



Dave Yost • Auditor of State



VILLAGE OF BRADNER  
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2016 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2016 .....	4
Notes to the Financial Statements for the Year Ended December 31, 2016.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2015 .....	20
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2015 .....	21
Notes to the Financial Statements for the Year Ended December 31, 2015.....	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37
Schedule of Findings.....	39
Summary Schedule of Prior Audit Findings (Prepared by Management).....	41

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bradner, Wood County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bradner, Wood County, Ohio as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 7, 2018

**Village of Bradner, Ohio**  
*Wood County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$50,604	\$24,568	\$11,549		\$86,721
Municipal Income Tax	79,145	21,556		\$43,113	143,814
Intergovernmental	51,198	56,116	1,948		109,262
Special Assessments	1,278	30,992			32,270
Charges for Services		84,249	81,289		165,538
Fines, Licenses and Permits	25,101	2,816			27,917
Earnings on Investments	12,931				12,931
Miscellaneous	1,044	2,420		2,237	5,701
<i>Total Cash Receipts</i>	<u>221,301</u>	<u>222,717</u>	<u>94,786</u>	<u>45,350</u>	<u>584,154</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	79,220	39,144		6,856	125,220
Public Health Services	5,935				5,935
Leisure Time Activities		19,806			19,806
Community Environment	10,069	8,855			18,924
Transportation	26,836	33,200			60,036
General Government	90,162	1,089		14,054	105,305
Debt Service:					
Principal Retirement			56,582		56,582
Interest and Fiscal Charges			32,900		32,900
<i>Total Cash Disbursements</i>	<u>212,222</u>	<u>102,094</u>	<u>89,482</u>	<u>20,910</u>	<u>424,708</u>
<i>Excess of Receipts Over Disbursements</i>	<u>9,079</u>	<u>120,623</u>	<u>5,304</u>	<u>24,440</u>	<u>159,446</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			11,519		11,519
Advances In		12,765		29,785	42,550
Advances Out				(42,550)	(42,550)
Other Financing Uses			(152)		(152)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>12,765</u>	<u>11,367</u>	<u>(12,765)</u>	<u>11,367</u>
<i>Net Change in Fund Cash Balances</i>	9,079	133,388	16,671	11,675	170,813
<i>Fund Cash Balances, January 1</i>	<u>37,549</u>	<u>476,696</u>	<u>119,943</u>	<u>262,853</u>	<u>897,041</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		610,084	1,149		611,233
Committed			135,465	264,233	399,698
Assigned	46,628			10,295	56,923
<i>Fund Cash Balances, December 31</i>	<u>\$46,628</u>	<u>\$610,084</u>	<u>\$136,614</u>	<u>\$274,528</u>	<u>\$1,067,854</u>

*See accompanying notes to the basic financial statements*

**Village of Bradner, Ohio**  
*Wood County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,256,935		\$1,256,935
Fines, Licenses and Permits		\$24,271	24,271
Miscellaneous	11,780		11,780
<i>Total Operating Cash Receipts</i>	<u>1,268,715</u>	<u>24,271</u>	<u>1,292,986</u>
<b>Operating Cash Disbursements</b>			
Personal Services	146,380		146,380
Employee Fringe Benefits	30,153		30,153
Contractual Services	700,378	23,396	723,774
Supplies and Materials	148,131		148,131
<i>Total Operating Cash Disbursements</i>	<u>1,025,042</u>	<u>23,396</u>	<u>1,048,438</u>
<i>Operating Income</i>	<u>243,673</u>	<u>875</u>	<u>244,548</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	14,633		14,633
Intergovernmental	12,649		12,649
Other Debt Proceeds	54,736		54,736
Miscellaneous Receipts	20,331		20,331
Capital Outlay	(143,721)		(143,721)
Principal Retirement	(29,094)		(29,094)
Interest and Other Fiscal Charges	(1,608)		(1,608)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(72,074)</u>		<u>(72,074)</u>
<i>Income before Transfers</i>	171,599	875	172,474
Transfers Out	(11,519)		(11,519)
<i>Net Change in Fund Cash Balances</i>	160,080	875	160,955
<i>Fund Cash Balances, January 1</i>	<u>2,236,098</u>	<u>220</u>	<u>2,236,318</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,396,178</u>	<u>\$1,095</u>	<u>\$2,397,273</u>

*See accompanying notes to the basic financial statements*



**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 1 - Reporting Entity**

The Village of Bradner, Wood County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and repair, water, sewer, and electric utilities, park operations, and police and fire protection services.

