



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BRADNER
WOOD COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2018 and 2017.

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, 2018 and 2017, 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, 2018 and 2017, 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 July 24, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

July 24, 2019

Village of Bradner, Ohio
Wood County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$46,624	\$23,285	\$10,977		\$80,886
Municipal Income Tax	88,760	24,205		\$48,410	161,375
Intergovernmental	55,386	57,763	910		114,059
Special Assessments		29,535			29,535
Charges for Services		83,314	81,317		164,631
Fines, Licenses and Permits	37,198	3,622			40,820
Earnings on Investments	20,044				20,044
Miscellaneous	8,679	2,975			11,654
<i>Total Cash Receipts</i>	<u>256,691</u>	<u>224,699</u>	<u>93,204</u>	<u>48,410</u>	<u>623,004</u>
Cash Disbursements					
Current:					
Security of Persons and Property	79,980	86,657			166,637
Public Health Services	717				717
Leisure Time Activities	2,000	87,297			89,297
Community Environment	5,906	90		709	6,705
Transportation	32,206	39,987			72,193
General Government	93,347				93,347
Capital Outlay				172,580	172,580
Debt Service:					
Principal Retirement			59,586		59,586
Interest and Fiscal Charges			29,150		29,150
<i>Total Cash Disbursements</i>	<u>214,156</u>	<u>214,031</u>	<u>88,736</u>	<u>173,289</u>	<u>690,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,535</u>	<u>10,668</u>	<u>4,468</u>	<u>(124,879)</u>	<u>(67,208)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	3,006				3,006
Transfers In			11,523		11,523
Advances In				37,654	37,654
Advances Out	(5,379)				(5,379)
Other Financing Uses			(147)		(147)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,373)</u>		<u>11,376</u>	<u>37,654</u>	<u>46,657</u>
<i>Net Change in Fund Cash Balances</i>	40,162	10,668	15,844	(87,225)	(20,551)
<i>Fund Cash Balances, January 1</i>	<u>57,612</u>	<u>710,733</u>	<u>150,531</u>	<u>284,637</u>	<u>1,203,513</u>
Fund Cash Balances, December 31					
Restricted		721,401	2,401		723,802
Committed			163,978	196,985	360,963
Assigned				427	427
Unassigned (Deficit)	97,774		(4)		97,770
<i>Fund Cash Balances, December 31</i>	<u>\$97,774</u>	<u>\$721,401</u>	<u>\$166,375</u>	<u>\$197,412</u>	<u>\$1,182,962</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 (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,378,551		\$1,378,551
Fines, Licenses and Permits		\$34,709	34,709
Miscellaneous	18,741		18,741
<i>Total Operating Cash Receipts</i>	<u>1,397,292</u>	<u>34,709</u>	<u>1,432,001</u>
Operating Cash Disbursements			
Personal Services	153,279		153,279
Employee Fringe Benefits	36,730		36,730
Contractual Services	737,628	34,762	772,390
Supplies and Materials	86,008		86,008
<i>Total Operating Cash Disbursements</i>	<u>1,013,645</u>	<u>34,762</u>	<u>1,048,407</u>
<i>Operating Income (Loss)</i>	<u>383,647</u>	<u>(53)</u>	<u>383,594</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	13,601		13,601
Intergovernmental	2,279		2,279
Capital Outlay	(50,021)		(50,021)
Principal Retirement	(58,180)		(58,180)
Interest and Other Fiscal Charges	(2,253)		(2,253)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(94,574)</u>		<u>(94,574)</u>
<i>Income (Loss) before Transfers and Advances</i>	289,073	(53)	289,020
Transfers Out	(11,523)		(11,523)
Advances In	5,379		5,379
Advances Out	(37,654)		(37,654)
<i>Net Change in Fund Cash Balances</i>	245,275	(53)	245,222
<i>Fund Cash Balances, January 1</i>	<u>2,434,078</u>	<u>355</u>	<u>2,434,433</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,679,353</u></u>	<u><u>\$302</u></u>	<u><u>\$2,679,655</u></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, 2018

Note 1 - Reporting Entity

The Village of Bradner (the Village), Wood County, 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 water, sewer and electric utilities, park operations, and police and fire protection services.

Joint Ventures, Long Term Purchase Commitments, and Public Entity Risk Pool

The Village participates in joint ventures, long term purchase commitments, and a public entity risk pool. Notes 13-15 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These 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 Commitment:

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

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc, (OPRM) is available to public entities in Ohio. OPRM provides property and casualty coverage for its members.

