



**Auditor of State
Betty Montgomery**

VILLAGE OF BRADNER
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bradner
Wood County
130 N. Main Street, P.O. Box 599
Bradner, Ohio 43406-0599

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradner, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 18, 2003

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 75,308	\$ 48,049	\$ 20,011	\$ 36,519	\$ 179,887
Special Assessments		17,419			17,419
Intergovernmental Receipts	87,490	98,099	2,663		188,252
Charges for Services	2,656	48,610			51,266
Fines, Licenses, and Permits	21,914	48			21,962
Earnings on Investments	27,689	2,236			29,925
Miscellaneous	21,560	26,594			48,154
Total Cash Receipts	236,617	241,055	22,674	36,519	536,865
Cash Disbursements:					
Current:					
Security of Persons and Property	78,725	36,781			115,506
Public Health Services	1,358				1,358
Leisure Time Activities	1,206	17,715			18,921
Community Environment	10,484	5,017			15,501
Basic Utility Services	5,050				5,050
Transportation	38,709	25,567			64,276
General Government	106,845	11,807			118,652
Debt Service:					
Principal Payments			139,457		139,457
Interest Payments			71,107		71,107
Financing and Other Debt-Service Related			252		252
Capital Outlay	3,815	18,345		4,122	26,282
Total Cash Disbursements	246,192	115,232	210,816	4,122	576,362
Total Receipts Over/(Under) Disbursements	(9,575)	125,823	(188,142)	32,397	(39,497)
Other Financing Receipts and (Disbursements):					
Transfers-In	28,156	2,000	187,964		218,120
Transfers-Out	(33,322)	(62,785)			(96,107)
Total Other Financing Receipts/(Disbursements)	(5,166)	(60,785)	187,964		122,013
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,741)	65,038	(178)	32,397	82,516
Fund Cash Balances, January 1	69,039	229,731	60,393	109,330	468,493
Fund Cash Balances, December 31	\$ 54,298	\$ 294,769	\$ 60,215	\$ 141,727	\$ 551,009
Reserves for Encumbrances, December 31	\$ 2,063	\$ 10,548	\$ -	\$ 100	\$ 12,711

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,019,049	\$ 24,632	\$ 1,043,681
Miscellaneous	3,276		3,276
Total Operating Cash Receipts	<u>1,022,325</u>	<u>24,632</u>	<u>1,046,957</u>
Operating Cash Disbursements:			
Personal Services	222,611		222,611
Travel Transportation	1,512		1,512
Contractual Services	527,950	24,632	552,582
Supplies and Materials	64,681		64,681
Capital Outlay	64,349		64,349
Total Operating Cash Disbursements	<u>881,103</u>	<u>24,632</u>	<u>905,735</u>
Operating Income	<u>141,222</u>		<u>141,222</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	2,638		2,638
Total Non-Operating Cash Receipts	<u>2,638</u>		<u>2,638</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	143,860		143,860
Transfers-In	31,322		31,322
Transfers-Out	(153,335)		(153,335)
Net Receipts Over Disbursements	21,847		21,847
Fund Cash Balances, January 1	<u>755,038</u>		<u>755,038</u>
Fund Cash Balances, December 31	<u>\$ 776,885</u>	<u>\$ -</u>	<u>\$ 776,885</u>
Reserve for Encumbrances, December 31	<u>\$ 83,690</u>	<u>\$ -</u>	<u>\$ 83,690</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 80,428	\$ 50,735	\$ 20,123	\$ 39,256	\$ 190,542
Special Assessments		16,633			16,633
Intergovernmental Receipts	98,614	83,587	2,655		184,856
Charges for Services		59,804			59,804
Fines, Licenses, and Permits	4,155	252			4,407
Earnings on Investments	51,199				51,199
Miscellaneous	16,114	38,320			54,434
Total Cash Receipts	250,510	249,331	22,778	39,256	561,875
Cash Disbursements:					
Current:					
Security of Persons and Property	69,508	44,684			114,192
Public Health Services	2,729				2,729
Leisure Time Activities	4,083	19,176			23,259
Community Environment	10,880	2,290			13,170
Basic Utility Services	4,842				4,842
Transportation	43,737	40,271			84,008
General Government	103,922	4,404			108,326
Debt Service:					
Principal Payments			72,309		72,309
Interest Payments			75,936		75,936
Financing and Other Debt-Service Related			6,812		6,812
Capital Outlay		277,623		3,637	281,260
Total Cash Disbursements	239,701	388,448	155,057	3,637	786,843
Total Receipts Over/(Under) Disbursements	10,809	(139,117)	(132,279)	35,619	(224,968)
Other Financing Receipts and (Disbursements):					
Sale of Bonds or Notes		140,000			140,000
Transfers-In	21,683		137,737		159,420
Advances-In	1,000				1,000
Transfers-Out	(26,373)	(21,683)			(48,056)
Advances-Out		(1,000)			(1,000)
Total Other Financing Receipts/(Disbursements)	(3,690)	117,317	137,737		251,364
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,119	(21,800)	5,458	35,619	26,396
Fund Cash Balances, January 1	61,920	251,531	54,935	73,711	442,097
Fund Cash Balances, December 31	\$ 69,039	\$ 229,731	\$ 60,393	\$ 109,330	\$ 468,493
Reserves for Encumbrances, December 31	\$ 1,526	\$ 2,188	\$ -	\$ -	\$ 3,714

