

**VILLAGE OF BRADNER
WOOD COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Bradner
130 North Main St.
Bradner, Ohio 43406

We have reviewed the *Independent Accountants' Report* of the Village of Bradner, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 30, 2009

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VILLAGE OF BRADNER
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types and Similar Fiduciary Fund Types For the Year Ended December 31, 2008	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types and Similar Fiduciary Fund Types For the Year Ended December 31, 2007	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	20
Schedule of Audit Findings	22
Schedule of Prior Audit Findings.....	26

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

September 25, 2009

Village of Bradner
Wood County
130 North Main St.
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, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2008 and 2007 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, 2008 and 2007 or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Bradner, Wood County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 September 25, 2009, 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.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**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, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 20,727	\$ 21,218	\$ 13,714	\$ -	\$ 55,659
Municipal Income Tax	86,320	20,614	-	34,923	141,857
Intergovernmental	95,814	184,639	2,210	-	282,663
Special Assessments	-	29,751	-	-	29,751
Charges for Services	28,449	47,908	-	-	76,357
Fines, Licenses, and Permits	11,902	35	-	-	11,937
Earnings on Investments	60,837	5,788	-	-	66,625
Miscellaneous	12,224	22,240	-	-	34,464
Total Cash Receipts	316,273	332,193	15,924	34,923	699,313
Cash Disbursements:					
Current:					
Security of Persons and Property	73,437	241,231	-	-	314,668
Public Health Services	9,392	-	-	-	9,392
Leisure Time Activities	-	11,005	-	-	11,005
Community Environment	5,668	308	-	-	5,976
Basic Utility Services	25,708	-	-	-	25,708
Transportation	17,982	51,392	-	-	69,374
General Government	123,207	-	-	-	123,207
Capital Outlay	20,334	7,372	-	17,568	45,274
Debt Service:					
Principal Payment	-	-	46,142	-	46,142
Interest and Fiscal Charges	-	-	46,861	-	46,861
Total Cash Disbursements	275,728	311,308	93,003	17,568	697,607
Total Cash Receipts Over/(Under) Disbursements	40,545	20,885	(77,079)	17,355	1,706
Other Financing Receipts/(Disbursements)					
Transfers-In	-	-	75,553	5,000	80,553
Transfers-Out	(24,302)	(2,147)	-	(2,147)	(28,596)
Other Financing Uses	(1,563)	-	-	-	(1,563)
Total Other Financing Receipts/(Disbursements)	(25,865)	(2,147)	75,553	2,853	50,394
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,680	18,738	(1,526)	20,208	52,100
Fund Cash Balances, January 1	219,403	495,101	50,980	189,988	955,472
Fund Cash Balances, December 31	\$ 234,083	\$ 513,839	\$ 49,454	\$ 210,196	\$ 1,007,572
Reserve for Encumbrances, December 31	\$ 1,131	\$ 61,856	\$ 4,150	\$ -	\$ 67,137