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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Fund The fire 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 Fund:

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.

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:

Storm Sewer Capital 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.

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

Water Capital Fund The water capital fund receives utility charges for services for the repair and improvement of the Village's water utility.

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 Council 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, 2018

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. Unencumbered appropriations lapse at year end.

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 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 carried over, and need not be reappropriated.

A summary of 2018 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 a 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, 2018

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, budgetary expenditures exceeded appropriation authority in the General, Park, and Mayor's Court funds by \$2,162, \$43,297, and \$20,762, respectively, for the year ended December 31, 2018. Also contrary to Ohio law, appropriations exceeded estimated resources in the Fire fund by \$69,180 for the year ended December 31, 2018.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,744	\$259,697	\$82,953
Special Revenue	211,424	224,699	13,275
Debt Service	72,174	104,727	32,553
Capital Projects	62,000	86,064	24,064
Enterprise	1,178,000	1,418,551	240,551
Fiduciary	14,000	34,709	20,709
Total	\$1,714,342	\$2,128,447	\$414,105

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$217,775	\$219,937	(\$2,162)
Special Revenue	739,994	214,031	525,963
Debt Service	89,174	88,883	291
Capital Projects	194,156	173,289	20,867
Enterprise	1,645,916	1,173,276	472,640
Fiduciary	14,000	34,762	(20,762)
Total	\$2,901,015	\$1,904,178	\$996,837

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:

	2018
Demand deposits	\$2,400,605
Certificates of deposit	444,871
Money Market	748,690
Total deposits	3,594,166
STAR Ohio	268,451
Total deposits and investments	\$3,862,617

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 7 – Interfund Balances

Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
Water Capital		(\$11,523)
Water Distribution Debt Service	\$5,236	
Blackman Road Debt Service	3,250	
OWDA	3,037	
Total	<u>\$11,523</u>	<u>(\$11,523)</u>

During 2018, the Village transferred money from the Water Capital Fund to the Water Distribution Debt Service, Blackman Road Waterline 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.

Advances

In May of 2018, Village Council approved an ordinance to issue manuscript debt for the Police Capital Fund to borrow an amount up to \$38,000 for the purchase of a police cruiser. \$37,654 was borrowed from the Sanitary Sewer Fund. The manuscript debt is to be paid back in five equal annual installments, starting in 2020 at an interest rate of 3.95%. These advances were determined to be appropriate and in compliance with the Ohio Revised Code. The Village has chosen to start repaying the advances early.

During 2018, the following advance was made to repay a portion of the outstanding principal on the manuscript debt issued during 2018. This advance was determined to be appropriate and in compliance with the Ohio Revised Code.

	<u>Advances In</u>	<u>Advances Out</u>
General		(\$5,379)
Sanitary Sewer	\$5,379	
Total	<u>\$5,379</u>	<u>(\$5,379)</u>

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Risk Management

Risk Pool Membership

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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017 (the latest information available).

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, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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, 2018.

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Social Security

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 10 - 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 11 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Home Admn (Sanitary Sewer Bond 01 - \$975,000)	\$472,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond 04 - \$300,000)	72,000	5.00%
OWDA Loan # 5556	113,285	0.00%
OWDA Loan # 7027	818,583	0.00%
OPWC Loan # CE21F (Water System Improvement)	12,662	0.00%
OPWC Loan # CE34K (Road Project)	34,125	0.00%
OPWC Loan # CE19N (Maple Street Water Line Main Replacement)	39,475	0.00%
OPWC Loan # CE45O (Waterline and Fire Line Loop)	37,856	0.00%
AMP - JV5	105,862	Variable
Total	<u>\$1,705,848</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 on July 10, 2015 with OWDA to loan \$877,053 for the Well Supply and Treatment improvements. The zero interest loan is scheduled to mature on July 1, 2046.

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 # CE45O 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 Loan #5556	OWDA Loan #7027	OPWC Loan #CE21F
2019	\$56,600	\$11,600	\$9,063	\$29,235	\$2,532
2020	56,950	11,200	9,063	29,235	2,533
2021	57,200	10,800	9,063	29,235	2,532
2022	56,350	10,400	9,063	29,235	2,533
2023	56,350	10,000	9,063	29,235	2,532
2024-2028	283,750	36,000	45,314	146,176	
2029-2033	56,700		22,656	146,176	
2034-2038				146,176	
2039-2043				146,176	
2044-2046				87,704	
Total	<u>\$623,900</u>	<u>\$90,000</u>	<u>\$113,285</u>	<u>\$818,583</u>	<u>\$12,662</u>