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 944,109	\$ 2,970	\$ 947,079
Miscellaneous	18,797		18,797
	<u>962,906</u>	<u>2,970</u>	<u>965,876</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	205,446		205,446
Travel Transportation	5,072		5,072
Contractual Services	481,755	2,970	484,725
Supplies and Materials	67,665		67,665
Capital Outlay	171,461		171,461
	<u>931,399</u>	<u>2,970</u>	<u>934,369</u>
Total Operating Cash Disbursements			
Operating Income	<u>31,507</u>		<u>31,507</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	31,507		31,507
Transfers-In	24,196		24,196
Transfers-Out	<u>(135,560)</u>		<u>(135,560)</u>
Net Disbursements Over Receipts	(79,857)		(79,857)
Fund Cash Balances, January 1	<u>834,895</u>		<u>834,895</u>
Fund Cash Balances, December 31	<u>\$ 755,038</u>	<u>\$ -</u>	<u>\$ 755,038</u>
Reserve for Encumbrances, December 31	<u>\$ 43,381</u>	<u>\$ -</u>	<u>\$ 43,381</u>

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposits are valued at cost. STAR Ohio is recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Fire Fund -This fund receives real estate tax, personal property tax, and monies charged for fire protection to surrounding entities. These monies are used to provide fire protection to Village residents.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

General Obligation Fund (Sanitary Sewer Fund) – receives real estate tax and personal property tax money for payment of bonds, which were issued so the Village was able to provide sewer improvements for Village residents.

General Obligation Fund (Electric Finance Fund) – received money from the user charges from the Electric Fund for payment of the bond anticipation notes for AMP-Ohio.

General Obligation Fund (Fire Fund) – the Village issued a promissory note to purchase a fire truck.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Storm Sewer Capital Fund - This fund receives proceeds of municipal income tax. The proceeds are being used for acquisition or construction of storm sewers.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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

6. Fiduciary Funds (Agency Fund)

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Mayor's Court Fund – This fund receives its revenues from tickets fines and court costs. This fund is used to account for revenue and disbursements for Mayor's Court.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for one week of unused vacation leave and twenty-five percent of the value of unused sick leave up to a maximum of thirty days. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

	2002	2001
Demand deposits	\$ 434,395	\$ 350,828
Certificates of deposit	636,894	620,656
Total deposits	1,071,289	971,484
STAR Ohio	256,605	252,047
Total investments	256,605	252,047
Total deposits and investments	\$ 1,327,894	\$ 1,223,531

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 257,101	\$ 264,773	\$ 7,672
Special Revenue	181,500	243,055	61,555
Debt Service	153,970	210,638	56,668
Capital Projects	39,700	36,519	(3,181)
Enterprise	973,400	1,056,285	82,885
Fiduciary		24,632	24,632
Total	\$ 1,605,671	\$ 1,835,902	\$ 230,231

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 300,791	\$ 281,577	\$ 19,214
Special Revenue	405,047	188,565	216,482
Debt Service	211,155	210,816	339
Capital Projects	139,000	4,222	134,778
Enterprise	1,451,228	1,118,128	333,100
Fiduciary	20,000	24,632	(4,632)
Total	\$ 2,527,221	\$ 1,827,940	\$ 699,281

