

**VILLAGE OF BRADNER
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Members of Council
Village of Bradner
130 North Main Street
P.O. Box 599
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, 2009 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 21, 2011

This page intentionally left blank.

**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, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2009	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>	21
Schedule of Audit Findings	23
Schedule of Prior Audit Findings	24

This page intentionally left blank.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

October 31, 2011

Village of Bradner
Wood County
130 North Main Street
PO Box 599
Bradner, OH 43406

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, 2010 and 2009. 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 the 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, 2010 and 2009 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, 2010 and 2009 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 reserves for encumbrances of the Village of Bradner, Wood County, Ohio, as of December 31, 2010 and 2009, 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 October 31, 2011, 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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 30,518	\$ 20,868	\$ 16,109	\$ -	\$ 67,495
Municipal Income Tax	63,678	17,536	-	35,071	116,285
Special Assessments	-	28,803	-	-	28,803
Intergovernmental	78,810	63,322	2,873	-	145,005
Charges for Services	25,904	81,348	-	-	107,252
Fines, Licenses, and Permits	13,385	-	-	-	13,385
Earnings on Investments	10,509	55	-	-	10,564
Miscellaneous	1,245	16,711	-	-	17,956
Total Cash Receipts	224,049	228,643	18,982	35,071	506,745
Cash Disbursements:					
Current:					
Security of Persons and Property	73,899	53,308	-	-	127,207
Public Health Service	8,394	-	-	-	8,394
Leisure Time Activities	1,065	28,592	-	-	29,657
Community Environment	4,447	6,281	-	-	10,728
Basic Utility Services	28,130	-	-	-	28,130
Transportation	20,014	56,522	-	-	76,536
General Government	110,521	159	223	-	110,903
Capital Outlay	9,025	67,793	-	104,246	181,064
Debt Service:					
Redemption of Principal	-	-	103,209	-	103,209
Interest and Fiscal Charges	-	-	48,518	-	48,518
Total Cash Disbursements	255,495	212,655	151,950	104,246	724,346
Total Cash Receipts Over/(Under) Disbursements	(31,446)	15,988	(132,968)	(69,175)	(217,601)
Other Financing Receipts/(Disbursements):					
Debt Proceeds	-	62,000	-	-	62,000
Transfers-In	-	-	150,873	-	150,873
Transfers-Out	(713)	(66,046)	-	-	(66,759)
Advances-In	1,500	-	-	-	1,500
Advances-Out	-	-	(1,500)	-	(1,500)
Total Other Financing Receipts/(Disbursements)	787	(4,046)	149,373	-	146,114
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,659)	11,942	16,405	(69,175)	(71,487)
Fund Cash Balances, January 1	222,264	334,941	47,376	226,619	831,200
Fund Cash Balances, December 31	\$ 191,605	\$ 346,883	\$ 63,781	\$ 157,444	\$ 759,713
Reserve for Encumbrances	\$ 2,544	\$ 3,530	\$ -	\$ -	\$ 6,074

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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 1,186,848	\$ -	\$ 1,186,848
Miscellaneous	8,199	-	8,199
Total Operating Receipts	<u>1,195,047</u>	<u>-</u>	<u>1,195,047</u>
Operating Cash Disbursements:			
Personal Services	212,335	-	212,335
Transportation	4,241	-	4,241
Contractual Services	551,292	-	551,292
Supplies and Materials	104,481	-	104,481
Other	174,131	-	174,131
Total Operating Cash Disbursements	<u>1,046,480</u>	<u>-</u>	<u>1,046,480</u>
Operating Income/(Loss)	<u>148,567</u>	<u>-</u>	<u>148,567</u>
Non-Operating Cash Receipts/(Disbursements):			
Note Proceeds	181,255	-	181,255
Property and Local Taxes	5,432	-	5,432
Intergovernmental	222,264	-	222,264
Sale of Fixed Assets	14,500	-	14,500
Other Non-Operating Cash Receipts	-	13,165	13,165
Other Non-Operating Cash Disbursements	-	(15,200)	(15,200)
Capital Outlay	(316,014)		(316,014)
Redemption of Principal	(19,294)	-	(19,294)
Interest and Fiscal Charges	(4,038)	-	(4,038)
Total Non-Operating Cash Receipts/(Disbursements)	<u>84,105</u>	<u>(2,035)</u>	<u>82,070</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	232,672	(2,035)	230,637
Transfers-In	713	-	713
Transfers-Out	(84,827)	-	(84,827)
Net Receipts Over/(Under) Cash Disbursements	148,558	(2,035)	146,523
Fund Cash Balances, January 1	<u>1,416,250</u>	<u>2,035</u>	<u>1,418,285</u>
Fund Cash Balances, December 31	<u>\$ 1,564,808</u>	<u>\$ -</u>	<u>\$ 1,564,808</u>
Reserve for Encumbrances, December 31	<u>\$ 14,913</u>	<u>\$ -</u>	<u>\$ 14,913</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, 2009**