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For the Year Ended December 31, 2018

Year Ending December 31:	OPWC Loan #CE34K	OPWC Loan #CE19N	OPWC Loan #CE45O
2019	\$3,250	\$3,037	\$2,704
2020	3,250	3,037	2,704
2021	3,250	3,037	2,704
2022	3,250	3,037	2,704
2023	3,250	3,037	2,704
2024-2028	16,250	15,183	13,520
2029-2033	1,625	9,107	10,816
2034-2038			
2039-2043			
2044-2046			
Total	\$34,125	\$39,475	\$37,856

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Joint Ventures

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA 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 31, 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

Village of Bradner, Ohio
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the remaining principal balance now residing on the AMP credit facility. As of December 31, 2018, there was no outstanding debt. The Village's net investment in OMEGA JV2 was \$9,039 at December 31, 2017 (the latest information available). Complete financial statement for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

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

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA 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

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For the Year Ended December 31, 2018

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, 2018, Bradner has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. 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, 2017 (the latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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 13. 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:

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Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	2018
Total Fund Cash Balance	\$1,570,834
Total Long-Term Debt	\$105,862
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	896,398
Other Operating Receipts	6,444
Total Operating Receipts	902,842
Operating Expenses	
Total Operating Expenses	750,026
Operating Income (Loss)	152,816
Nonoperating Receipts (Disbursements)	
Principal Payments	(28,945)
Interest Payments	(2,253)
Other Nonoperating Receipts (Disbursements)	(15,835)
Change in Fund Cash Balance	105,783
Beginning Fund Cash Balance	1,465,051
Ending Fund Cash Balance	\$1,570,834

	2018
Condensed Cash Flows Information:	
Net Cash Provided (Used) by:	
Operating Activities	\$152,816
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(28,945)
Interest Payments on Capital and Related Debt	(2,253)
Other Capital and Related Financing Activities	(15,835)
Net Cash Provided (Used) by Capital and Related Financing Activities	(47,033)
Net Increase (Decrease)	105,783
Beginning Fund Cash Balance	1,465,051
Ending Fund Cash Balance	\$1,570,834

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 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result

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For the Year Ended December 31, 2018

of a March 31, 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 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. In addition, the Village made payments of \$4,038 leaving a net impaired cost estimate of \$75,36. 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. 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 AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$57,611 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 \$1,490 and interest expense incurred on AMP's line-of-credit of \$1,683, resulting in a net impaired cost estimate at December 31, 2017 of \$20,923 (the latest information available). The Village does have a potential Plant Held for Future Use (PHFU) Liability of \$34,285 resulting in a net total potential liability of \$55,208, 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 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 five years through a power cost adjustment.

Combined Hydroelectric Projects (79 Members)

AMP owns and operates 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

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Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 2017 the total outstanding Hydro Project debt on AMP's books is approximately \$2,150,625,294 (the latest information available).

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. As of December 31, 2017, the Village's Project Share was associated with approximately \$2,150,625 of the outstanding Project debt (the latest information available).

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, 2017 the outstanding obligation on Prairie State project is \$1,552,270,000 (the latest information available).

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. As of December 31, 2017, the Village's

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For the Year Ended December 31, 2018

Project Share was associated with approximately \$776,135 of the outstanding Project debt (the latest information available).

AMP Fremont Energy Center (AFEC)

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, 2017 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$508,465,000 (the latest information available).

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. As of December 31, 2017, the Village's Project Share was associated with approximately \$152,540 of the outstanding Project debt (the latest information available).

