



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Brady Lake
Portage County
Ravenna, Ohio

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Brady Lake (the Village), on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the periods ended September 30, 2017 and December 31, 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the periods ended September 30, 2017 and December 31, 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Confirmation of Closure of Operations:

1. We confirmed with the Portage County Board of Elections that the Village residents voted in favor of the Village to surrender its corporate powers and cease to exist in accordance with Ohio Revised Code Section 703.20. The Village residents voted on May 2, 2017, to surrender its corporate powers.

Cash

1. We recalculated the September 30, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Journal Report to the December 31, 2015 balances in the prior year audited statements. The system balance was \$2,618.36 less than the balance on the prior year audited statements. This was due to financial statement adjustments made under the 2015 audit. The January 1, 2016 beginning fund balance recorded in the Fund Journal Report did agree to the December 31, 2015 Fund Status Report. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Journal Report to the December 31, 2016 balances in the Fund Status Report. No exceptions were noted.

3. We agreed the totals per the bank reconciliations to the total of the September 30, 2017 and December 31, 2016 fund cash balances reported in the Fund Status Report. On December 31, 2016 and September 30, 2017 the Village had unreconciled variances of \$97.36 and \$315.81, respectively.
4. We observed the September 30, 2017 bank balances on the financial institution's website on November 8, 2017. The balance(s) agreed. We also agreed the confirmed balances to the amounts appearing in the September 30, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the September 30, 2017 bank reconciliation:
 - a. We traced each debit to subsequent October activity on the financial institutions website. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to September 30, 2017. There were no exceptions.
6. We observed the Village write a check/transfer funds to Franklin Township that will reduce the bank balance to \$0 at the closing date of this engagement. A check in the amount of \$48,805.53 was issued to Franklin Township on 01/10/2018.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Journal Report. The property tax amounts recorded in the system for March of 2017 and 2016 did not agree because the Village posted property tax receipts at net amounts instead of gross amounts. Property tax receipts for March of 2017 and March of 2016 were recorded in the accounting system at \$1,130.62 and \$1,169.89 less than the gross property taxes from the *Statement of Semiannual Apportionment of Taxes*, respectively. Additionally the Homestead and Rollback receipts posted to the accounting system for March of 2017 and March of 2016 did not agree to the *Statement of Semiannual Apportionment of Taxes*. Homestead and Rollback receipts for March of 2017 and March of 2016 were recorded in the accounting system at \$32.03 and \$25.41 less than the *Statement of Semiannual Apportionment of Taxes*.
 - b. We inspected the Receipt Journal Report to confirm whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We noted that the Village recorded property tax receipts to the appropriate funds. However, the Village did not appropriately record the March 2017 and March 2016 Homestead and Rollback receipts. The following errors were noted:
 - The March 2016 Homestead and Rollback receipts were not allocated to the appropriate funds; the total Homestead and Rollback receipts were recorded to the General Fund. The March 2016 Homestead and Rollback receipts were understated in the Recreation Levy Fund and Capital Project (Fire Tanker Repair) Fund by \$1,589.32 and \$1,105.52, respectively.
 - The March 2017 Homestead and Rollback receipts were not allocated to the appropriate funds; the total Homestead and Rollback receipts were recorded to the General Fund. The March 2017 Homestead and Rollback receipts were understated in the Recreation Levy Fund, Capital Project (Fire Tanker Repair) Fund and the Capital Project Road Fund by \$1,572.75, \$1,093.98 and \$575.65, respectively.

These mispostings were corrected in the accounting system by the Village Clerk/Treasurer on December 1, 2017.

- c. We inspected the Receipt Journal Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Journal Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Receipt Journal Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the County Auditor's Vendor Invoice List Report from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Journal Report. The amounts agreed.
 - b. We inspected the Receipt Journal Report to determine whether that these receipts were allocated to the proper fund(s). We noted the following errors:
 - 2016 and 2017 Law Enforcement Education receipts of \$880 and \$3,520, respectively, were incorrectly posted to the General Fund instead of the Police Enforcement & Education Fund.
 - In 2016 two Motor Vehicle License Tax receipts received from the County totaling \$631.17 were improperly posted to the General Fund instead of the Street Construction Maintenance & Repair Fund.
 - In 2017 two Motor Vehicle License Tax receipts received from the County totaling \$620.73 were improperly posted to the General Fund instead of the Street Construction Maintenance & Repair Fund.
 - In 2017 a Liquor Control receipt for \$591.50 was improperly posted to the Street Construction Maintenance & Repair Fund instead of the General Fund.These mispostings were corrected by the Village Clerk/Treasurer on 12/1/2017.
 - c. We inspected the Receipt Journal Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We haphazardly selected five income tax returns filed during 2017 and five from 2016.
 - a. We compared the payment amount recorded on the tax return to the amount recorded as income tax receipts in the Receipt Journal Report. The amounts agreed.
2. We compared the date of the receipts selected in step 1 to the date the receipts were posted in the Receipt Journal Report to determine whether the receipts were recorded in the year received. We found no exceptions.
3. Only one income tax refund was issued during the audit period. We tested the income tax refund from 2016.
 - a. We compared the refund paid from the Cash Journal Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We observed the approval by the Clerk/Treasurer on the refund. No exceptions were found.
 - c. We observed the refund was paid from the General Fund, as is required.