The Village participates in joint ventures and long term purchase commitments. Notes 13-16 to the financial statements provide additional information for these entities. The organizations are:

Joint Ventures:

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

Long Term Purchase Commitments:

American Municipal Power Generating Station (AMPGS)  
AMP Fremont Energy Center (AFEC)  
Prairie State Energy Campus  
Combined Hydroelectric Projects

The Village also participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Fire Fund** – This fund receives real estate tax and monies charged for fire protection to surrounding entities. These monies are used to provide fire protection to Village residents and to those entities that contract with the Village to provide such services.

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

**Sanitary Sewer Debt Service Fund** – This fund receives transfers – in from the Sewer Operating Fund for payment of bonds issued to improve the Village’s sanitary sewer system.

**General Obligation Bond Retirement Fund** – This fund receives real estate money for payment of bonds issued to improve the Village’s sanitary sewer system.

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

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

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

**Water Fund** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Electric Fund** - The electric fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village values certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the General and Mayor's Court funds by \$38,079 and \$6,810, respectively, for the year ended December 31, 2016.

Contrary to Village Ordinance No. 23-2011, an advance was repaid out of the Permissive Tax Fund instead of the Street Capital Improvement Fund in the amount of \$13,850 for the year ended December 31, 2016.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,838	\$221,301	\$65,463
Special Revenue	199,073	235,482	36,409
Debt Service	100,345	106,305	5,960
Capital Projects	33,000	75,135	42,135
Enterprise	1,243,142	1,371,064	127,922
Total	\$1,731,398	\$2,009,287	\$277,889

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,466	\$212,222	\$19,244
Special Revenue	222,403	102,094	120,309
Debt Service	93,420	89,634	3,786
Capital Projects	106,544	63,460	43,084
Enterprise	1,729,418	1,210,984	518,434
Total	\$2,383,251	\$1,678,394	\$704,857

**Note 5 – 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:

	2016
Demand deposits	\$2,035,378
Certificates of deposit	732,827
Money Market	436,445
Total deposits	3,204,650
STAR Ohio	260,477
Total investments	260,477
Total deposits and investments	\$3,465,127

***Deposits***

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

***Investments***

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

**Note 6 – Taxes**

***Property Taxes***

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.

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Income Taxes**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 - Risk Management**

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

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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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 equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$5,234,206</u>

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 8 - Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Home Admn (Sanitary Sewer Bond 01 - \$975,000)	\$534,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond 04 - \$300,000)	88,000	5.00%
OWDA Loan # 5556	131,410	0.00%
OWDA Loan # 7027	877,053	0.00%
OPWC Loan #CE21F (Water System Improvement)	17,727	0.00%
OPWC Loan #CE34K (Road Project)	40,625	0.00%
OPWC Loan #CE19N (Maple Street Water Line Main Replacement)	45,548	0.00%
OPWC Loan #CE45O (Waterline and Fire line Loop)	43,264	0.00%
AMP - JV5	164,089	Variable
Total	<u>\$1,941,716</u>	

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 Loan # 5556 on January 14, 2010 with the Ohio Water Development Authority (OWDA) to loan \$181,255 for Pump Station Rehabilitation. The zero interest loan is scheduled to mature on January 1, 2031.

The Village entered into Loan # 7027 in 2016 with OWDA to loan \$877,053 for the Well Supply and Treatment improvements. This is a zero interest loan that will pay off in 30 years.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

The Village entered into Loan # CE21F on November 3, 2003 with the Ohio Public Works Commission (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 a project agreement with OPWC on July 1, 2007 not to exceed \$73,000. Upon completion of project, Loan # CE34K in the 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 Loan # CE19N in July 2011 with OPWC to loan \$60,731 for the Maple Street Water Main Replacement. This is a zero interest loan that will pay off in 20 years.

The Village entered into Loan # CE450 in July 2012 with OPWC to loan \$54,066 for the Waterline Replacement and Fire Line Loop. This is a zero interest loan that will pay off in 20 years.

During 2004, the Village entered into a loan agreement with AMP for \$403,618 in order to finance the cost of making improvements to its electric system, including the construction and installation of a new substation. Principal and interest payments will be retired from net revenues of its electric system, together with interest thereon equal to the rate of interest on the AMP-Ohio Member Electric System Improvement Bond Anticipation Notes ("Notes"), or ("Bonds") in anticipation of which Bonds the Notes are issued. An amortization schedule is not available for this loan.

