



**Auditor of State  
Betty Montgomery**



VILLAGE OF BRADNER  
WOOD COUNTY

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**Auditor of State  
Betty Montgomery**

Village of Bradner  
Wood County  
130 North Main Street  
PO Box 599  
Bradner, Ohio 43406-0599

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 21, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Bradner  
Wood County  
130 North Main Street  
PO Box 599  
Bradner, Ohio 43406-0599

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradner, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial

statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, 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 as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

November 21, 2005

**VILLAGE OF BRADNER  
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$31,429	\$23,244	\$11,351		\$66,024
Municipal Income Tax	70,504	16,656		\$35,599	122,759
Special Assessments		18,067			18,067
Intergovernmental Receipts	87,774	54,083	1,457		143,314
Charges for Services		34,690			34,690
Fines, Licenses, and Permits	32,493	35			32,528
Earnings on Investments	16,055	1,076			17,131
Miscellaneous	1,118	10,326			11,444
	<u>239,373</u>	<u>158,177</u>	<u>12,808</u>	<u>35,599</u>	<u>445,957</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	63,193	37,109			100,302
Public Health Services	9,913				9,913
Leisure Time Activities		31,607		122	31,729
Community Environment	2,878	4,500			7,378
Basic Utility Services	522		215	192,392	193,129
Transportation	11,490	149,967			161,457
General Government	100,558	2,197			102,755
Debt Service:					
Principal Payments			163,871		163,871
Interest Payments			59,775		59,775
	<u>188,554</u>	<u>225,380</u>	<u>223,861</u>	<u>192,514</u>	<u>830,309</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	<u>50,819</u>	<u>(67,203)</u>	<u>(211,053)</u>	<u>(156,915)</u>	<u>(384,352)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	40,365		217,914		258,279
Transfers-Out	(45,834)	(42,039)	(11,866)	(2,147)	(101,886)
	<u>(5,469)</u>	<u>(42,039)</u>	<u>206,048</u>	<u>(2,147)</u>	<u>156,393</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	45,350	(109,242)	(5,005)	(159,062)	(227,959)
<b>Fund Cash Balances, January 1</b>	<u>45,256</u>	<u>259,101</u>	<u>53,699</u>	<u>163,922</u>	<u>521,978</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$90,606</u></u>	<u><u>\$149,859</u></u>	<u><u>\$48,694</u></u>	<u><u>\$4,860</u></u>	<u><u>\$294,019</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$3,925</u></u>	<u><u>\$9,133</u></u>	<u><u>\$4,150</u></u>	<u><u>\$0</u></u>	<u><u>\$17,208</u></u>

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

**VILLAGE OF BRADNER  
WOOD 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, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,054,791		\$1,054,791
Fines, Licenses and Permits	\$1,750	\$35,185	\$36,935
Miscellaneous	2,701		2,701
Total Operating Cash Receipts	<u>1,059,242</u>	<u>35,185</u>	<u>1,094,427</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	259,534		259,534
Transportation	922		922
Contractual Services	550,599		550,599
Supplies and Materials	87,062		87,062
Capital Outlay	51,587		51,587
Total Operating Cash Disbursements	<u>949,704</u>	<u>0</u>	<u>949,704</u>
Operating Income	<u>109,538</u>	<u>35,185</u>	<u>144,723</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<u>20,686</u>		<u>20,686</u>
Total Non-Operating Cash Receipts	<u>20,686</u>	<u>0</u>	<u>20,686</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		<u>38,140</u>	<u>38,140</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>38,140</u>	<u>38,140</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	130,224	(2,955)	127,269
Transfers-In	35,534		35,534
Transfers-Out	<u>(191,927)</u>		<u>(191,927)</u>
Net Receipts Over/(Under) Disbursements	(26,169)	(2,955)	(29,124)
Fund Cash Balances, January 1	<u>958,468</u>	<u>2,955</u>	<u>961,423</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$932,299</u></b>	<b><u>\$0</u></b>	<b><u>\$932,299</u></b>
Reserve for Encumbrances, December 31	<u>\$34,227</u>	<u>\$0</u>	<u>\$34,227</u>