	<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	\$ 31,571	\$ 21,596	\$ 10,220	\$ -	\$ 63,387
Municipal Income Tax	83,821	19,023	-	32,383	135,227
Special Assessments	-	30,226	-	-	30,226
Intergovernmental	80,273	57,447	851	-	138,571
Charges for Services	25,639	75,741	-	-	101,380
Fines, Licenses, and Permits	10,322	25	-	-	10,347
Earnings on Investments	29,233	279	-	-	29,512
Miscellaneous	827	12,097	-	-	12,924
Total Cash Receipts	<u>261,686</u>	<u>216,434</u>	<u>11,071</u>	<u>32,383</u>	<u>521,574</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	63,505	41,797	-	-	105,302
Public Health Service	7,005	-	-	-	7,005
Leisure Time Activities	1,141	35,026	-	-	36,167
Community Environment	6,168	8,583	-	-	14,751
Basic Utility Services	23,711	-	-	-	23,711
Transportation	17,694	63,802	-	-	81,496
General Government	139,099	-	-	-	139,099
Capital Outlay	3,542	433,590	150	20,960	458,242
Debt Service:					
Redemption of Principal	-	-	41,299	-	41,299
Interest and Fiscal Charges	-	-	44,782	-	44,782
Total Cash Disbursements	<u>261,865</u>	<u>582,798</u>	<u>86,231</u>	<u>20,960</u>	<u>951,854</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(179)</u>	<u>(366,364)</u>	<u>(75,160)</u>	<u>11,423</u>	<u>(430,280)</u>
Other Financing Receipts/(Disbursements):					
Debt Proceeds	-	187,466	-	-	187,466
Transfers-In	-	-	71,582	105,000	176,582
Transfers-Out	(10,140)	-	-	(100,000)	(110,140)
Advances-In	-	-	1,500	-	1,500
Advances-Out	(1,500)	-	-	-	(1,500)
Total Other Financing Receipts/(Disbursements)	<u>(11,640)</u>	<u>187,466</u>	<u>73,082</u>	<u>5,000</u>	<u>253,908</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,819)	(178,898)	(2,078)	16,423	(176,372)
Fund Cash Balances, January 1	<u>234,083</u>	<u>513,839</u>	<u>49,454</u>	<u>210,196</u>	<u>1,007,572</u>
Fund Cash Balances, December 31	<u>\$ 222,264</u>	<u>\$ 334,941</u>	<u>\$ 47,376</u>	<u>\$ 226,619</u>	<u>\$ 831,200</u>
Reserve for Encumbrances	<u>\$ 2,390</u>	<u>\$ 8,925</u>	<u>\$ 4,150</u>	<u>\$ -</u>	<u>\$ 15,465</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	\$ 1,093,083	\$ -	\$ 1,093,083
Fines, Licenses, and Permits	3,500	-	3,500
Miscellaneous	25,725	-	25,725
Total Operating Receipts	<u>1,122,308</u>	<u>-</u>	<u>1,122,308</u>
Operating Cash Disbursements:			
Personal Services	239,292	-	239,292
Transportation	7,964	-	7,964
Contractual Services	541,918	-	541,918
Supplies and Materials	114,445	-	114,445
Capital Outlay	226,814	-	226,814
Total Operating Cash Disbursements	<u>1,130,433</u>	<u>-</u>	<u>1,130,433</u>
Operating Income (Loss)	<u>(8,125)</u>	<u>-</u>	<u>(8,125)</u>
Non-Operating Cash Receipts/(Disbursements):			
Property and Local Taxes	6,112	-	6,112
Intergovernmental	195,784	-	195,784
Other Non-Operating Cash Receipts	-	13,904	13,904
Other Non-Operating Cash Disbursements	-	(11,842)	(11,842)
Redemption of Principal	(9,155)	-	(9,155)
Interest and Fiscal Charges	(3,135)	-	(3,135)
Total Non-Operating Cash Receipts/(Disbursements)	<u>189,606</u>	<u>2,062</u>	<u>191,668</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	181,481	2,062	183,543
Transfers-In	5,140	-	5,140
Transfers-Out	(71,582)	-	(71,582)
Net Receipts Over/(Under) Cash Disbursements	115,039	2,062	117,101
Fund Cash Balances, January 1	<u>1,301,211</u>	<u>(27)</u>	<u>1,301,184</u>
Fund Cash Balances, December 31	<u>\$ 1,416,250</u>	<u>\$ 2,035</u>	<u>\$ 1,418,285</u>
Reserve for Encumbrances, December 31	<u>\$ 53,113</u>	<u>\$ -</u>	<u>\$ 53,113</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, 2010 AND 2009**