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 PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,119,094	\$ -	\$ 1,119,094
Miscellaneous	16,413	-	16,413
Total Operating Cash Receipts	<u>1,135,507</u>	<u>-</u>	<u>1,135,507</u>
Operating Cash Disbursements:			
Personal Services	227,749	-	227,749
Transportation	4,933	-	4,933
Contractual Services	510,298	-	510,298
Supplies and Materials	103,919	-	103,919
Total Operating Cash Disbursements	<u>846,899</u>	<u>-</u>	<u>846,899</u>
Operating Income/(Loss)	<u>288,608</u>	<u>-</u>	<u>288,608</u>
Non-Operating Cash Receipts/(Disbursements)			
Property Tax and Other Local Tax	5,548	-	5,548
Intergovernmental Receipts	845	-	845
Sales of Notes	65,000	-	65,000
Miscellaneous Receipts	32,428	-	32,428
Capital Outlay	(251,122)	-	(251,122)
Redemption of Principal	(8,716)	-	(8,716)
Interest and Fiscal Charges	(3,573)	-	(3,573)
Other Non-Operating Cash Receipts	-	12,797	12,797
Other Non-Operating Disbursements	-	(12,824)	(12,824)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(159,590)</u>	<u>(27)</u>	<u>(159,617)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	<u>129,018</u>	<u>(27)</u>	<u>128,991</u>
Transfer-In	19,302	-	19,302
Transfer-Out	(71,260)	-	(71,260)
Net Receipts Over/(Under) Cash Disbursements	<u>77,060</u>	<u>(27)</u>	<u>77,033</u>
Fund Cash Balances, January 1	<u>1,224,151</u>	<u>-</u>	<u>1,224,151</u>
Fund Cash Balances, December 31	<u>\$ 1,301,211</u>	<u>\$ (27)</u>	<u>\$ 1,301,184</u>
Reserve for Encumbrances, December 31	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ 10,300</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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 24,226	\$ 19,765	\$ 21,950	\$ -	\$ 65,941
Municipal Income Tax	75,516	19,168	-	33,420	128,104
Intergovernmental	90,568	58,811	1,793	-	151,172
Special Assessments	-	29,340	-	-	29,340
Charges for Services	29,520	104,307	-	-	133,827
Fines, Licenses, and Permits	13,689	50	-	-	13,739
Earnings on Investments	80,171	11,208	-	-	91,379
Miscellaneous	11,108	9,346	-	-	20,454
	<u>324,798</u>	<u>251,995</u>	<u>23,743</u>	<u>33,420</u>	<u>633,956</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	69,540	42,841	-	-	112,381
Public Health Services	5,332	-	-	-	5,332
Leisure Time Activities	-	12,513	-	-	12,513
Community Environment	13,626	8,492	-	-	22,118
Basic Utility Services	18,074	-	-	-	18,074
Transportation	18,259	38,786	-	-	57,045
General Government	129,606	316	-	-	129,922
Capital Outlay	20,067	21,203	-	7,906	49,176
Debt Service:					
Redemption of Principal	-	-	43,666	-	43,666
Interest and Fiscal Charges	-	-	40,039	-	40,039
	<u>274,504</u>	<u>124,151</u>	<u>83,705</u>	<u>7,906</u>	<u>490,266</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Disbursements	<u>50,294</u>	<u>127,844</u>	<u>(59,962)</u>	<u>25,514</u>	<u>143,690</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	27,927	-	-	-	27,927
Transfer-In	-	2,000	67,132	5,000	74,132
Transfer-Out	(26,999)	-	-	-	(26,999)
	<u>928</u>	<u>2,000</u>	<u>67,132</u>	<u>5,000</u>	<u>75,060</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>51,222</u>	<u>129,844</u>	<u>7,170</u>	<u>30,514</u>	<u>218,750</u>
Fund Cash Balances, January 1	<u>168,181</u>	<u>365,257</u>	<u>43,810</u>	<u>159,474</u>	<u>736,722</u>
Fund Cash Balances, December 31	<u>\$ 219,403</u>	<u>\$ 495,101</u>	<u>\$ 50,980</u>	<u>\$ 189,988</u>	<u>\$ 955,472</u>
Reserve for Encumbrances, December 31	<u>\$ 1,945</u>	<u>\$ 2,604</u>	<u>\$ 4,150</u>	<u>\$ -</u>	<u>\$ 8,699</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 PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,125,411	\$ -	\$ 1,125,411
Fines, License and Permits	1,168	-	1,168
Miscellaneous	39,571	-	39,571
Total Operating Cash Receipts	<u>1,166,150</u>	<u>-</u>	<u>1,166,150</u>
Operating Cash Disbursements:			
Personal Services	253,357	-	253,357
Travel Transportation	1,619	-	1,619
Contractual Services	501,012	-	501,012
Supplies and Materials	123,123	-	123,123
Total Operating Cash Disbursements	<u>879,111</u>	<u>-</u>	<u>879,111</u>
Operating Income/(Loss)	<u>287,039</u>	<u>-</u>	<u>287,039</u>
Non-Operating Cash Receipts/(Disbursements)			
Property Tax and Other Local Tax	5,320	-	5,320
Intergovernmental Receipts	6,183	-	6,183
Sales of Notes	71,031	-	71,031
Miscellaneous Receipts	162	-	162
Capital Outlay	(143,427)	-	(143,427)
Other Non-Operating Cash Receipts	-	14,761	14,761
Other Non-Operating Disbursements	-	(15,928)	(15,928)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(60,731)</u>	<u>(1,167)</u>	<u>(61,898)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	<u>226,308</u>	<u>(1,167)</u>	<u>225,141</u>
Transfer-In	19,998	-	19,998
Transfer-Out	(67,132)	-	(67,132)
Net Receipts Over/(Under) Cash Disbursements	<u>179,174</u>	<u>(1,167)</u>	<u>178,007</u>
Fund Cash Balances, January 1	<u>1,044,977</u>	<u>1,167</u>	<u>1,046,144</u>
Fund Cash Balances, December 31	<u>\$ 1,224,151</u>	<u>\$ -</u>	<u>\$ 1,224,151</u>
Reserve for Encumbrances, December 31	<u>\$ 11,108</u>	<u>\$ -</u>	<u>\$ 11,108</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, 2008 AND 2007**

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, Ohio (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 \$32,752 at December 31, 2008. 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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2008 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.48%	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
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	100.00%	134,081

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2008 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 \$31,356 at December 31, 2008. 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.