**Amortization**

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

Year Ending December 31:	Sanitary Sewer Bond 01	Sanitary Sewer Bond 04	OWDA #5556	OWDA #7027	OPWC #CE21F
2017	\$57,700	\$12,400	\$9,063	\$29,235	\$2,532
2018	56,150	12,000	9,063	29,235	2,532
2019	56,600	11,600	9,063	29,235	2,532
2020	56,950	11,200	9,063	29,235	2,532
2021	57,200	10,800	9,063	29,235	2,533
2022-2026	283,560	48,000	45,314	146,176	5,066
2027-2031	170,700	8,400	40,781	146,176	
Total	<u>\$738,860</u>	<u>\$114,400</u>	<u>\$131,410</u>	<u>\$877,053</u>	<u>\$17,727</u>

Year Ending December 31:	OPWC #CE34K	OPWC #CE19N	OPWC #CE450
2017	\$3,250	\$3,037	\$2,704
2018	3,250	3,037	2,704
2019	3,250	3,037	2,704
2020	3,250	3,037	2,704
2021	3,250	3,036	2,704
2022-2026	16,250	15,182	13,520
2027-2031	8,125	15,182	13,520
2032-2036			2,704
Total	<u>\$40,625</u>	<u>\$45,548</u>	<u>\$43,264</u>



**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 11 – Transfers and Advances**

During 2016, the following transfers were made:

	Transfers In	Transfers Out
Water Capital		(\$11,519)
Water Distribution Debt Service	\$5,233	
Blackman Road Debt Service	3,250	
OWDA	3,036	
Total	<u>\$11,519</u>	<u>(\$11,519)</u>

During 2016, the Village transferred money from the Water Capital Fund to the Water Distribution Debt Service, Blackman Road Debt Service, and OWDA funds in order to pay debt payments from the appropriate funds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2016, the following advances were made to repay the outstanding principal on the manuscript debt issue during 2011. These advances were determined to be appropriate and in compliance with Ohio Revised Code.

	Advances In	Advances Out
Storm Sewer Capital	\$29,785	
Park	12,765	
Street Capital Improvement		(\$42,550)
Total	<u>\$42,550</u>	<u>(\$42,550)</u>

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

**Note 12 – Contingent Liabilities**

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

**Note 13 – Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2016, the outstanding debt was \$4,142,633. The Village's net investment in OMEGA JV2 was \$11,817 at December 31, 2016. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2016 are:

<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>	<b>Municipality</b>	<b>Percent Ownership</b>	<b>Kw Entitlement</b>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 14 –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.

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.

Also 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, 2016 Bradner has met its 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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. The Village's net investment to date in OMEGA JV5 was \$10,458 at December 31, 2016. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 15 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2016
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Service	\$796,083
Other Operating Receipts	3,186
Total Operating Receipts	799,269
Operating Expenses	
Personal Services	57,104
Contractual Services	520,326
Supplies and Materials	11,617
Other	40,746
Total Operating Expenses	629,793
Operating Income (Loss)	169,476
Nonoperating Receipts (Disbursements)	
Principal Payments	(29,094)
Interest Payments	(1,608)
Other Nonoperating Receipts (Disbursements)	(24,578)
Change in Fund Cash Balance	114,196
Beginning Fund Cash Balance	1,268,435
Ending Fund Cash Balance	<u>\$1,382,631</u>
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$169,476
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	
Principal Payments on Capital and Related Debt	(29,094)
Interest Payments on Capital and Related Debt	(1,608)
Other Capital and Related Financing Activities	(24,578)
Net Cash Provided (Used) by Capital and Related Financing Activities	(55,280)
Net Increase (Decrease)	114,196
Beginning Fund Cash Balance	1,268,435
Ending Fund Cash Balance	<u>\$1,382,631</u>

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 16 – Long Term Purchase Commitments**

**American Municipal Power Generating Station Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 724 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.09 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$126,113. The Village received a credit of \$13,971 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$32,743 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). In addition the Village made payments totaling \$4,038 leaving an estimated net impaired cost balance of \$75,361. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$55,622 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,262 and interest expense incurred on AMP's line-of-credit of \$1,292, resulting in a net impaired cost estimate at December 31, 2016 of \$22,293. The Village does have a Potential PHFU Liability of \$33,678 resulting in a net total potential liability of \$55,971, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

**Combined Hydroelectric Projects (79 Members)**

AMP recently completed construction of three hydroelectric facilities, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "Combined Hydroelectric Project"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Project facilities entailed the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Project, including associated transmission facilities, are operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Project.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

The Cannelton Hydro facility, 88MW, in operation as of June 7, 2016, is located on the Kentucky shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May 31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

The Willow Island Hydro facility, 44MW, in operation as of February 4, 2016, diverts water from the existing Willow Island Locks and Dam through bulb turbines. The FERC license for the Willow Project expires August 31, 2030. Average gross annual output is 279 million kWh. The powerhouse houses two horizontal 29.3 MW bulb type turbines and generating units.

