

**VILLAGE OF BRADNER
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Bradner
130 North Main Street
P.O. Box 599
Bradner, Ohio 43406

We have reviewed the *Independent Auditor's Report* of the Village of Bradner, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

December 12, 2013

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**VILLAGE OF BRADNER
WOOD COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 30, 2013

Village of Bradner
Wood County
130 North Main Street
P.O. Box 599
Bradner, Ohio 43406

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Bradner**, Wood County, (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Revenue for the Day in the Park Fund is reported at \$11,193, and \$10,003 for the years ended December 31, 2012 and 2011, respectively, which are six percent of Special Revenue receipts for the year ended December 31, 2012, and four percent of Special Revenue receipts for the year ended December 31, 2011. Expenses for the Day in the Park Fund are reported at \$14,803, and \$11,488 for the years ended December 31, 2012 and 2011, respectively, which are nine percent of Special Revenue expenditures for the year ended December 31, 2012, and four percent of Special Revenue expenditures for the year ended December 31, 2011. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as revenue and expenditures in the Day in the Park Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Bradner, Wood County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

Other Reporting Required by Government Auditing Standards (Continued)

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 47,524	\$ 16,836	\$ 14,958	\$ -	\$ 79,318
Municipal Income Tax	70,290	18,546	-	37,092	125,928
Intergovernmental	62,134	52,878	2,635	-	117,647
Special Assessments	-	29,989	-	-	29,989
Charges for Services	-	68,293	-	-	68,293
Fines, Licenses and Permits	26,992	650	-	-	27,642
Earnings on Investments	3,416	226	-	-	3,642
Miscellaneous	2,243	2,075	1,455	896	6,669
<i>Total Cash Receipts</i>	<u>212,599</u>	<u>189,493</u>	<u>19,048</u>	<u>37,988</u>	<u>459,128</u>
Cash Disbursements					
Current:					
Security of Persons and Property	74,534	38,777	-	-	113,311
Public Health Services	4,206	-	-	-	4,206
Leisure Time Activities	-	39,269	-	-	39,269
Community Environment	11,733	10,475	-	-	22,208
Basic Utility Services	30,259	-	-	-	30,259
Transportation	13,729	45,172	-	-	58,901
General Government	131,211	827	-	-	132,038
Capital Outlay	-	17,587	-	15,335	32,922
Debt Service:					
Principal Retirement	2,640	10,560	66,024	-	79,224
Interest and Fiscal Charges	120	480	40,202	-	40,802
<i>Total Cash Disbursements</i>	<u>268,432</u>	<u>163,147</u>	<u>106,226</u>	<u>15,335</u>	<u>553,140</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(55,833)</u>	<u>26,346</u>	<u>(87,178)</u>	<u>22,653</u>	<u>(94,012)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	-	90,124	20,000	110,124
Transfers Out	(8,500)	(10,000)	-	-	(18,500)
Advances In	-	6,000	-	14,000	20,000
Advances Out	-	-	-	(20,000)	(20,000)
Other Financing Sources	-	1,275	-	2,975	4,250
Other Financing Uses	-	-	-	(4,250)	(4,250)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(8,500)</u>	<u>(2,725)</u>	<u>90,124</u>	<u>12,725</u>	<u>91,624</u>
<i>Net Change in Fund Cash Balances</i>	<u>(64,333)</u>	<u>23,621</u>	<u>2,946</u>	<u>35,378</u>	<u>(2,388)</u>
<i>Fund Cash Balances, January 1</i>	<u>218,470</u>	<u>241,299</u>	<u>74,458</u>	<u>144,495</u>	<u>678,722</u>
Fund Cash Balances, December 31					
Restricted	-	264,920	85,696	179,873	530,489
Unassigned (Deficit)	154,137	-	(8,292)	-	145,845
<i>Fund Cash Balances, December 31</i>	<u>\$ 154,137</u>	<u>\$ 264,920</u>	<u>\$ 77,404</u>	<u>\$ 179,873</u>	<u>\$ 676,334</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,169,057	\$ -	\$ 1,169,057
Miscellaneous	4,341	-	4,341
<i>Total Operating Cash Receipts</i>	<u>1,173,398</u>	<u>-</u>	<u>1,173,398</u>
Operating Cash Disbursements			
Personal Services	184,099	-	184,099
Employee Fringe Benefits	6,322	-	6,322
Contractual Services	530,971	-	530,971
Supplies and Materials	112,499	-	112,499
<i>Total Operating Cash Disbursements</i>	<u>833,891</u>	<u>-</u>	<u>833,891</u>
<i>Operating Income</i>	<u>339,507</u>	<u>-</u>	<u>339,507</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	4,978	-	4,978
Intergovernmental	56,708	-	56,708
Earnings on Investments	1,431	-	1,431
Other Debt Proceeds	54,006	-	54,006
Other Non-Operating Cash Receipts	-	17,892	17,892