Village of Bradner, Ohio
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$46,268	\$21,230	\$11,072		\$78,570
Municipal Income Tax	72,713	19,790		\$39,580	132,083
Intergovernmental	51,176	56,985	2,026		110,187
Special Assessments	2,295	29,854			32,149
Charges for Services		84,807	80,147		164,954
Fines, Licenses and Permits	19,278	1,362			20,640
Earnings on Investments	12,221				12,221
Miscellaneous	7,817	4,758		989	13,564
<i>Total Cash Receipts</i>	<u>211,768</u>	<u>218,786</u>	<u>93,245</u>	<u>40,569</u>	<u>564,368</u>
Cash Disbursements					
Current:					
Security of Persons and Property	76,260	57,385		4,036	137,681
Public Health Services	2,294				2,294
Leisure Time Activities		12,427			12,427
Community Environment	4,679	2,564		709	7,952
Transportation	21,648	45,761			67,409
General Government	95,903				95,903
Capital Outlay				25,715	25,715
Debt Service:					
Principal Retirement			59,586		59,586
Interest and Fiscal Charges			31,100		31,100
<i>Total Cash Disbursements</i>	<u>200,784</u>	<u>118,137</u>	<u>90,686</u>	<u>30,460</u>	<u>440,067</u>
<i>Excess of Receipts Over Disbursements</i>	<u>10,984</u>	<u>100,649</u>	<u>2,559</u>	<u>10,109</u>	<u>124,301</u>
Other Financing Receipts (Disbursements)					
Transfers In			11,519		11,519
Other Financing Uses			(161)		(161)
<i>Total Other Financing Receipts (Disbursements)</i>			<u>11,358</u>		<u>11,358</u>
<i>Net Change in Fund Cash Balances</i>	10,984	100,649	13,917	10,109	135,659
<i>Fund Cash Balances, January 1</i>	46,628	610,084	136,614	274,528	1,067,854
Fund Cash Balances, December 31					
Restricted		710,733	2,661		713,394
Committed			147,874	284,209	432,083
Assigned	41,032			428	41,460
Unassigned (Deficit)	16,580		(4)		16,576
<i>Fund Cash Balances, December 31</i>	<u>\$57,612</u>	<u>\$710,733</u>	<u>\$150,531</u>	<u>\$284,637</u>	<u>\$1,203,513</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 (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,250,909		\$1,250,909
Fines, Licenses and Permits		\$15,472	15,472
Miscellaneous	20,808		20,808
<i>Total Operating Cash Receipts</i>	<u>1,271,717</u>	<u>15,472</u>	<u>1,287,189</u>
Operating Cash Disbursements			
Personal Services	160,023		160,023
Employee Fringe Benefits	31,914		31,914
Contractual Services	669,948	16,212	686,160
Supplies and Materials	145,817		145,817
<i>Total Operating Cash Disbursements</i>	<u>1,007,702</u>	<u>16,212</u>	<u>1,023,914</u>
<i>Operating Income (Loss)</i>	<u>264,015</u>	<u>(740)</u>	<u>263,275</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	12,861		12,861
Intergovernmental	41,625		41,625
Capital Outlay	(208,648)		(208,648)
Principal Retirement	(58,517)		(58,517)
Interest and Other Fiscal Charges	(1,917)		(1,917)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(214,596)</u>		<u>(214,596)</u>
<i>Income (Loss) before Transfers</i>	49,419	(740)	48,679
Transfers Out	(11,519)		(11,519)
<i>Net Change in Fund Cash Balances</i>	37,900	(740)	37,160
<i>Fund Cash Balances, January 1</i>	<u>2,396,178</u>	<u>1,095</u>	<u>2,397,273</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,434,078</u>	<u>\$355</u>	<u>\$2,434,433</u>

See accompanying notes to the basic financial statements

Village of Bradner, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Bradner (the Village), Wood County, 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 water, sewer and electric utilities, park operations, and police and fire protection services.

Joint Ventures, Long Term Purchase Commitments, and Public Entity Risk Pool

The Village participates in joint ventures, long term purchase commitments, and a public entity risk pool. Notes 13-15 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These 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 Commitment:

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

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc, (OPRM) is available to public entities in Ohio. OPRM provides property and casualty coverage for its members.

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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license

Village of Bradner, Ohio
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For the Year Ended December 31, 2017

registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Fund The fire 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 Fund:

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.

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:

Storm Sewer Capital 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.

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

Water Capital Fund The water capital fund receives utility charges for services for the repair and improvement of the Village's water utility.

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 Council 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
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Notes to the Financial Statements
For the Year Ended December 31, 2017

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 2017 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 a 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

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For the Year Ended December 31, 2017

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, budgetary expenditures exceeded appropriation authority in the Pool fund by \$18,342 for the year ended December 31, 2017.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$190,704	\$211,768	\$21,064
Special Revenue	260,222	218,786	(41,436)
Debt Service	97,691	104,764	7,073
Capital Projects	36,500	40,569	4,069
Enterprise	1,269,015	1,326,203	57,188
Fiduciary	16,000	15,472	(528)
Total	\$1,870,132	\$1,917,562	\$47,430

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For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$213,018	\$200,784	\$12,234
Special Revenue	171,810	118,137	53,673
Debt Service	93,420	90,847	2,573
Capital Projects	100,844	30,460	70,384
Enterprise	1,709,498	1,288,303	421,195
Fiduciary	17,095	16,212	883
Total	\$2,305,685	\$1,744,743	\$560,942

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:

	2017
Demand deposits	\$2,195,977
Certificates of deposit	537,464
Money Market	641,236
Total deposits	3,374,677
STAR Ohio	263,269
Total deposits and investments	\$3,637,946

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Bradner, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2017

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 7 – Interfund Balances

Transfers

	<u>Transfers In</u>	<u>Transfers Out</u>
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 2017, the Village transferred money from the Water Capital Fund to the Water Distribution Debt Service, Blackman Road Waterline 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.