The Smithland Hydro facility, 76MW, in operation as of September 1, 2017, is located 62.5 miles upstream of the confluence of the Ohio and Mississippi Rivers. The Smithland project has a FERC license that expires May 31, 2038. The powerhouse houses three horizontal 29.3 MW bulb type turbines and generating units. Average gross annual output is 379 million kWh.

To provide financing for the Combined Hydroelectric Project, in 2009 and 2010 AMP issued in seven series \$2,045,425,000 of its Combined Hydroelectric Project Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

In addition, AMP issued the Combined Hydro Project Revenue Bonds, Series 2016A (Green Bonds) (the "Series 2016A Bonds") for \$209,530,000 on October 6, 2016. The bonds were used to finance final completion costs and also reimbursement to the AMP credit line, which provided interim financing for costs related to construction, fund a deposit to the Parity Common Reserve Account, deposit to Escrow Account and pay the cost of issuance of the Series 2016A. The purpose of the "Green bonds" label is to allow investors to invest in an environmentally beneficial project.

As of December 31, 2016 the total outstanding Hydro Project debt on AMP's books is approximately \$2,175,339,706.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 200 kW or .10% of capacity and associated energy from the Combined hydro facilities.

**Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired 368,000 kW or an effective 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project. As of December 31, 2016 the outstanding obligation on Prairie State project is \$1,576,845,000.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 199 kW or .05% kW of capacity and associated energy from the Prairie State facility.

**AMP Fremont Energy Center (AFEC) (86 Members)**

AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. AMP acquired AFEC on July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, repay the \$600,000,000 principal amount of an interim loan that financed the acquisition and development costs and completion of construction and commissioning of AFEC; (ii) make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures; (iii) fund deposits to certain reserve accounts; and (iv) pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2016 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$520,620,000.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 130 kW or .03% of capacity and associated energy from the AFEC facility.

**Village of Bradner, Ohio**  
*Wood County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$48,007	\$20,932	\$10,247		\$79,186
Municipal Income Tax	67,438	18,337		\$36,674	122,449
Intergovernmental	53,479	104,853	1,927		160,259
Special Assessments	226	28,003			28,229
Charges for Services		82,365	81,411		163,776
Fines, Licenses and Permits	17,050	940			17,990
Earnings on Investments	11,395				11,395
Miscellaneous	578	2,430	11	578	3,597
<i>Total Cash Receipts</i>	<u>198,173</u>	<u>257,860</u>	<u>93,596</u>	<u>37,252</u>	<u>586,881</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	73,881	38,558			112,439
Public Health Services	1,964				1,964
Leisure Time Activities		12,641			12,641
Community Environment	3,239	3,455			6,694
Transportation	20,321	41,008			61,329
General Government	97,655	20			97,675
Capital Outlay	1,903	63,299		9,721	74,923
Debt Service:					
Principal Retirement			56,582		56,582
Interest and Fiscal Charges			34,700		34,700
<i>Total Cash Disbursements</i>	<u>198,963</u>	<u>158,981</u>	<u>91,282</u>	<u>9,721</u>	<u>458,947</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(790)</u>	<u>98,879</u>	<u>2,314</u>	<u>27,531</u>	<u>127,934</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			11,519		11,519
Other Financing Uses			(138)	(115)	(253)
<i>Total Other Financing Receipts (Disbursements)</i>			<u>11,381</u>	<u>(115)</u>	<u>11,266</u>
<i>Net Change in Fund Cash Balances</i>	<u>(790)</u>	<u>98,879</u>	<u>13,695</u>	<u>27,416</u>	<u>139,200</u>
<i>Fund Cash Balances, January 1</i>	<u>38,339</u>	<u>377,817</u>	<u>106,248</u>	<u>235,437</u>	<u>757,841</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		476,696	1,579		478,275
Committed			118,364	252,558	370,922
Assigned	37,549			10,295	47,844
<i>Fund Cash Balances, December 31</i>	<u>\$37,549</u>	<u>\$476,696</u>	<u>\$119,943</u>	<u>\$262,853</u>	<u>\$897,041</u>