Capital Outlay	(110,346)	-	(110,346)
Principal Retirement	(34,973)	-	(34,973)
Interest and Other Fiscal Charges	(21,951)	-	(21,951)
Other Non-Operating Cash Disbursements	-	(19,058)	(19,058)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(50,147)</u>	<u>(1,166)</u>	<u>(51,313)</u>
<i>Income (Loss)</i>	289,360	(1,166)	288,194
Transfers In	8,500	-	8,500
Transfers Out	(100,124)	-	(100,124)
<i>Net Change in Fund Cash Balances</i>	197,736	(1,166)	196,570
<i>Fund Cash Balances, January 1</i>	<u>1,519,263</u>	<u>2,000</u>	<u>1,521,263</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,716,999</u>	<u>\$ 834</u>	<u>\$ 1,717,833</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 50,079	\$ 17,179	\$ 16,248	\$ -	\$ 83,506
Municipal Income Tax	66,807	17,287	-	34,574	118,668
Intergovernmental	98,749	53,600	1,418	-	153,767
Special Assessments	-	29,346	-	-	29,346
Charges for Services	-	113,562	-	-	113,562
Fines, Licenses and Permits	25,302	351	-	-	25,653
Earnings on Investments	3,676	306	-	-	3,982
Miscellaneous	35,717	4,672	571	-	40,960
<i>Total Cash Receipts</i>	<u>280,330</u>	<u>236,303</u>	<u>18,237</u>	<u>34,574</u>	<u>569,444</u>
Cash Disbursements					
Current:					
Security of Persons and Property	73,488	61,650	-	-	135,138
Public Health Services	6,306	27,605	-	-	33,911
Leisure Time Activities	3,366	-	-	-	3,366
Community Environment	11,830	1,697	-	119	13,646
Basic Utility Services	19,902	-	-	-	19,902
Transportation	19,251	53,063	-	-	72,314
General Government	111,564	-	-	-	111,564
Capital Outlay	-	-	-	121,455	121,455
Debt Service:					
Principal Retirement	2,540	10,164	174,152	-	186,856
Interest and Fiscal Charges	218	877	45,449	-	46,544
<i>Total Cash Disbursements</i>	<u>248,465</u>	<u>155,056</u>	<u>219,601</u>	<u>121,574</u>	<u>744,696</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,865</u>	<u>81,247</u>	<u>(201,364)</u>	<u>(87,000)</u>	<u>(175,252)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	2,500	-	-	2,500
Transfers In	-	-	212,041	25,000	237,041
Transfers Out	(5,000)	(140,280)	-	-	(145,280)
Advances In	-	-	-	100,000	100,000
Advances Out	-	(30,000)	-	(70,000)	(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>(167,780)</u>	<u>212,041</u>	<u>55,000</u>	<u>94,261</u>
<i>Net Change in Fund Cash Balances</i>	26,865	(86,533)	10,677	(32,000)	(80,991)
<i>Fund Cash Balances, January 1 (Restated, See Note 11)</i>	<u>191,605</u>	<u>327,832</u>	<u>63,781</u>	<u>176,495</u>	<u>759,713</u>
Fund Cash Balances, December 31					
Restricted	-	241,299	76,990	144,495	462,784
Unassigned (Deficit)	218,470	-	(2,532)	-	215,938
<i>Fund Cash Balances, December 31</i>	<u>\$ 218,470</u>	<u>\$ 241,299</u>	<u>\$ 74,458</u>	<u>\$ 144,495</u>	<u>\$ 678,722</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,182,670	\$ -	\$ 1,182,670
Miscellaneous	24,997	-	24,997
<i>Total Operating Cash Receipts</i>	<u>1,207,667</u>	<u>-</u>	<u>1,207,667</u>
Operating Cash Disbursements			
Personal Services	187,528	-	187,528
Employee Fringe Benefits	2,986	-	2,986
Contractual Services	585,576	-	585,576
Supplies and Materials	142,737	-	142,737
<i>Total Operating Cash Disbursements</i>	<u>918,827</u>	<u>-</u>	<u>918,827</u>
<i>Operating Income</i>	<u>288,840</u>	<u>-</u>	<u>288,840</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	5,114	-	5,114
Intergovernmental	57,646	-	57,646
Other Debt Proceeds	60,731	-	60,731
Other Non-Operating Cash Receipts	-	14,486	14,486
Capital Outlay	(309,190)	-	(309,190)
Principal Retirement	(33,541)	-	(33,541)
Interest and Other Fiscal Charges	(23,384)	-	(23,384)
Other Non-Operating Cash Disbursements	-	(12,486)	(12,486)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(242,624)</u>	<u>2,000</u>	<u>(240,624)</u>
<i>Income (Loss)</i>	46,216	2,000	48,216
Transfers Out	(91,761)	-	(91,761)
<i>Net Change in Fund Cash Balances</i>	(45,545)	2,000	(43,545)
<i>Fund Cash Balances, January 1</i>	<u>1,564,808</u>	<u>-</u>	<u>1,564,808</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,519,263</u>	<u>\$ 2,000</u>	<u>\$ 1,521,263</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 directs the Village. The Village provides general governmental services, street maintenance and repair, water, sewer and electric utilities, park operations, and police services.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in two joint venture organizations. Note 9 to the financial statements provide additional information for these entities. The organizations are:

Joint Venture Organizations:

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

2. Special Revenue Funds

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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

Fire Debt Service – This fund receives fire fund transfers to pay an outstanding loan on a fire truck.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Street Capital Improvement Fund – This fund receives municipal income tax money for the repair and improvement of the Village's streets.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

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

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for mayor's court fines and forfeitures.

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, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual 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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

In 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

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

	2012	2011
Demand Deposits	\$ 821,495	\$ 632,378
Certificates of Deposit	1,264,252	1,259,422
Total Deposits	2,085,747	1,891,800
STAR Ohio	308,420	308,185
Total Investments	308,420	308,185
Total Deposits and Investments	\$ 2,394,167	\$ 2,199,985

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 218,749	\$ 212,599	\$ (6,150)
Special Revenue	254,941	190,768	(64,173)
Debt Service	100,386	109,172	8,786
Capital Projects	81,000	60,963	(20,037)
Enterprise	1,122,743	1,299,021	176,278
Total	\$ 1,777,819	\$ 1,872,523	\$ 94,704

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 271,050	\$ 276,932	\$ (5,882)
Special Revenue	248,075	173,147	74,928
Debt Service	101,053	106,226	(5,173)
Capital Projects	120,500	19,585	100,915
Enterprise	1,212,815	1,101,285	111,530
Total	<u>\$ 1,953,493</u>	<u>\$ 1,677,175</u>	<u>\$ 276,318</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 229,052	\$ 280,330	\$ 51,278
Special Revenue	246,242	238,803	(7,439)
Debt Service	237,553	230,278	(7,275)
Capital Projects	40,000	59,574	19,574
Enterprise	1,137,924	1,331,158	193,234
Total	<u>\$ 1,890,771</u>	<u>\$ 2,140,143</u>	<u>\$ 249,372</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 299,599	\$ 253,465	\$ 46,134
Special Revenue	449,946	295,336	154,610
Debt Service	233,190	219,601	13,589
Capital Projects	294,835	121,574	173,261
Enterprise	1,436,850	1,376,703	60,147
Total	<u>\$ 2,714,420</u>	<u>\$ 2,266,679</u>	<u>\$ 447,741</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$5,882, the Sanitary Sewer Debt Service Fund by \$43, the Water Distribution Debt Service Fund by \$2,616, the Water Main Replacement Fund by \$1,775 and the OWDA fund by \$4,555 in 2012.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