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 directs the Village. The Village maintains the Village's roads and bridges and provides sewer and electric utilities, park operations and police services.

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 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. The Village's net investment in OMEGA JV2 was \$28,380 at December 31, 2010. Complete financial statements for OMEGA JV2 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
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2010 are:

<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	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>

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

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

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, 2010 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 \$37,810 at December 31, 2010. 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
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 private-purpose 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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Debt Service 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.

4. Capital Projects Fund:

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 received 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 Fund:

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

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 other 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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2010 and 2009 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 unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2010	2009
Demand deposits	\$ 632,211	\$ 595,396
Certificates of deposit	1,384,298	1,346,410
STAR Ohio	308,012	307,679
Total deposits and investments	\$ 2,324,521	\$ 2,249,485

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 475,324	\$ 224,049	\$ (251,275)
Special Revenue	534,926	290,643	(244,283)
Debt Service	205,708	169,855	(35,853)
Capital Projects	128,860	35,071	(93,789)
Enterprise	2,688,188	1,619,211	(1,068,977)
Total	\$ 4,033,006	\$ 2,338,829	\$ (1,694,177)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 306,507	\$ 258,752	\$ 47,755
Special Revenue	415,062	282,231	132,831
Debt Service	220,473	151,950	68,523
Capital Projects	228,000	104,246	123,754
Enterprise	2,099,618	1,485,566	614,052
Total	\$ 3,269,660	\$ 2,282,745	\$ 986,915

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 549,036	\$ 261,686	\$ (287,350)
Special Revenue	855,888	403,900	(451,988)
Debt Service	129,389	82,653	(46,736)
Capital Projects	245,196	137,383	(107,813)
Enterprise	2,673,113	1,329,344	(1,343,769)
Total	\$ 4,452,622	\$ 2,214,966	\$ (2,237,656)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 322,508	\$ 274,395	\$ 48,113
Special Revenue	665,786	591,723	74,063
Debt Service	95,268	90,381	4,887
Capital Projects	215,300	120,960	94,340
Enterprise	1,598,174	1,267,418	330,756
Total	\$ 2,897,036	\$ 1,077,459	\$ 221,403

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.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% 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, 2010 AND 2009
(Continued)**

6. DEBT

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 2622	\$ 23,936	2.00%
Farmers Home Admn (Sanitary Sewer Bond)	687,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond)	136,000	5.00%
OPWC Loan (Water System Improvement)	31,656	0.00%
First Merit Bank (Meter Loan)	43,546	5.03%
OPWC Loan (Road Project)	58,500	0.00%
First Merit Bank (Fire Truck)	126,707	2.82%
First Merit Bank (Dump Truck)	52,321	3.83%
OWDA Loan 5556	181,255	0.00%
Total	<u>\$ 1,340,920</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.

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 is scheduled to mature on February 17, 2012.

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	OWDA	Sanitary	Sanitary	OPWC	First Merit
	<u>Loan 2622</u>	<u>Sewer Bond</u>	<u>Sewer Bond</u>	<u>Loan</u>	<u>Loan</u>
2011	\$ 8,299	\$ 57,350	\$ 14,800	\$ 2,532	\$ 12,289
2012	8,299	57,200	14,400	2,532	12,289
2013	8,299	56,000	14,000	2,532	12,289
2014	-	56,800	13,600	2,532	12,289
2015	-	57,500	13,200	2,532	-
2016-2020	-	283,500	60,000	12,660	-
2021-2025	-	284,700	50,000	6,335	-
2026-2030	-	226,750	17,200	-	-
Total	<u>\$ 24,897</u>	<u>\$1,079,800</u>	<u>\$ 197,200</u>	<u>\$ 31,656</u>	<u>\$ 49,156</u>