*See accompanying notes to the basic financial statements*



**Village of Bradner, Ohio**  
*Wood County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2015*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,221,212		\$1,221,212
Fines, Licenses and Permits		\$12,225	12,225
Miscellaneous	1,943		1,943
<i>Total Operating Cash Receipts</i>	<u>1,223,155</u>	<u>12,225</u>	<u>1,235,380</u>
<b>Operating Cash Disbursements</b>			
Personal Services	132,688		132,688
Employee Fringe Benefits	26,935		26,935
Contractual Services	582,115	13,035	595,150
Supplies and Materials	67,777		67,777
<i>Total Operating Cash Disbursements</i>	<u>809,515</u>	<u>13,035</u>	<u>822,550</u>
<i>Operating Income (Loss)</i>	<u>413,640</u>	<u>(810)</u>	<u>412,830</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	12,986		12,986
Intergovernmental	77,201		77,201
Other Debt Proceeds	1,249,117		1,249,117
Capital Outlay	(1,338,497)		(1,338,497)
Principal Retirement	(27,210)		(27,210)
Interest and Other Fiscal Charges	(2,058)		(2,058)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(28,461)</u>		<u>(28,461)</u>
<i>Income (Loss) before Transfers</i>	<u>385,179</u>	<u>(810)</u>	<u>384,369</u>
Transfers Out	(11,519)		(11,519)
<i>Net Change in Fund Cash Balances</i>	<u>373,660</u>	<u>(810)</u>	<u>372,850</u>
<i>Fund Cash Balances, January 1</i>	<u>1,862,438</u>	<u>1,030</u>	<u>1,863,468</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,236,098</u>	<u>\$220</u>	<u>\$2,236,318</u>

*See accompanying notes to the basic financial statements*

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 1 - Reporting Entity**

The Village of Bradner, Wood County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and repair, water, sewer, and electric utilities, park operations, and police and fire protection services.

The Village participates in joint ventures and long term purchase commitments. Notes 12-15 to the financial statements provide additional information for these entities. The organizations are:

Joint Ventures:

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

Long Term Purchase Commitments:

American Municipal Power Generating Station (AMPGS)  
AMP Fremont Energy Center (AFEC)  
Prairie State Energy Campus  
Combined Hydroelectric Projects

The Village also participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Fire Fund** – This fund receives real estate tax and monies charged for fire protection to surrounding entities. These monies are used to provide fire protection to Village residents and to those entities that contract with the Village to provide such services.

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

**Sanitary Sewer Debt Service Fund** – This fund receives transfers – in from the Sewer Operating Fund for payment of bonds issued to improve the Village’s sanitary sewer system.

**General Obligation Bond Retirement Fund** – This fund receives real estate money for payment of bonds issued to improve the Village’s sanitary sewer system.

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

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

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

**Water Fund** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Electric Fund** - The electric fund accounts for the provision of electric distribution to the residents and commercial users located within the Village.

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values certificates of deposit at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$190,140	\$198,173	\$8,033
Special Revenue	186,799	257,860	71,061
Debt Service	106,230	105,115	(1,115)
Capital Projects	59,300	37,252	(22,048)
Enterprise	2,504,377	2,562,459	58,082
Total	<u>\$3,046,846</u>	<u>\$3,160,859</u>	<u>\$114,013</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,833	\$198,963	\$16,870
Special Revenue	257,770	158,981	98,789
Debt Service	91,919	91,420	499
Capital Projects	87,985	9,836	78,149
Enterprise	2,681,040	2,188,799	492,241
Total	<u>\$3,334,547</u>	<u>\$2,647,999</u>	<u>\$686,548</u>

**Note 4 – 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:

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

	2015
Demand deposits	\$1,666,542
Certificates of deposit	989,808
Money Market	167,811
Total deposits	2,824,161
STAR Ohio	309,198
Total investments	309,198
Total deposits and investments	\$3,133,359

***Deposits***

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

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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.

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	<b>2015</b>	<b>2014</b>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

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

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Home Admn (Sanitary Sewer Bond 01 - \$975,000)	\$562,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond 04 - \$300,000)	96,000	5.00%
OWDA Loan # 5556	140,473	0.00%
OWDA Loan # 7027	840,354	0.00%
OPWC Loan #CE21F (Water System Improvement)	20,260	0.00%
OPWC Loan #CE34K (Road Project)	43,875	0.00%
OPWC Loan #CE19N (Maple Street Water Line Main Replacement)	48,585	0.00%
OPWC Loan #CE450 (Waterline and Fire line Loop)	45,965	0.00%
AMP - JV5	193,183	Variable
Total	<u>\$1,990,695</u>	

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 Loan # 5556 on January 14, 2010 with the Ohio Water Development Authority (OWDA) to loan \$181,255 for Pump Station Rehabilitation. The zero interest loan is scheduled to mature on January 1, 2031.