4. PROPERTY TAX (Continued)

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 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, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 2622	\$ 8,138	2.00%
Farmers Home Admn (Sanitary Sewer Bond)	640,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond)	120,000	5.00%
OPWC Loan (Water System Improvement)	26,591	0.00%
First Merit Bank (Meter Loan)	22,840	5.03%
OPWC Loan (Road Project)	52,000	0.00%
First Merit Bank (Dump Truck)	10,869	3.83%
OWDA Loan 5556	164,054	0.00%
OPWC Loan (Maple Street Water Main Replacement)	56,176	0.00%
OPWC Loan (Waterline and Fire Line Loop)	52,656	0.00%
AMP - JV5	281,957	
Total	<u>\$ 1,435,281</u>	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant project that was mandated by the Ohio EPA. The OWDA has provided \$162,031 in loans to the Village for this project. The loan will be repaid in semi-annual installments of \$4,150, including interest, over 25 years. The loan is scheduled to be paid off on July 1, 2013. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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 sewer and 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 sewer and sewage treatment plant. These bonds mature on May 1, 2027.

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 paid off on July 1, 2023.

The Village entered into an agreement with First Merit Bank for the purchase of new water meters. This debt was opened on October 24, 2007 and the original balance was \$71,031 for 7 years with a fixed rate of 5.03%. The loan scheduled to mature on November 5, 2014.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

6. DEBT (Continued)

The Village entered into a project agreement with OPWC on July 1, 2007 not to exceed \$73,000. Upon completion of project a loan amount of \$65,000 was issued to the Village at zero interest that will be paid over the term of 20 years with payments starting July 1, 2009, this loan is set to mature on January 1, 2029.

The Village entered into an agreement with First Merit Bank for the purchase of a new fire truck. This debt was opened on February 17, 2009 and the original balance was \$187,466 for 3 years with a fixed rate of 2.82%. The loan was paid in full on February 9th, 2011.

The Village entered into an agreement with First Merit bank for the lease of a new dump truck. This debt was opened on February 1, 2010 and the original balance was \$62,000 for 3 years with a fixed rate of 3.83%. The loan is scheduled to mature on February 1, 2013.

The Village entered into an agreement on January 14, 2010 with OWDA to loan \$181,255 for Pump Station Rehabilitation. The loan is scheduled to mature on January 1, 2031.

The Village entered into an agreement in July 2011 with OPWC to loan \$60,731 for the Maple Street Water Main Replacement. This is a zero interest loan that will pay off in 20 years.

The Village entered into an agreement in July 2012 with OPWC to loan \$54,006 for the Waterline Replacement and Fire Line Loop. This is a zero interest loan that will pay off in 20 years.

During 2004, the Village entered into a loan agreement with AMP for \$403,618 in order to finance the cost of making improvements to its electric system, including the construction and installation of a new substation. Principal and interest payments will be retired from net revenues of its electric system, together with interest thereon equal to the rate of interest on the AMP-Ohio Member Electric System Improvement Bond Anticipation Notes (“Notes”), or (“Bonds”) in anticipation of which Bonds the Notes are issued. This loan matures on February 15, 2024. This loan was not presented in the prior audit report. The balance as of December 31, 2010 was \$314,218.

Amortization of the Village’s debt principal and interest is scheduled as follows:

Year ending December 31:	OWDA Loan 2622	Sanitary Sewer Bond	Sanitary Sewer Bond	OPWC Loan	First Merit Loan
2013	\$ 8,301	\$ 56,000	\$ 14,000	\$ 2,532	\$ 12,289
2014	-	56,800	13,600	2,532	12,289
2015	-	57,500	13,200	2,532	-
2016	-	56,100	12,800	2,532	-
2017	-	57,700	12,400	2,532	-
2018-2022	-	283,250	56,000	12,660	-
2023-2027	-	284,950	46,000	1,271	-
2028-2032	-	112,950	-	-	-
Total	<u>\$ 8,301</u>	<u>\$ 965,250</u>	<u>\$ 168,000</u>	<u>\$ 26,591</u>	<u>\$ 24,578</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