Debt

1. From the prior audit documentation, we observed the following bonds and loans were outstanding as of December 31, 2015. These amounts agreed to the Villages January 1, 2016 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2015:
2004 Various Purpose Improvement Bonds	\$247,210
Ohio Public Works Commission (OPWC) Loan	\$6,916

2. We inquired of management, and inspected the Receipt Journal Report and Vendor Payment Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt observed agreed to the summary we used in step 3. There were no new debt issuances during 2017 or 2016.
3. We obtained a summary of bonded and loaned debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service fund, street construction maintenance fund and general fund payments reported in the Vendor Payment Report. We also compared the date the debt service payments were due to the date the Village made the payments. We noted the following errors:
 - In 2016, \$4,331.56 for a bond payment was made from the General fund. Section 3.30 of the debt proceedings transcript requires the debt to be paid from the debt service funds. This misposting was adjusted in the accounting system by the Village Clerk/Treasurer on December 7, 2017.
 - In 2017, one bond payment was overpaid by \$10.
 - Four payments for the OPWC loan in 2016 and 2017 were made after the due date.
4. We inquired of management to determine if debt was forgiven or assumed by the Township. We requested management to provide documentation to support any transfer of the outstanding debt balances to the Township or forgiveness of the debt balances. However, management confirmed no formal action has been taken to forgive or transfer the following debt:

Issue	Principal outstanding as of December 31, 2017:
2004 Various Purpose Improvement Bonds	\$213,045
Ohio Public Works Commission (OPWC) Loan	\$5,961

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Vendor Payment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Journal Employee Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the

employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we compared the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Federal, State & Local income tax withholding authorization and withholding
 We found no exceptions related to steps a. – d. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 15, 2018	December 28, 2017	\$1,011.26	\$1,011.26
State income taxes	January 15, 2018	December 28, 2017	\$532.00	\$532.00
Village of Brady Lake income tax	January 15, 2018	December 28, 2017	\$495.19	\$495.19
OPERS retirement	January, 02, 2018	December 26, 2017	\$300.00	\$300.00

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Vendor Payment Report for the year ended December 31, 2017 and ten from the year ended 2016 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Vendor Payment Report and to the names and amounts on the supporting invoices. We noted two instances where the check number in the system did not correspond with the number on the check that cleared the bank. No other exceptions were found.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

During our testing we became aware of withdrawals from a bank account maintained by the Police Department. We selected all withdrawals made from the account in 2016 and 2017 and determined that \$387.49 of the total \$11,637.49 in withdrawals did not have supporting documentation.

2. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found eight instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.
3. We inquired of the Village Clerk/Treasurer of the nature of any outstanding, unpaid, obligation. There were outstanding, unpaid obligations as of 12/31/2017 and a list was provided to Franklin Township on 1/10/2018.
4. We agreed the payment of the Village book balance cash amounts and delivery of outstanding obligations list to Franklin Township, Portage County, as the closure of account activity. We also agreed the restricted fund balances of the Village to the appropriate fund posting in the Township's Receipt Detail Report. The Township's Fiscal Officer's fund allocation document showed that the funds were properly transferred.

Capital Assets:

We inquired of the Village that Franklin Township has been notified of the location, description, and address of any land, infrastructure or equipment to be transferred to them. Village management confirmed inventory listings were sent to the Township.

Prior Year Material Weaknesses:

We determined the status of any material weaknesses reported in the prior audit report "Schedule of Findings".

Finding Number	Finding Summary	Status	Additional Information
2015-001	Debt payments were not paid from the Debt Service Fund	Not corrected	Similar exception noted in current AUP.
2015-002	Mispostings and Misclassifications Resulting in Financial Statement Adjustments	Not corrected	Similar exception noted in current AUP.
2015-004	Budget Amounts Not Entered Into Accounting System	Not corrected	Similar exception noted in current AUP.
2015-005	The Village's bank accounts and fund balances were not reconciled during fiscal year 2015 and 2014.	Not corrected	Similar exception noted in current AUP.

Prior Year Material Weaknesses (Continued):

2015-007	The Village does not utilize a receivables system for income tax collection purposes. The Village does not require taxpayers to provide the supporting documentation necessary to properly recalculate income earned, taxes withheld or payment of municipal taxes to another entity.	Not corrected	The Village did not update its income tax system or its procedures regarding income tax returns.
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This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended September 30, 2017 and December 31, 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 10, 2018

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VILLAGE OF BRADY LAKE

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 23, 2018