On June 25, 2015, the OWDA approved Loan # 7027 in the amount of \$1,303,853, with a principal forgiveness of \$426,800, for a net amount of \$877,053 for the Well Supply and Treatment improvements. This project was not completed until 2016 and no amortization schedule is available at this time.

The Village entered into Loan # CE21F on November 3, 2003 with the Ohio Public Works Commission (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 a project agreement with OPWC on July 1, 2007 not to exceed \$73,000. Upon completion of project, Loan # CE34K in the 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 Loan # CE19N in July 2011 with OPWC to loan \$60,731 for the Maple Street Water Main Replacement. This is a zero interest loan that will pay off in 20 years.

The Village entered into Loan # CE450 in July 2012 with OPWC to loan \$54,066 for the Waterline Replacement and Fire Line Loop. This is a zero interest loan that will pay off in 20 years.

During 2004, the Village entered into a loan agreement with AMP for \$403,618 in order to finance the cost of making improvements to its electric system, including the construction and installation of a new substation. Principal and interest payments will be retired from net revenues of its electric system, together with interest thereon equal to the rate of interest on the AMP-Ohio Member Electric System



**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

Improvement Bond Anticipation Notes (“Notes”), or (“Bonds”) in anticipation of which Bonds the Notes are issued. An amortization schedule is not available for this loan.

**Amortization**

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

Year Ending December 31:	Sanitary Sewer Bond 01	Sanitary Sewer Bond 04	OWDA #5556	OPWC #CE21F	OPWC #CE34K
2016	\$56,100	\$12,800	\$9,063	\$2,532	\$3,250
2017	57,700	12,400	9,063	2,532	3,250
2018	56,150	12,000	9,063	2,532	3,250
2019	56,600	11,600	9,063	2,532	3,250
2020	56,950	11,200	9,063	2,532	3,250
2021-2025	284,700	50,000	45,314	7,600	16,250
2026-2030	226,750	17,200	45,313		11,375
2031-2035			4,531		
Total	<u>\$794,950</u>	<u>\$127,200</u>	<u>\$140,473</u>	<u>\$20,260</u>	<u>\$43,875</u>

Year Ending December 31:	OPWC #CE19N	OPWC #CE45O
2016	\$3,037	\$2,701
2017	3,037	2,704
2018	3,037	2,704
2019	3,037	2,704
2020	3,037	2,704
2021-2025	15,182	13,520
2026-2030	15,182	13,520
2031-2035	3,036	5,408
Total	<u>\$48,585</u>	<u>\$45,965</u>

**Note 10 – Transfers**

During 2015, the following transfers were made:

	Transfers In	Transfers Out
Water Capital		(\$11,519)
Water Distribution Debt Service	\$5,233	
Blackman Road Debt Service	3,250	
OWDA	3,036	
Total	<u>\$11,519</u>	<u>(\$11,519)</u>

During 2015, the Village transferred money from the Water Capital Fund to the Water Distribution Debt Service, Blackman Road Debt Service, and OWDA funds in order to pay debt payments from the appropriate funds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

In December 2011, Village Council approved an ordinance to issue manuscript debt for the Street Capital Improvement Fund to borrow \$100,000 for street improvements. \$70,000 was borrowed from the Storm Sewer Capital Fund and \$30,000 was borrowed from the Park Fund. The manuscript debt is to be paid back over 5 years in equal installments at an interest rate of 4.25%. These advances were determined to be appropriate and in compliance with the Ohio Revised Code. The 2015 payments were repaid in 2016.

**Note 11 – Contingent Liabilities**

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

**Note 12 – 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2015, the outstanding debt was \$8,052,470. The Village's net investment in OMEGA JV2 was \$14,722 at December 31, 2015. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2015 are:

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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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>

**Note 13 – 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.

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.

Also 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, 2015, 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

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187.\* AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$10,458 at December 31, 2015. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

\* Subsequent to year end, on January 19, 2016, OMEGA JV5 issued the Beneficial Interest Refunding Certificates, Series 2016 (the "2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding.