6. DEBT (Continued)

Year ending December 31:	OPWC Loan	First Merit Loan	OWDA Loan 5556	OPWC Loan	OPWC Loan
2013	\$ 3,250	\$ 11,043	\$ 11,468	\$ 3,037	\$ 2,700
2014	3,250	-	11,468	\$ 3,037	2,700
2015	3,250	-	11,468	\$ 3,037	2,700
2016	3,250	-	11,468	\$ 3,037	2,700
2017	3,250	-	11,468	\$ 3,037	2,700
2018-2022	16,250	-	57,338	15,185	13,500
2023-2027	16,250	-	49,376	15,185	13,500
2028-2032	3,250	-	-	10,621	12,156
Total	<u>\$ 52,000</u>	<u>\$ 11,043</u>	<u>\$ 164,054</u>	<u>\$ 56,176</u>	<u>\$ 52,656</u>

Year ending December 31:	AMP JV5
2013	\$ 35,842
2014	35,867
2015	35,872
2016	36,385
2017	35,826
2018-2022	147,683
2023-2027	71,267
Total	<u>\$ 398,742</u>

7. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS), except for several Council members who have elected instead to pay into Social Security. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. JOINT VENTURES

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

9. JOINT VENTURES (Continued)

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

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 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, which acts as the joint venture's agent. During 2001, AMP 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2012, the outstanding debt was \$20,030,648. The Village's net investment in OMEGA JV2 was \$23,238 at December 31, 2012. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2012 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	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

9. JOINT VENTURES (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 2 (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.

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. 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, 2012 the Village of 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, which acts as the joint venture's agent. During 1993 and 2001 AMP 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 \$34,202 at December 31, 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

10. TRANSFERS AND ADVANCES

During 2012, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (8,500)
Pool	8,500	-
Fire	-	(10,000)
Ambulance	-	(10,000)
Fire Station	20,000	-
Water Capital	-	(8,819)
Water Debt Service	2,532	-
Blackman Road Debt Service	3,250	-
OWDA	3,037	-
Sewer	-	(81,305)
Sewer Debt Service	81,305	-
Total	<u>\$ 118,624</u>	<u>\$ (118,624)</u>

During 2012, the Village transfer money from the General Fund to the Pool Fund, from the Fire Fund and Ambulance Fund to the Fire Station Capital Improvement Fund for the future construction of a fire station, from the Water Capital Fund to the Water Debt Service, Blackman Road Waterline Debt Service and OWDA funds, and from the Sewer Fund to the Sewer Debt Service Fund in order to pay debt payments from the appropriate funds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2012, the following advances were made to repay a portion of the outstanding principal on the manuscript debt issued during 2011. These advances were determined to be appropriate and in compliance with the Ohio Revised Code:

	<u>Advances In</u>	<u>Advances Out</u>
Street Capital Improvement	\$ -	\$ (20,000)
Storm Sewer Capital	14,000	-
Parks and Recreation	6,000	-
Total	<u>\$ 20,000</u>	<u>\$ (20,000)</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

10. TRANSFERS AND ADVANCES (Continued)

During 2011, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (5,000)
Police Capital	5,000	-
Fire	-	(130,280)
Fire Debt Service	130,280	-
Fire	-	(10,000)
Ambulance	-	(10,000)
Fire Station	20,000	-
Water Capital	-	(2,891)
Water Debt Service	1,266	-
Blackman Road Debt Service	1,625	-
Sewer	-	(78,870)
Sewer Debt Service	78,870	-
	-	-
Total	<u>\$ 237,041</u>	<u>\$ (237,041)</u>

During 2011, the Village transferred money from the General Fund to the Police Capital Fund, from the Fire Fund to the Fire Debt Service Fund to pay the fire truck loan, from the Ambulance Fund and Fire Fund to the Fire Station Capital Improvement Fund for the future construction of a fire station, from the Water Capital Fund to the Water Debt Service and Blackman Road Waterline Debt Service Funds, and from the Sewer Fund to the Sewer Debt Service Fund in order to pay debt payments from the appropriate funds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2011, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
Storm Sewer Capital	\$ -	\$ (70,000)
Parks and Recreation	-	(30,000)
Street Capital Improvement	100,000	-
Total	<u>\$ 100,000</u>	<u>\$ (100,000)</u>

In December 2011, Village Council approved an ordinance to issue manuscript debt for the Street Capital Improvement Fund to borrow \$100,000 for street improvements. \$70,000 was borrowed from the Storm Sewer Capital Fund and \$30,000 was borrowed from the Parks and Recreation Fund. The manuscript debt is to be paid back over 5 years in equal installments at an interest rate of 4.25%. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

11. RESTATEMENT OF FUND BALANCE

The restatement is due to the Fire Station Fund being recorded as a Special Revenue Fund instead of a Capital Projects Fund in 2010. The Fire Station Fund is set up for the future construction of a new fire station. The Fire Station Fund activity is recorded as a Capital Projects Fund in 2012 and 2011.

