\$ 308,113	\$ 33,974
Special Revenue	196,237	206,455	10,218
Capital Projects	22,000	18,151	(3,849)
Enterprise	523,500	534,782	11,282
Trust	10,000	4,424	(5,576)
Total	\$ 1,025,876	\$ 1,071,925	\$ 46,049

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 403,527	\$ 330,812	\$ 72,715
Special Revenue	297,308	194,920	102,388
Capital Projects	59,923	9,224	50,699
Enterprise	779,834	602,898	176,936
Trust	16,950	10,723	6,227
Total	\$ 1,557,542	\$ 1,148,577	\$ 408,965

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 251,708	\$ 300,609	\$ 48,901
Special Revenue	215,991	225,446	9,455
Capital Projects	17,000	21,939	4,939
Enterprise	506,300	523,705	17,405
Trust	10,000	11,536	1,536
Total	\$ 1,000,999	\$ 1,083,235	\$ 82,236

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 354,380	\$ 273,394	\$ 80,986
Special Revenue	310,344	218,727	91,617
Capital Projects	46,466	13,482	32,984
Enterprise	780,037	540,119	239,918
Trust	10,000	4,587	5,413
Total	\$ 1,501,227	\$ 1,050,309	\$ 450,918

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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 payment, 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. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 1,134,045	2%
Ohio Water Development Authority Loan	46,866	2%
Ohio Water Development Authority Loan	223,503	2%
Ohio Water Development Authority Loan	162,500	2%
Total	\$ 1,566,914	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant improvements. All debt obligations are paid separately semi-annually.

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

Year ending December 31:	OWDA Loan
2000	\$ 141,724
2001	141,724
2002	141,724
2003	141,724
2004	141,724
Subsequent	1,024,733
Total	\$ 1,733,353

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's law enforcement belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance to full-time employees through a private carrier.

**8. LEGAL COMPLIANCE**

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

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





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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradford, Miami County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 7, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 1999-30355-001 and 1999-30355-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 7, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-30355-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 7, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

June 7, 2000

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-30355-001</b>
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Ohio Rev. Code Section 5705.41(D) states that no order or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Ohio Rev. Code Section 5705.41(D) provides for the following exception to this requirement::

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance, both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Village had not encumbered any of the tested expenditures. The failure to encumber funds when the commitment is made could allow for funds to be used for other items and could lead to overspending of public funds. Therefore, the Village was in violation of the above provisions, including the exception listed above which indicates the fiscal officer could not properly certify that funds were free from prior encumbrance as is required by the aforementioned Section.

<b>Finding Number</b>	<b>1999-30355-002</b>
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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, § 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 1998 was \$21,665 and during 1999 was \$17,851, which represents 99.7% of 1998 revenue and 96.9% of 1999 revenue for this fund. The financial statements have been adjusted to properly state these interest earnings.

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

**VILLAGE OF BRADFORD  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 1999 AND 1998  
(Continued)**

<b>Finding Number</b>	<b>1999-30355-003</b>
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**Recreation Fund**

The Village administers a summer baseball / softball program for the children that live in the Village. Revenue is generated in this fund through registration fees, sponsor fees, and fundraisers. The following problems were encountered during testing:

- A formally approved fee schedule for registration fees and sponsor fees was not adopted.
- Receipts were not written for collection of registration fees or sponsor fees.
- Registration forms were not maintained.
- Minutes of the appointed "Recreation Board" were not maintained for 1998.
- Sponsor fees shown in the village receipt ledger did not correspond to the number of sponsors identified for 1998.
- The Village contracted with a local organization to manage the concession stand for the summer of 1999. The daily receipts collected from the concession stand were deposited into the organizations account throughout the summer. At the end of the summer, a check was written to the Village for their portion of the profit.
- A candy sale was held during 1999. The amount of receipts did not correspond to the number of candy bars ordered.
- Revenue collected for this program is received by individuals who are not employees of the village, therefore are not bonded.

To ensure all Village funds are safeguarded, the following procedures should be implemented:

- Formally adopt a fee schedule identifying registration and sponsorship fees.
- S Prenumbered receipts should be written for all team registration and sponsor fees collected.
- S All source documentation should be maintained.
- S The Recreation Board should record and maintain minutes for their meetings.
- S Reconciliations should be performed to assure that fees collected are properly posted to the Village ledgers, amounts collected for the candy sales agree with the amounts of candy ordered, and a review of the organization managing the concession stand to assure that the Village is receiving the correct amount of profit that is generated by this activity.
- S A blanket bond should be purchased to cover persons collecting fees and / or working in the concession stand.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
JULY 25, 2000**