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Fund Type	Receipts	Receipts	Variance
General	\$ 256,973	\$ 272,193	\$ 15,220
Special Revenue	169,055	389,331	220,276
Debt Service	158,598	160,515	1,917
Capital Projects	45,200	39,256	(5,944)
Enterprise	948,850	987,102	38,252
Fiduciary		2,970	2,970
Total	<u>\$ 1,578,676</u>	<u>\$ 1,851,367</u>	<u>\$ 272,691</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 283,190	\$ 267,600	\$ 15,590
Special Revenue	489,758	412,319	77,439
Debt Service	161,719	155,057	6,662
Capital Projects	60,505	3,637	56,868
Enterprise	1,412,098	1,110,340	301,758
Fiduciary	3,500	2,970	530
Total	<u>\$ 2,410,770</u>	<u>\$ 1,951,923</u>	<u>\$ 458,847</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 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.

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 81,226	2.00%
Farmers Home Administration (Sanitary Sewer Bond)	832,000	5.00%
Farmers Home Administration (Sanitary Sewer Bond)	200,000	5.00%
Bond Anticipation Note (AMP-Ohio)	340,000	2.30%
Promissory Note (Fire Truck)	79,087	4.50%
Total	\$ 1,532,313	

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

The Village borrowed \$140,000 at an interest rate of 4.5 percent from First Merit Bank on October 16, 2001 to finance the purchase of a fire truck for the Village. The original maturity date of this note is February 1, 2008, however the Village has paid more than the required debt payments and anticipates the note will be retired at an earlier date.

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

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

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

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

Year ending December 31:	OWDA Loan	Farmers Home Administration Sanitary Sewer Bond \$975,000	Farmers Home Administration Sanitary Sewer Bond \$300,000	Bond Anticipation Note	Promissory Note (Fire Truck)
2003	\$ 8,299	\$ 56,600	\$ 18,000	\$ 347,820	\$ 23,559
2004	8,299	56,850	17,600		22,659
2005	8,299	57,050	17,200		21,759
2006	8,299	57,200	16,800		19,947
2007	8,299	56,300	16,400		
2008-2029	49,796	1,250,000	244,000		
Total	\$ 91,291	\$ 1,534,000	\$ 330,000	\$ 347,820	\$ 87,924

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2001 and 2002, respectively. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

9. OHIO MUNICIPAL ELECTRIC GENERATION AGENCY JOINT VENTURE 5

The Village is a participant with forty-one other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5 (the OMEGA JV-5). Its purpose is to undertake the Belleville hydroelectric project, which consists of the Belleville hydroelectric plant and associated transmission facilities, backup generation facilities, and power purchased on behalf of OMEGA JV-5 participants. The Village's ownership share of this project is 0.35 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership. Payments began in 1994. Complete financial statements for OMEGA JV-5 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219 or from the Village Clerk/Treasurer. The Village paid OMEGA JV-5 \$61,224 in 2002 and \$65973 in 2001. Debt service requirements for the next five years and cumulative requirements thereafter as of December 31, 2002 are as follows:

**VILLAGE OF BRADNER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Year ending December 31:	Participant Principal	Participant Interest	Total Participant Debt Service
2003	\$ 12,058	\$ 25,834	\$ 37,892
2004	12,670	25,210	\$37,880
2005	13,300	24,887	\$38,187
2006	14,000	24,188	\$38,188
2007	14,753	24,486	\$39,239
2008-2024	417,690	218,108	\$635,798
Total	<u>\$ 484,471</u>	<u>\$ 342,713</u>	<u>\$ 827,184</u>

10. RELATED PARTY TRANSACTIONS

American Municipal Power - Ohio, Inc. (AMP-Ohio) is an Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members. AMP-Ohio is a membership organization comprised of 80 municipalities throughout Ohio, two municipalities in West Virginia, three municipalities in Pennsylvania, and one municipality in Michigan that own and operated electric systems. AMP-Ohio purchases and generates electric capacity and energy for sale to its members.

Payments to AMP-Ohio for the purchase of electricity amounted to \$387,320 in 2002 and \$350,790 in 2001.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Bradner
Wood County
130 N. Main Street, P.O. Box 599
Bradner, Ohio 43406-0599

To the Village Council:

We have audited the accompanying financial statements of the Village of Bradner, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 18, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 18, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 18, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF BRADNER

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2003**