	Capital Projects Fund	Special Revenue Fund
Fund Balance at December 31, 2010	\$ 157,444	\$ 346,883
Change in Fund Balance	19,051	(19,051)
Adjusted Fund Balance at January 1, 2011	<u>\$ 176,495</u>	<u>\$ 327,832</u>

12. ENTERPRISE SEGMENT INFORMATION

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 8. The Village is liable for debt related to the financing of the OMEGA joint ventures as described in Note 6. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. The prior audit report inaccurately reported the ending fund balance as of December 31, 2010 of the Electric Fund as \$793,094. The correct balance should have been \$909,977. Summary financial information for the Electric Fund is presented below:

	2012	2011
Total Assets	\$ 880,418	\$ 796,350
Total Liabilities	283,317	302,402
Condensed Operating Information:		
Operating Receipts:		
Charges for Services	686,830	704,944
Other Operating Receipts	3,777	20,840
Total Operating Receipts	<u>690,607</u>	<u>725,784</u>
Operating Expenses	<u>567,876</u>	<u>647,583</u>
Operating Income (Loss)	122,731	78,201
Non-Operating Receipts (Disbursements)		
Principal Payments	(19,085)	(18,358)
Interest Payments	(20,026)	(20,753)
Other Non-Operating Receipts (Disbursements)	448	(152,717)
Total Non-Operating Receipts (Disbursements)	<u>(38,663)</u>	<u>(191,828)</u>
Changes in Fund Cash Balance	<u>84,068</u>	<u>(113,627)</u>
Beginning Fund Cash Balance	796,350	909,977
Ending Fund Cash Balance	<u>\$ 880,418</u>	<u>\$ 796,350</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

12. ENTERPRISE SEGMENT INFORMATION (Continued)

	2012	2011
Condensed Cash Flows Information:		
Net Cash Provided (Used) by:		
Operating Activities	\$ 83,175	\$ (113,627)
Cash Flows from Investing Activities		
Earnings on Investments	893	-
Net Cash Provided by Investing Activities	893	-
Net Increase	84,068	(113,627)
Beginning Fund Cash Balance	796,350	909,977
Ending Fund Cash Balance	\$ 880,418	\$ 796,350

13. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village of Bradner is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

13. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (Continued)

The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract.

At December 31, 2012 AMP has a regulatory asset of \$96,544,650 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Bradner of 724 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2012 the Village of Bradner has a potential stranded cost obligation of \$123,910 for the AMPGS Project. The Village of Bradner does not have any payments on deposit with AMP at December 31, 2012.

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$13,611 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 130 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2012.

Recording of Stranded Costs

The Village has not recorded stranded costs for the AMPGS Project.

The Village of Bradner has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

13. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (Continued)

Had the Village chosen to expense the potential stranded costs the Village believes it would have violated its covenant obligations for its debt covenant obligation with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5.

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon its Village Solicitor, information provided by AMP and its legal counsel with respect to the data, as well as the Village's audit team and Village management.

The Village does not currently have a plan in place in the case that future events will require the Village to pay amounts due.

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

July 30, 2013

Village of Bradner
Wood County
130 North Main Street
P.O. Box 599
Bradner, Ohio 43406

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Bradner**, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated July 30, 2013, wherein we qualified our opinion on the Day in the Park Fund receipts and expenditures due to inadequate receipt and expenditure records. We also noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1, and the Village implemented Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2012-06 through 2012-08 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-09 described in the accompanying schedule of audit findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are identified in the accompanying schedule of audit findings as items 2012-01 through 2012-05.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 30, 2013.

Purpose of this Report

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

Respectfully Submitted,



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

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance

Ohio Revised Code Section 5705.10(H) requires that monies paid into any fund is used only for purposes for which such fund is established. The Village had the following negative cash fund balances:

The Village had negative fund balances at December 31, 2012 as follows:

<u>Fund</u>	<u>Deficit</u>
Water Distribution Debt Service	(\$5,149)
Blackman Road Debt Service	(\$1,625)
OWDA Debt Service	(\$1,518)

The Village had a negative fund balance at December 31, 2011 as follows:

<u>Fund</u>	<u>Deficit</u>
Water Distribution Debt Service	(\$2,532)

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-02

Noncompliance

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village did not file the Annual Financial Report with the Auditor of the State's office in 2011 within 60 days.