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investments 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.

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 license 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.

3. Debt Service Fund

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

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

D. FUND ACCOUNTING (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 Fund:

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:

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

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.

6. Fiduciary Funds (Agency Funds)

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

Mayor's Court Fund - This fund receives and distributes 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. 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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2008 and 2007 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 cash and investments pool that 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:

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 1,164,679	\$ 1,082,746
Certificates of Deposit	837,046	797,508
Cash on hand	200	200
STAR Ohio	<u>306,831</u>	<u>299,169</u>
Total Deposits and Investments	<u>\$ 2,308,756</u>	<u>\$ 2,179,623</u>

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

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 315,665	\$ 316,273	\$ 608
Special Revenue	256,095	332,193	76,098
Debt Service	99,988	91,477	(8,511)
Capital Projects	38,500	39,923	1,423
Enterprise	1,226,316	1,258,630	32,314
Total	<u>\$ 1,936,564</u>	<u>\$ 2,038,496</u>	<u>\$ 101,932</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 362,715	\$ 302,724	\$ 59,991
Special Revenue	470,836	375,311	95,525
Debt Service	97,920	97,153	767
Capital Projects	113,647	19,715	93,932
Enterprise	1,501,365	1,191,870	309,495
Total	<u>\$ 2,546,483</u>	<u>\$ 1,986,773</u>	<u>\$ 559,710</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 302,587	\$ 352,725	\$ 50,138
Special Revenue	218,088	253,995	35,907
Debt Service	81,492	90,875	9,383
Capital Projects	38,500	38,420	(80)
Enterprise	1,295,016	1,268,844	(26,172)
Total	<u>\$ 1,935,683</u>	<u>\$ 2,004,859</u>	<u>\$ 69,176</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 364,357	\$ 303,448	\$ 60,909
Special Revenue	437,557	126,755	310,802
Debt Service	96,847	87,855	8,992
Capital Projects	101,500	7,906	93,594
Enterprise	1,716,169	1,100,778	615,391
Total	<u>\$ 2,716,430</u>	<u>\$ 1,626,742</u>	<u>\$ 1,089,688</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Revised Code Section 5705.10, the Village had a negative fund balance in the Agency Fund as of December 31, 2008.

Contrary to ORC Section 5705.39, the Village appropriations exceeded that total estimated resources for the Water Distribution Fund and Water Capital Fund 2007 and the Water Backhoe Fund in 2008.

Contrary to Ohio Rev. Code Section 5705.41(B), actual disbursements exceeded appropriations in the Water Capital Fund.

Contrary to ORC Section 5705.41 (D), the Village had expenditures not properly encumbered for 16% of the disbursements tested during 2008 and 29% of expenditures tested during 2007.

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 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$ 39,120	2.00%
Farmers Home Admn. (Sanitary Sewer Bond)	728,000	5.00%
Farmers Home Admn. (Sanitary Sewer Bond)	152,000	5.00%
OPWC Loan (Water System Improvement)	36,721	0.00%
FirstMerit Bank (New Meter Loan)	62,315	5.03%
OPWC Loan (Road Project)	<u>65,000</u>	0.00%
Total	\$ 1,083,156	

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 retired debt during the audit period on 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 Village entered into an agreement with FirstMerit Bank for the purchase of new water meters. This debt was opened on October 24, 2007 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.

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. DEBT (Continued)

Amortization of the above debt, including interest, follows:

Year Ending December 31:	OWDA Loan	Sanitary Sewer Bond	Sanitary Sewer Bond	OPWC Loan	FirstMerit Loan	OPWC Loan
2009	\$ 8,299	\$ 56,400	\$ 15,600	\$ 2,532	\$ 12,289	\$ 1,625
2010	8,299	56,400	15,200	2,532	12,289	3,250
2011	8,299	57,350	14,800	2,532	12,289	3,250
2012	8,299	57,200	14,400	2,532	12,289	3,250
2013	8,299	56,000	14,000	2,532	12,289	3,250
2014 - 2018	-	284,250	64,000	12,662	-	16,250
2019 - 2023	-	284,550	54,000	11,399	-	16,250
2024 - 2028	-	283,750	36,000	-	-	16,250
2029	-	56,700	-	-	-	1,625
Total	<u>\$ 41,495</u>	<u>\$ 1,192,600</u>	<u>\$ 228,000</u>	<u>\$ 36,721</u>	<u>\$ 73,734</u>	<u>\$ 65,000</u>

7. RETIREMENT SYSTEMS

The Village's full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. RISK MANAGEMENT

Risk Pool Management

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 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 coverage’s, 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 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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 31st, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Member Equity	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. JOINT VENTURES

The Village is a participant with forty-five other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5-Bellville Project. The Village ownership share of this project is .35 percent. Each member is required to make debt service payments, and amount is based on their percentage of ownership.