Note 8 - Risk Management

Risk Pool Membership

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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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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, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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, 2017.

Social Security

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 10 - 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 OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

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Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Farmers Home Admn (Sanitary Sewer Bond 01 - \$975,000)	\$503,000	5.00%
Farmers Home Admn (Sanitary Sewer Bond 04 - \$300,000)	80,000	5.00%
OWDA Loan # 5556	122,347	0.00%
OWDA Loan # 7027	847,818	0.00%
OPWC Loan # CE21F (Water System Improvement)	15,195	0.00%
OPWC Loan # CE34K (Road Project)	37,375	0.00%
OPWC Loan # CE19N (Maple Street Water Line Main Replacement)	42,511	0.00%
OPWC Loan # CE45O (Waterline and Fire Line Loop)	40,560	0.00%
AMP - JV5	134,807	Variable
Total	<u>\$1,823,613</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 on July 10, 2015 with OWDA to loan \$877,053 for the Well Supply and Treatment improvements. The zero interest loan is scheduled to mature on July 1, 2046.

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 # CE45O 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.

Village of Bradner, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Loan #5556	OWDA Loan #7027	OPWC Loan #CE21F
2018	\$56,150	\$12,000	\$9,063	\$29,235	\$2,532
2019	56,600	11,600	9,063	29,235	2,533
2020	56,950	11,200	9,063	29,235	2,532
2021	57,200	10,800	9,063	29,235	2,533
2022	56,350	10,400	9,063	29,235	2,532
2023-2027	284,950	46,000	45,314	146,176	2,533
2028-2032	112,950		31,718	146,176	
2033-2037				146,176	
2038-2042				146,176	
2043-2046				116,939	
Total	<u>\$681,150</u>	<u>\$102,000</u>	<u>\$122,347</u>	<u>\$847,818</u>	<u>\$15,195</u>

Year Ending December 31:	OPWC Loan #CE34K	OPWC Loan #CE19N	OPWC Loan #CE45O
2018	\$3,250	\$3,037	\$2,704
2019	3,250	3,037	2,704
2020	3,250	3,037	2,704
2021	3,250	3,037	2,704
2022	3,250	3,037	2,704
2023-2027	16,250	15,183	13,520
2028-2032	4,875	12,143	13,520
2033-2037			
2038-2042			
2043-2046			
Total	<u>\$37,375</u>	<u>\$42,511</u>	<u>\$40,560</u>

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Joint Ventures

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA 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

Village of Bradner, Ohio
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For the Year Ended December 31, 2017

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 31, 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, 2017, the outstanding debt was \$188,606. The Village's net investment in OMEGA JV2 was \$9,039 at December 31, 2017. Complete financial statement for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2017 are:

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

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For the Year Ended December 31, 2017

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA 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, 2017, Bradner has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. 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.

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For the Year Ended December 31, 2017

The Village's net investment to date in OMEGA JV5 was \$10,458 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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 13. 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:

	2017
Total Fund Cash Balance	\$1,465,051
Total Long-Term Debt	\$134,807
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	785,200
Other Operating Receipts	6,249
Total Operating Receipts	791,449
 Operating Expenses	
Total Operating Expenses	676,410
 Operating Income (Loss)	 115,039
 Nonoperating Receipts (Disbursements)	
Principal Payments	(29,282)
Interest Payments	(1,917)
Other Nonoperating Receipts (Disbursements)	(1,420)
Change in Fund Cash Balance	82,420
Beginning Fund Cash Balance	1,382,631
Ending Fund Cash Balance	\$1,465,051

	2017
Condensed Cash Flows Information:	
Net Cash Provided (Used) by:	
Operating Activities	\$115,039
 Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(29,282)
Interest Payments on Capital and Related Debt	(1,917)
Other Capital and Related Financing Activities	(1,420)
Net Cash Provided (Used) by Capital and Related Financing Activities	(32,619)
 Net Increase (Decrease)	 82,420
Beginning Fund Cash Balance	1,382,631
Ending Fund Cash Balance	\$1,465,051

Village of Bradner, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 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. In addition, the Village made payments of \$4,038 leaving a net impaired cost estimate of \$75,36. 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. 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 AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$57,611 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 \$1,490 and interest expense incurred on AMP's line-of-credit of \$1,683, resulting in a net impaired cost estimate at December 31, 2017 of \$20,923. The Village does have a potential Plant Held for Future Use (PHFU) Liability of \$34,285 resulting in a net total potential liability of \$55,208, 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 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 five years through a power cost adjustment.