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

**VILLAGE OF BRADNER  
WOOD 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>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$29,239	\$18,425	\$10,172		\$57,836
Municipal Income Taxes	58,238	24,889		\$38,335	121,462
Special Assessments		17,690			17,690
Intergovernmental Receipts	86,814	57,037	1,453		145,304
Charges for Services	626	36,937			37,563
Fines, Licenses, and Permits	15,590	50			15,640
Earnings on Investments	18,149	1,522			19,671
Miscellaneous	6,662	12,467		76	19,205
<b>Total Cash Receipts</b>	<u>215,318</u>	<u>169,017</u>	<u>11,625</u>	<u>38,411</u>	<u>434,371</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	70,632	42,283			112,915
Public Health Services	6,871				6,871
Leisure Time Activities	2,856	22,927			25,783
Community Environment	4,247	6,536			10,783
Basic Utility Services	1,974				1,974
Transportation	27,381	34,924			62,305
General Government	108,512	2,138			110,650
Debt Service:					
Principal Payments			134,675		134,675
Interest Payments			65,638		65,638
Capital Outlay		67,444		16,216	83,660
<b>Total Cash Disbursements</b>	<u>222,473</u>	<u>176,252</u>	<u>200,313</u>	<u>16,216</u>	<u>615,254</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(7,155)</u>	<u>(7,235)</u>	<u>(188,688)</u>	<u>22,195</u>	<u>(180,883)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	30,448	3,767	250,091		284,306
Other Financing Sources	7,726	12,438			20,164
Transfers-Out	(40,061)	(44,638)	(67,777)		(152,476)
Other Financing Uses			(142)		(142)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,887)</u>	<u>(28,433)</u>	<u>182,172</u>	<u>0</u>	<u>151,852</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,042)	(35,668)	(6,516)	22,195	(29,031)
Fund Cash Balances, January 1	54,298	294,769	60,215	141,727	551,009
<b>Fund Cash Balances, December 31</b>	<u><u>\$45,256</u></u>	<u><u>\$259,101</u></u>	<u><u>\$53,699</u></u>	<u><u>\$163,922</u></u>	<u><u>\$521,978</u></u>
Reserves for Encumbrances, December 31	<u><u>\$2,346</u></u>	<u><u>\$18,771</u></u>	<u><u>\$0</u></u>	<u><u>\$5,810</u></u>	<u><u>\$26,927</u></u>

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

**VILLAGE OF BRADNER  
WOOD 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**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,047,245		\$1,047,245
Fines, Licenses and Permits	\$6,915	\$19,867	\$26,782
Miscellaneous	5,069		5,069
	<u>1,059,229</u>	<u>19,867</u>	<u>1,079,096</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	230,276		230,276
Transportation	2,238		2,238
Contractual Services	465,410		465,410
Supplies and Materials	62,321		62,321
Capital Outlay	20,215		20,215
	<u>780,460</u>	<u>0</u>	<u>780,460</u>
Operating Income	<u>278,769</u>	<u>19,867</u>	<u>298,636</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	34,034		34,034
Other Non-Operating Receipts	610		610
	<u>34,644</u>	<u>0</u>	<u>34,644</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		16,912	16,912
	<u>0</u>	<u>16,912</u>	<u>16,912</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	313,413	2,955	316,368
Transfers-In	99,071		99,071
Transfers-Out	(230,901)		(230,901)
Net Receipts Over/(Under) Disbursements	181,583	2,955	184,538
Fund Cash Balances, January 1	<u>776,885</u>	<u>0</u>	<u>776,885</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$958,468</u></b>	<b><u>\$2,955</u></b>	<b><u>\$961,423</u></b>
Reserve for Encumbrances, December 31	<u>\$11,982</u>	<u>\$0</u>	<u>\$11,982</u>

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

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bradner, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water, sewer, and electric utilities, park operations, and police services, ambulance services, fire protection, planning and zoning.

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

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village of Bradner is a Non-Financing Participant and an Owner Participant with an ownership percentage of .09% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$42,198 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2004 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The Village's liability for the bonds is disclosed in Note 9.

**Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The Village of Bradner is a Financing Participant with an ownership percentage of .35 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2004 Bradner has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$30,258 at December 31, 2004. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

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

The Village values certificates of deposit at cost. STAR Ohio is recorded at share values reported by the mutual fund.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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 Fund -This fund receives real estate tax, personal property tax, and monies charged for fire protection to surrounding entities. These monies are used to provide fire protection to Village residents and to those entities that contract with the Village to provide such services.

Village Hall Renovation Fund – This fund receives municipal income tax and private donation money for renovating the Village Hall.

MVL Permissive Tax Fund – This fund receives auto registration permissive tax money and investment income to repair and reconstruct roadways within the Village.

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service funds:

Sanitary Sewer Fund – This fund receives real estate tax and personal property tax money for payment of bonds issued to improve the Village's sanitary sewer system.

Electric Finance Fund – This fund receives money from the Electric Fund user charges for payment of the bond anticipation notes for AMP-Ohio.

Fire Fund – This fund receives money from a promissory note issued by the Village to purchase a fire truck.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Storm Sewer Capital Fund – This fund receives municipal income tax money for the construction of storm sewers.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Electric Fund - This fund receives charges for services from residents to cover the cost of providing electric utilities.

**6. Fiduciary Funds (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayor's Court Fund – This fund receives revenues from ticket fines and court costs and is used to account for revenue and disbursements for 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. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered 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 approve estimated resources.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for one week of unused vacation leave and twenty-five percent of the value of unused sick leave up to a maximum of thirty days. 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 all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2004	2003
Demand deposits	\$253,282	\$498,998
Certificates of deposit	710,257	724,944
Total deposits	963,539	1,223,942
 STAR Ohio	 262,779	 259,459
Total deposits and investments	\$1,226,318	\$1,483,401

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$251,018	\$279,738	\$28,720
Special Revenue	221,057	158,177	(62,880)
Debt Service	217,783	230,722	12,939
Capital Projects	129,500	35,599	(93,901)
Enterprise	1,187,075	1,115,462	(71,613)
Fiduciary	20,000	35,185	15,185
Total	<u>\$2,026,433</u>	<u>\$1,854,883</u>	<u>(\$171,550)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$281,923	\$238,313	\$43,610
Special Revenue	370,226	276,552	93,674
Debt Service	225,846	239,877	(14,031)
Capital Projects	255,457	194,661	60,796
Enterprise	1,387,845	1,175,858	211,987
Total	<u>\$2,521,297</u>	<u>\$2,125,261</u>	<u>\$396,036</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$255,968	\$253,492	(\$2,476)
Special Revenue	240,280	185,222	(55,058)
Debt Service	187,949	261,716	73,767
Capital Projects	36,400	38,411	2,011
Enterprise	1,172,137	1,192,944	20,807
Fiduciary	20,000	19,867	(133)
Total	<u>\$1,912,734</u>	<u>\$1,951,652</u>	<u>\$38,918</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$287,603	\$264,880	\$22,723
Special Revenue	437,633	239,661	197,972
Debt Service	201,238	268,232	(66,994)
Capital Projects	145,100	22,026	123,074
Enterprise	1,443,671	1,023,343	420,328
Total	<u>\$2,515,245</u>	<u>\$1,818,142</u>	<u>\$697,103</u>

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one 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, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$67,743	2.00%
Farmers Home Adm. (Sanitary Sewer Bond)	801,000	5.00%
Farmers Home Adm. (Sanitary Sewer Bond)	184,000	5.00%
Bond Anticipation Note (AMP-Ohio)	200,000	1.25%
OPWC Loan	46,850	0.00%
Kansas State Bank (Lease)	31,023	4.20%
Ford Motor Credit (Lease)	9,059	
Total	<u>\$1,339,675</u>	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant project that was mandated by the Ohio Environmental Protection Agency. The OWDA has provided \$162,031 in loans to the Village for this project. The loans will be repaid in semi-annual installments of \$4,150, including interest, over 25 years. The scheduled payment amount below reflects \$162,031 that was borrowed. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

The Village entered into an agreement on May 1, 1989 to issue \$975,000 in sanitary sewer bonds at a rate of 5% for sanitary sewer improvements including construction of sanitary sewers and a sewage treatment plant. These bonds mature on May 1, 2029.