Amortization of the above debt follows:

Year Ending December 31:	Principal	Interest	Refunding Debt Service	Total
2009	\$ 15,449	\$ 16,017	\$ 4,719	\$ 36,185
2010	15,777	15,587	4,704	36,068
2011	16,243	15,087	4,699	36,029
2012	16,779	14,403	4,677	35,859
2013	17,624	13,543	4,675	35,842
2014-2024	263,573	78,020	51,238	392,831
Total	\$ 345,445	\$ 152,657	\$ 74,712	\$ 572,814

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 .09%. The Village is a non-financing participant and therefore does not have a debt coverage requirement.

10. INTERFUND TRANSFERS

In 2008, the Village transferred funds from the General Fund to other various funds. The Village also transferred funds from the Street Maintenance Fund, Storm Sewer Capital Fund, Sanitary Sewer Fund and Water Capital Fund to the Debt Service Fund for the purpose of paying debt. In 2007, the Village transferred funds from the General Fund to other various funds. The Village also transferred funds from the Sanitary Sewer Fund and Water Capital Fund to the Debt Service Fund for the purpose of paying debt. The Village met all applicable requirements of Ohio Rev. Code section 5705.14.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

11. 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, 2008.

<u>Fund Type</u>	<u>Electric Fund</u>
Operating Income	\$641,552
Non-Operating Income	16,228
Operating Disbursement	<u>(572,185)</u>
Net Income	<u>85,595</u>
Fund Balance 12/31/08	<u><u>\$782,256</u></u>

Perry & Associates
Certified Public Accountants, A.C.

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Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

September 25, 2009

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

To the Village Council:

We have audited the financial statements of **The Village of Bradner, Wood County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 25, 2009, 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of audit findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2008-005 described above is a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-004.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF BRADNER
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation/ Significant Deficiency

Ohio Revised Code Section 5705.10 requires that monies paid into any fund which is used only for purposes for which such fund is established. The Village had a negative cash fund balance of (\$27) in the Agency Fund as of December 31, 2008.

The Village had negative fund balance at December 31, 2008:

<u>Fund</u>	<u>2008</u>
Agency Fund	(27)

We recommend fund activity be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional fund 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 2008-002

Noncompliance Citation/ Significant Deficiency

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund do not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

The appropriations exceeded total estimated resources for the Water Distribution Fund and Water Capital Fund in 2007 and the Water Backhoe Fund in 2008.

We recommend that the Village Council monitor appropriations versus estimated fund resources to avoid overspending.

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-003

Noncompliance Citation/Significant Deficiency

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2008 in the Water Capital Fund.

We recommend the Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

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

FINDING NUMBER 2008-004

Noncompliance Citation/ Significant Deficiency

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-004 (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The certification of availability of unencumbered appropriations for expenditure was not obtained for 16% of expenditures tested during 2008 and 29% of expenditures testing during 2007.

Although the Village does utilize Blanket Certificates, as well as Then & Now certificates, for the exceptions noted they were either not used or improperly used. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

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

FINDING NUMBER 2008-005

Significant Deficiency/Material Weakness

Accounting for Receipts and Expenditures

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management’s objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The Fiscal Officer did not accurately post all receipts and expenditures to the Village’s accounting ledgers. The following posting errors were noted:

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-005 (Continued)

Accounting for Receipts and Expenditures (Continued)

- Mayor's Court receipts were not accounted for on the Village's accounting system properly in 2008.
- Debt payments were improperly posted to Capital Outlay rather than Redemption of Principal and Interest and Other Fiscal Charges in 2008.
- 2007 and 2008 Note Proceeds and Capital Outlay expenditures were not posted to the Village's accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Village Handbook for guidance to determine the proper classification of receipts and expenditures.

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 5705.39 – Total Appropriations do not exceed total estimated fund resources.	No	Not Corrected; Repeated as Finding 2008-002
2006-002	ORC Section 5705.41(B) – Expenditures exceeding appropriations	No	Not Corrected; Repeated as Finding 2008-003
2006-003	ORC Section 5705.41(D) – Expenditures not properly encumbered	No	Not Corrected; Repeated as Finding 2008-004
2006-004	Receipts, expenditures, and encumbrances not accurately posted to the financial statements	No	Not Corrected; Repeated as Finding 2008-005



Mary Taylor, CPA
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
NOVEMBER 12, 2009**