Combined Hydroelectric Projects (79 Members)

AMP owns and operates 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, 2017

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, 2017 the total outstanding Hydro Project debt on AMP's books is approximately \$2,150,625,294.

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. As of December 31, 2017, the Village's Project Share was associated with approximately \$2,150,625 of the outstanding Project debt.

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, 2017

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, 2017 the outstanding obligation on Prairie State project is \$1,552,270,000.

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. As of December 31, 2017, the Village's Project Share was associated with approximately \$776,135 of the outstanding Project debt.

AMP Fremont Energy Center (AFEC)

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, 2017 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$508,465,000.

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. As of December 31, 2017, the Village's Project Share was associated with approximately \$152,540 of the outstanding Project debt.

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

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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 24, 2019 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 2018-002 and 2018-003.

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.



Keith Faber
Auditor of State

Columbus, Ohio

July 24, 2019

**VILLAGE OF BRADNER
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

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, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were noted in the accompanying 2018 and 2017 financial statements:

- In 2018, kilowatt hour taxes of \$25,669 were posted as Charges for Services instead of Property and Other Local Taxes in the General Fund.
- In 2018, manuscript debt of \$37,654 was issued from the Enterprise Fund to the Capital Project Fund for the purchase of a police cruiser. The purchase was expensed out of the Enterprise Fund rather than advancing the funds to the Capital Project Fund to make the purchase. In addition, a loan repayment of \$5,379 was made in 2018 from the General Fund to the Enterprise Fund as an expense rather than an advance repayment.
- In 2017, General fund balances were not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. Fund balance of \$41,032 was adjusted and classified as assigned in order to properly reflect fund balances assigned to subsequent year appropriations.
- In 2017, the Special Revenue fund balances were not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. Fund balance of \$710,733 was adjusted and classified as restricted.
- In 2017, the Debt Service fund balances were not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. Fund balance of \$147,874 was adjusted and classified as committed.
- In 2017, the Capital Project fund balances were not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. Fund balance of \$284,209 was adjusted and classified as committed.

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. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors. Additional errors were noted in smaller relative amounts for additional reasons.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies 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, Uniform Accounting Network (UAN) Manual, and Audit Bulletin 2011-004 for information on GASB Statement No. 54.

FINDING NUMBER 2018-002

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 fund had appropriations in excess of estimated resources for 2018:

Fund Name	Estimated Resources	Appropriations	Variance
Fire Fund	\$446,964	\$516,144	(\$69,180)

This noncompliance was the result of inadequate policies and procedure 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.

The Village Council should monitor appropriations compared to estimated resources to help ensure that estimated resources are sufficient to cover appropriations.

FINDING NUMBER 2018-003

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which Council adopts the original appropriation measure.

Due to deficiencies in monitoring expenditures, budgetary expenditures exceeded appropriations for the year ended December 31, 2018 at the fund level as follows:

Fund Name	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$217,775	\$219,937	(\$2,162)
Park Fund	44,000	87,297	(43,297)
Mayor's Court Fund	14,000	34,762	(20,762)

Due to deficiencies in monitoring expenditures, budgetary expenditures exceeded appropriations for the year ended December 31, 2017 at the fund level as follows:

Fund Name	Appropriation Authority	Budgetary Expenditures	Variance
Pool Fund	\$7,750	\$26,092	(\$18,342)

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and result in deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response:

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

VILLAGE OF BRADNER

130 North Main Street – Box 599

Bradner, Ohio 43406

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness for financial reporting due to material audit adjustments.	Not corrected and repeated as finding 2018-001 in this report.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.
2016-002	Material weakness and noncompliance with Ordinance No. 23-2011 for repayment of loan out of wrong fund.	Fully corrected.	
2016-003	Ohio Rev. Code § 5705.39 for appropriations in excess of estimated resources.	Not corrected and repeated as finding 2018-002 in this report.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.



1899-1999

OHIO AUDITOR OF STATE KEITH FABER



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
AUGUST 13, 2019**