Year ending December 31:	OPWC	First Merit	First Merit	OWDA
	<u>Loan</u>	<u>Loan</u>	<u>Loan</u>	<u>Loan 5556</u>
2011	\$ 3,250	\$ 66,046	\$ 22,085	\$ 5,734
2012	3,250	66,046	22,085	11,468
2013	3,250	-	11,043	11,468
2014	3,250	-	-	11,468
2015	3,250	-	-	11,468
2016-2020	16,250	-	-	57,338
2021-2025	16,250	-	-	57,338
2026-2030	9,750	-	-	14,975
Total	<u>\$ 58,500</u>	<u>\$ 132,091</u>	<u>\$ 55,213</u>	<u>\$ 181,255</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. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

Through December 31, 2010, the Village belonged to 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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 coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009, and include amounts for both OPRM and OPHC.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

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

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:

Years Ending December 31:	Principal	Interest	Refunding Debt Service	Total
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	18,488	12,641	4,739	\$ 35,867
2015	19,437	11,693	4,742	\$ 35,872
2016-2024	225,648	53,686	42,741	\$ 322,075
Total	\$ 314,218	\$ 121,053	\$ 66,273	\$ 501,544

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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

10. INTERFUND TRANSFERS

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2010, the Village transferred monies from the General Fund to the Water Fund, from the Fire Fund to the Fire Debt Service Fund, from the Water Fund to the Water and Blackman Road Debt Service Funds, and from the Sewer to the Sewer Debt Service Fund in order to pay debt payments from the appropriate funds. During 2009, the Village transferred monies from the General Fund to the Police Capital Fund for capital improvements and to Water Fund for a debt payment. Also during 2009, the Village transferred monies from the Water to the Water and Blackman Road Debt Service Funds, and from the Sanitary Sewer to the Sewer Debt Service Fund in order to pay debt payments from the appropriate funds. Also during 2009, the Village transferred monies from the Storm Sewer Capital Project to the Street Capital Improvement Fund in order to improve Village streets. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2010, the following interfund transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ (713)
Water	713	
Fire		(66,046)
Fire Debt Service	66,046	
Water		(5,782)
Water Debt Service	2,532	
Blackman Road Debt Service	3,250	
Sewer		(79,045)
Sewer Debt Service	79,045	
Total	<u>\$ 151,586</u>	<u>\$ (151,586)</u>

During 2009, the following interfund transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (10,140)
Police Capital	5,000	
Water	5,140	(5,782)
Water Debt Service	2,532	
Blackman Road Debt Service	3,250	
Storm Sewer Capital Project		(100,000)
Street Capital Improvement	100,000	
Sanitary Sewer		(65,800)
Sewer Debt Service	65,800	
Total	<u>\$ 181,722</u>	<u>\$ (181,722)</u>

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

11. ENTERPRISE FUND SEGMENT INFORMATION

The Village maintains two Enterprise funds 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 Operating Fund for the year ended December 31, 2010.

<u>Fund Type</u>	<u>Electric Fund</u>
Operating Income	\$ 644,554
Operating Disbursement	<u>(633,716)</u>
Net Income	<u>10,838</u>
Fund Balance 12/31/10	<u><u>\$ 793,094</u></u>

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA

428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

October 31, 2011

Village of Bradner
Wood County
130 North Main Street
PO Box 599
Bradner, OH 43406

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, 2010 and 2009, and have issued our report thereon dated October 31, 2011, 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of audit findings to be 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 31, 2011.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness

Posting Receipts and Expenditures

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

During 2010 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Several debt payments were not properly classified or recorded to the Village's accounting system in 2010.
- Debt Proceeds were not properly recorded to the Village's accounting system in 2010.
- OWDA grant was not properly recorded to the Village's accounting system.
- Mayor's Court receipts and disbursements were not properly classified to the Village's financial statements in 2010 and 2009.

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

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 Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting 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, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 5705.10 Negative cash fund balance	Yes	N/A
2008-002	ORC Section 5705.39 Appropriations exceeding total estimated resources	Yes	N/A
2008-003	ORC Section 5705.41(B) Disbursements exceeding appropriations	Yes	N/A
2008-004	ORC Section 5705.41(D) Expenditures not properly encumbered	No	Moved to Management Letter
2008-005	Accounting for receipts and expenditures	No	Repeated as finding 2010-001



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
JANUARY 3, 2012