**Note 14 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
(Continued)

	2015
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Service	\$780,936
Other Operating Receipts	7,518
Total Operating Receipts	<u>788,454</u>
Operating Expenses	
Personal Services	51,372
Contractual Services	418,952
Supplies and Materials	27,233
Other	67,273
Total Operating Expenses	<u>564,830</u>
Operating Income (Loss)	223,624
Nonoperating Receipts (Disbursements)	
Principal Payments	(27,210)
Interest Payments	(2,058)
Other Nonoperating Receipts (Disbursements)	(133)
Change in Fund Cash Balance	194,223
Beginning Fund Cash Balance	1,074,212
Ending Fund Cash Balance	<u>\$1,268,435</u>
<b>Condensed Cash Flows Information:</b>	
2015	
Net Cash Provided (Used) by:	
Operating Activities	\$223,624
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	
Principal Payments on Capital and Related Debt	(27,210)
Interest Payments on Capital and Related Debt	(2,058)
Other Capital and Related Financing Activities	(133)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(29,401)</u>
Net Increase (Decrease)	194,223
Beginning Fund Cash Balance	1,074,212
Ending Fund Cash Balance	<u>\$1,268,435</u>

**Note 15 – Long Term Purchase Commitments**

**American Municipal Power Generating Station Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 724 kilowatts of a total 771,281 kilowatts, giving the Village a 0.09 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$126,113. The Village received a credit of \$13,971 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$32,743 related to the AMPGS costs deemed to have future benefit for the project participants, and payments made of \$4,038 leaving a net impaired cost estimate of \$75,361. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. Since March 31, 2014 the Village has made payments of \$34,720 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$963 and interest expense incurred on AMP's line-of-credit of \$828, resulting in a net impaired cost estimate at December 31, 2015 of \$42,432.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

**Combined Hydroelectric Projects (79 Members)**

AMP recently completed construction of three hydroelectric facilities, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "Combined Hydroelectric Project"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Project facilities entailed the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Project, including associated transmission facilities, are operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Project.

The Cannelton Hydro facility, 88MW, in operation as of June 7, 2016, is located on the Kentucky shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May 31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

The Willow Island Hydro facility, 44MW, in operation as of February 4, 2016, diverts water from the existing Willow Island Locks and Dam through bulb turbines. The FERC license for the Willow Project expires August 31, 2030. Average gross annual output is 279 million kWh. The powerhouse houses two horizontal 29.3 MW bulb type turbines and generating units.

The Smithland Hydro facility, 76MW, in operation as of September 1, 2017, is located 62.5 miles upstream of the confluence of the Ohio and Mississippi Rivers. The Smithland project has a FERC license that expires May 31, 2038. The powerhouse houses three horizontal 29.3 MW bulb type turbines and generating units. Average gross annual output is 379 million kWh.

To provide financing for the Combined Hydroelectric Project, in 2009 and 2010 AMP issued in seven series \$2,045,425,000 of its Combined Hydroelectric Project Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

In addition, AMP issued the Combined Hydro Project Revenue Bonds, Series 2016A (Green Bonds) (the "Series 2016A Bonds") for \$209,530,000 on October 6, 2016. The bonds were used to finance final completion costs and also reimbursement to the AMP credit line, which provided interim financing for costs related to construction, fund a deposit to the Parity Common Reserve Account, deposit to Escrow Account and pay the cost of issuance of the Series 2016A. The purpose of the "Green bonds" label is to allow investors to invest in an environmentally beneficial project.

As of December 31, 2015 the total outstanding Hydro Project debt on AMP's books is approximately \$2,017,829,118.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 200 kW or .10% of capacity and associated energy from the Combined hydro facilities.

**Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired 368,000 kW or an effective 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project. As of December 31, 2015 the outstanding obligation on Prairie State project is \$1,590,590,000.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 199 kW or .05% kW of capacity and associated energy from the Prairie State facility.

**AMP Fremont Energy Center (AFEC) (86 Members)**

AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. AMP acquired AFEC on July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, repay the \$600,000,000 principal amount of an interim loan that financed the acquisition and development costs and completion of construction and commissioning of

**Village of Bradner, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

AFEC; (ii) make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures; (iii) fund deposits to certain reserve accounts; and (iv) pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2015 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$529,225,000.

The Village of Bradner has executed a take-or-pay power sales contract with AMP for 130 kW or .03% of capacity and associated energy from the AFEC facility.





# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Bradner, Wood County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 7, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-002 and 2016-003.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large loop at the end of the last name.