The Village entered into an agreement on May 1, 1989 to issue \$300,000 in sanitary sewer bonds at a rate of 5% for sanitary sewer improvements including construction of sanitary sewers and a sewage treatment plant. These bonds mature on May 1, 2027.

The Village entered into an agreement on March 25, 1999 to issue \$475,000 in Electric System Improvement Bond Anticipation Notes at a variable interest rate over the life of the bonds. These bonds mature on July 1, 2013.

The Village entered into an agreement on November 3, 2003 with OPWC to loan \$50,649 for Water System Improvements. This is a zero interest loan that will be repaid over 20 years.

The Village entered into a lease-to-own agreement with Kansas State Bank for the purchase of a backhoe. The original balance was \$38,013 for a term of five years. The date of the first payment was September 22, 2004.

The Village entered into a lease-to-own agreement with Ford Motor Credit Company for the purchase of a cruiser. The original balance was \$18,158 for a term of four years. The date of the first payment was October 9, 2003.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loan	Farmers Home Administration Sanitary Sewer Bond \$975,000	Farmers Home Administration Sanitary Sewer Bond \$300,000	Bond Anticipation Note	OPWC Loan	Kansas State Bank Lease - Backhoe	Ford Motor Credit Lease - Police Cruiser
2005	\$8,299	\$57,050	\$17,200	\$264,200	\$1,266	\$8,587	\$5,000
2006	8,299	57,200	16,800		2,532	8,587	5,000
2007	8,299	56,300	16,400		2,532	8,587	
2008	8,299	57,400	16,000		2,532	8,586	
2009	8,299	56,400	15,600		2,532		
2010-2029	33,198	1,136,200	212,400		35,456		
Total	<u>\$74,693</u>	<u>\$1,420,550</u>	<u>\$294,400</u>	<u>\$264,200</u>	<u>\$46,850</u>	<u>\$34,347</u>	<u>\$10,000</u>

**7. RETIREMENT SYSTEMS**

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

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<b><u>2004</u></b>	<b><u>2003</u></b>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>\$2,227,808</u>	<u>\$1,871,123</u>
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF BRADNER  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**9. JOINT VENTURES**

The Village is a participant with forty-one other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5- Belleville Project. The Village ownership share of this project is 0.35 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership.

Amortization of the above debt follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Refunding Debt Service</u>	<u>Total</u>
2005	\$14,228	\$17,841	\$4,810	\$36,879
2006	14,438	17,656	4,814	36,908
2007	14,998	17,079	4,811	36,888
2008	15,313	16,779	4,814	36,906
2009	15,663	16,434	4,815	36,912
2010-2030	530,985	146,550	72,165	749,700
Total	<u>\$605,625</u>	<u>\$232,339</u>	<u>\$96,229</u>	<u>\$934,193</u>

The Village is a participant with thirty-five other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 2. The Village ownership share of this project is 0.09 percent. The Village is a non-financing participant and therefore does not have a debt coverage requirement.

**10. ENTERPRISE FUND SEGMENT INFORMATION**

The Village maintains one Enterprise fund to account for the operations of the Electric Utility. The table below reflects, in a summarized format, the more significant financial data relating to the Electric Fund for the year ended December 31, 2004.

<u>Fund Type</u>	<u>Electric Fund</u>
Operating Income	\$116,336
Non-Operating Income	0
Operating Transfers In	35,065
Net Income	32,716
Fund Balance 12/31/04	662,908

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**Auditor of State  
Betty Montgomery**

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

Village of Bradner  
Wood County  
130 North Main Street  
PO Box 599  
Bradner, Ohio 43406-0599

To the Village Council:

We have audited the financial statements of the Village of Bradner, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated November 21, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated November 21, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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, providing an opinion 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

Village of Bradner  
Wood County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated November 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Village Council. It is not intended for 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

November 21, 2005



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF BRADNER**

**WOOD 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  
DECEMBER 27, 2005**