The Village filed the Annual Financial Report with the Auditor of State's office but the amounts in the report did not agree with the amounts on the Village's cash journal in all instances.

We recommend the Annual Financial Report be compiled from the Village's accounting system and be reconciled. In addition, the Village should file said report with the Auditor of State within 60 days of the fiscal year end.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-03

Noncompliance

Ohio Rev. Code Sections 2743.70 and 2949.091 require the Court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund and the State's General Fund, respectively. All such moneys collected during a month under Ohio Rev. Code Section 2743.70 shall be transmitted on the first business day of each month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund. All such moneys collected during a month under Ohio Rev. Code Section 2949.091 shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer into the General Fund.

During the audit period, the Village Mayor's Court collected, but failed to remit payments to the State in a timely manner. The Village Mayor's Court should remit moneys owed to the State in a timely manner.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-04

Noncompliance

Ohio Revised Code 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund or to the State of Ohio.
- Remittances being sent to the State of Ohio did not contain the correct fees collected by the Village.
- Mayor's Court receipts did not have duplicate receipts attached to each deposit.

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-05

Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission timely or that transfers are done in compliance with laws and regulations.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If the Council does not consider this necessary steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-06

Material Weakness

Day in the Park Revenues

The Day in the Park festival conducted by the Village each year supports the operations of the "Day in the Park" fund. The Village does not maintain adequate supporting documentation for these revenues or expenditures which represent 4 and 6 percent, respectively, of the 2011 and 2012 Special Revenue Fund Type revenues and represent 4 and 9 percent, respectively, of the 2011 and 2012 Special Revenue Fund Type expenditures.

Lack of supporting documentation could result in errors or irregularities occurring and not being detected during the normal course of doing business. We recommend the Village maintain support for the money making activities of the Day in the Park (festival food and beverages, tickets, bands, etc.). The support should include documentation for the revenues received such as ticket stubs, ticket reconciliations, items ordered, items sold, etc. In addition, these records should be reconciled to the revenues reported on the Village's financial statements.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-07

Material Weakness

Fund Balance Classification

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

The Village did not prepare the annual financial report in accordance with GASB Statement No. 54. Adjustments were recorded to the 2011 and 2012 financial statements to properly classify the ending fund balances in accordance with GASB Statement No. 54.

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-08

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2012 and 2011, several receipts and disbursements were not posted into the correct fund or accurate receipt and disbursement classifications based on the source of the receipt or nature of the disbursement. The following posting errors were noted:

- Debt principal and interest payments were improperly posted as Contractual Services, Transportation, and Public Health Services instead of Principal Retirement and Interest and Other Charges.
- Debt proceeds were not recorded for two new OPWC loans.
- Grant funding from OPWC paid directly to vendors was not recorded.
- Interest was not posted to the accounting system for Certificate of Deposits
- Transfers and Advances were improperly recorded
- Ambulance Grants were posted to Charges for Services instead of Intergovernmental receipts.
- Cable Franchise Fees were posted to Property and Other Local Taxes
- Day in the Park receipts were recorded as Miscellaneous Revenue instead of Charges for Services Revenue.
- Kilowatt tax was not properly recorded in the General Fund.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2012-08 (Continued)

Material Weakness (Continued)

Posting Receipts and Disbursements (Continued)

- Mayor's Court receipts and disbursement were recorded to Fines, Licenses, and Permits and Contract Services instead of Other Non-Operating Receipts and Other Non-Operating Disbursements.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications, and the client has made all adjustments to the system.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2012-09

Significant Deficiency

Cash Reconciliations – Payroll Clearing Account

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash balances according to the entity's records at a specific point in time.

During 2011 and 2012, our testing revealed the payroll clearing account had large balance each month and was not being properly reconciled each month. The payroll clearing bank account should have a \$0 book balance.

The Village should perform and complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Posting Receipts and Expenditures	No	Repeated as Finding 2012-09

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Dave Yost • Auditor of State

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 24, 2013**