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 7, 2018

**VILLAGE OF BRADNER  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following adjustments are included in the accompanying fiscal year 2016 and 2015 financial statements:

- In 2015 and 2016, we noted that Kwh Taxes of \$25,872 and \$26,105 were posted under Charges for Services instead of Property and Other Local Taxes in the General Fund.
- In 2015, we noted AMP Hydro receipts of \$7,378 were misposted to Miscellaneous Receipts instead of Charges for Services, an ambulance grant of \$6,250 from the state misposted to Charges for Services instead of Intergovernmental, and OWDA loan proceeds of \$98,285 posted to Miscellaneous Revenue instead of Other Debt Proceeds in the Enterprise Funds.
- In 2016, we noted advances out of \$21,700 in the Capital Project Fund that were misposted as Capital Outlay. In addition, we noted advances in of \$765 and \$1,785 into the Special Revenue and Capital Project Funds, respectively, which were misposted as Miscellaneous Revenue.
- In 2015 and 2016, the Village received an OWDA loan. The total loan was for \$1,303,853 with a principal forgiveness amount of \$426,800 leaving the balance due on the loan of \$877,053. The Village only booked the direct payments they received from OWDA (\$98,285) and did not book any of the on behalf payments paid directly by OWDA. The on behalf payments for the Village were \$1,150,832 in 2015 and \$54,736 in 2016.
- We noted the Village was awarded a CDBG grant for a waterline replacement that spanned over 2015 and 2016. The grant was an on behalf grant and payments were made by Wood County on behalf of the Village. The Village did not book the on behalf activity. The on behalf payments for the Village were \$68,510 in 2015 and \$1,184 in 2016.
- In 2015 and 2016, fund balances were improperly classified as unassigned in the Debt Service Funds instead of restricted in the amounts of \$1,579 and \$1,149, respectively, and committed in the amounts of \$118,364 and \$135,465, respectively.
- In 2015 and 2016, fund balances were improperly classified as unassigned in the Capital Project Funds instead of committed in the amounts of \$252,558 and \$264,233, respectively, and assigned in the amounts of \$10,295 and \$10,295, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. Additional audit adjustments were made in smaller relative amounts for additional reasons. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook and Audit Bulletin 2011-004 for information on GASB Statement No. 54. The Village Council should also review the Village's statements to help ensure all transactions are being properly posted to the financial statements.

**FINDING NUMBER 2016-002**

**Noncompliance/Material Weakness**

**Ordinance No. 23-2011** authorized a loan of funds to the Street Capital Improvement Fund from unencumbered funds available in the Park Fund and the Storm Sewer Capital Fund. The original advance from the Park Fund and the Storm Sewer Capital Fund were in the amounts of \$30,000 and \$70,000, respectively. The repayment schedule was over a five year period with an interest rate of 4.25%.

The Fiscal Officer did not make the 2015 repayment until 2016. In 2016, an advance repayment of \$13,850 was incorrectly paid out of the Permissive Tax Fund that should have been repaid out of the Street Capital Improvement Fund based on Ordinance No. 23-2011. This error was the result of a misinterpretation of the ordinance. The financial statements and the Village's accounting system were adjusted to correct this error.

To help ensure the Village's financial statements are complete and accurate, the Village should implement policies and procedures including final review of repayments to help identify and correct any errors.

**FINDING NUMBER 2016-003**

**Noncompliance**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

The following funds had appropriations in excess of estimated resources for 2016:

<b>Fund Name</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Variance</b>
General Fund	\$193,387	\$231,466	(\$38,079)
Mayor's Court Fund	16,220	23,030	(6,810)

This noncompliance was the result of inadequate policies and procedures in monitoring budgetary information. Appropriating in excess of estimated resources could result in the Village expending more money than it receives and could result in negative fund balances.

We recommend the Village Council monitor appropriations compared to estimated resources to help ensure that estimated resources are sufficient to cover appropriations.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF BRADNER  
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Material weakness due to errors in financial reporting.	Not Corrected. Repeated in this report as finding 2016-001.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.
2014-002	Ohio Rev. Code § 733.40 due to Mayors Court remittances not made timely to the Village's General Fund.	Corrective Action Taken and Finding is Fully Corrected.	
2014-003	Ohio Rev. Code § 5705 due to several violations of budgetary law.	Partially Corrected and repeated in the Management Letter.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.
2014-004	Significant Deficiency due to not reconciling the Payroll Clearing Account.	Corrective Action Taken and Finding is Fully Corrected.	
2014-005	Significant Deficiency in Day in the Park Revenues for lack of supporting documentation.	Corrective Action Taken and Finding is Fully Corrected.	

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# Dave Yost • Auditor of State

VILLAGE OF BRADNER

WOOD COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 27, 2018