

***VILLAGE OF BRADY LAKE
PORTAGE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Village Council
Village of Brady Lake
6500 Lakeview Drive
Brady Lake, Ohio 44266

We have reviewed the *Report of Independent Accountants* of the Village of Brady Lake, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Brady Lake is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 24, 2008

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**VILLAGE OF BRADY LAKE
AUDIT REPORT
PORTAGE COUNTY, OHIO
For the Years Ended December 31, 2007 and 2006**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Brady Lake
Portage County
6500 Lakeview Drive
Ravenna, Ohio 44266

To the Village Council:

We have audited the accompanying financial statements of the Village of Brady Lake, Portage County (the Village), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village, as of December 31, 2007 and 2006, and its cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
March 20, 2008

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals - Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 43,257	\$ 11,689	\$ 54,946
Special Assessments	-	17,299	17,299
Intergovernmental	117,682	20,110	137,792
Municipal Income Tax	32,704	-	32,704
Fines, Licenses & Permits	33,580	-	33,580
Earnings on Investments	1,489	-	1,489
Contributions	4,119	-	4,119
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	232,831	49,098	281,929
Cash Disbursements:			
Current:			
Security of Persons & Property	94,456	-	94,456
Community Environment	2,272	-	2,272
Transportation		51,481	51,481
General Government	89,239	-	89,239
Debt Service:			
Principal Payments	9,942	10,165	20,107
Interest and Fiscal Charges	10,635	14,630	25,265
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	206,544	76,276	282,820
Total Receipts Over/(Under) Disbursements	26,287	(27,178)	(891)
Other Financing Sources/(Uses):			
Transfers-In	-	32,984	32,984
Transfers-Out	(32,984)	-	(32,984)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(32,984)	32,984	-
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(6,697)	5,806	(891)
Fund Cash Balance, January 1	44,951	21,931	66,882
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Fund Cash Balance, December 31	\$ 38,254	\$ 27,737	\$ 65,991

See accompanying Notes to the Financial Statements.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals - Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 40,507	\$ 12,199	\$ 52,706
Special Assessments	-	17,930	17,930
Intergovernmental	147,057	18,981	166,038
Municipal Income Tax	35,424	-	35,424
Fines, Licenses & Permits	28,812	-	28,812
Earnings on Investments	-	815	815
Contributions	2,834	-	2,834
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	254,634	49,925	304,559
Cash Disbursements:			
Current:			
Security of Persons & Property	83,522	-	83,522
Leisure Time Activities	2,490	-	2,490
Community Environment	2,572	-	2,572
Transportation	-	25,560	25,560
General Government	100,962	-	100,962
Debt Service:			
Principal Payments	9,341	8,949	18,290
Interest and Fiscal Charges	11,235	15,847	27,082
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	210,122	50,356	260,478
Total Receipts Over/(Under) Disbursements	44,512	(431)	44,081
Other Financing Sources/(Uses):			
Transfers-In	-	7,879	7,879
Transfers-Out	(7,879)	-	(7,879)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(7,879)	7,879	-
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	36,633	7,448	44,081
Fund Cash Balance, January 1	8,318	14,483	22,801
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	\$ 44,951	\$ 21,931	\$ 66,882

See accompanying Notes to the Financial Statements.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Brady Lake, Portage County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides police and fire protection services, park operations, and roads and street maintenance and repair. The Village contracts with Ravenna Township to provide dispatching and emergency medical services. The Village appropriates general fund money to support a volunteer fire department.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village pooled all money into money market demand accounts and regular checking accounts.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund (Continued)

Recreation Levy Fund – This fund receives levies to fund the Village's parks.

Fire Tanker Repair Fund – This fund accounts for the repair of a fire tanker.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$ 65,991	\$ 66,882

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs Actual Budgetary Basis Disbursements			
Funds	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 317,382	\$ 239,528	\$ 77,854
Special Revenue	97,041	76,276	20,765
Total	\$ 414,423	\$ 315,804	\$ 98,619

2006 Budgeted vs Actual Budgetary Basis Disbursements			
Funds	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 245,609	\$ 218,001	\$ 27,608
Special Revenue	93,049	50,356	42,693
Total	\$ 338,658	\$ 268,357	\$ 70,301

2007 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 272,157	\$ 232,831	\$ (39,326)
Special Revenue	75,475	82,082	6,607
Total	\$ 347,632	\$ 314,913	\$ (32,719)

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 243,487	\$ 254,634	\$ 11,147
Special Revenue	74,475	57,804	(16,671)
Total	\$ 317,962	\$ 312,438	\$ (5,524)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Special Revenue Street Fund for the year ended December 31, 2007. Contrary to Ohio Law, appropriations exceeded estimated resources in the Special Revenue Street Highway Fund in 2006 and in General Fund in 2007. Contrary to Ohio law, estimated receipts exceeded actual receipts to the extent that the deficiency would have caused the appropriations to exceed estimated resources in the General Fund, Special Revenue Fire Levy fund and the Special Revenue Recreation Levy fund in 2007. In 2006, this occurred in the Special Revenue Street fund, Fire Levy fund, and Recreation Levy fund.

4. PROPERTY TAXES

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

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

6. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal
Various Purpose Improvement Bonds, Series 2004	\$ 406,399
Fire Truck Pump Bank Loan	9,835
Total	\$ 416,234

In 2004, the Village issued \$450,461 in Various Purpose Improvement Bonds for the defeasance of debt. In 2005, the Village took out a \$20,000 loan for the purpose of repairing a fire truck pump.

The following is a schedule of the future long-term debt payments, including interest, required as of December 31, 2007:

	Various Purpose Improvement Bonds, Series 2004	Fire Truck Pump Bank Loan
2008	\$ 40,648	\$ 4,724
2009	40,648	4,724
2010	40,648	1,181
2011	40,648	
2012	40,648	
2013-2017	189,125	-
2018-2022	179,717	-
2023-2024	71,887	-
Total	\$ 643,969	\$ 10,629

7. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 9.5% and 9% of their wages for 2007 and 2006, respectively. The Village contributed an amount equal to 13.85% in 2007 and 13.7% in 2006 of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the last three years. The Village has not reduced coverages from last year.

9. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Brady Lake
Portage County
6500 Lakeview Drive
Ravenna, Ohio 44266

To the Village Council:

We have audited the financial statements of the Village of Brady Lake, Portage County, Ohio, (the Village) as and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 29, 2008, wherein we noted the Village follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings, items 2007-003 and 2007-006, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the significant deficiencies describe in items 2007-003 and 2007-006 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 to 2007-006.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated March 20, 2008.

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

Charles E. Harris & Associates, Inc.

March 20, 2008

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS
 DECEMBER 31, 2007 AND 2006

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

Finding Number: 2007-001 – Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been appropriated as provided in such chapter. Furthermore, Ohio Administrative Code 117-2-02 states that all local public offices should integrate the budgetary accounts, at the legal level of control which is the object level for all funds. In 2007, the following fund had total expenditures plus encumbrances in excess of appropriations:

Fund	2007		
	Appropriations	Expenditures Plus Encumbrances	Variance
Special Revenue Fund-Street	\$ 45,555	\$ 51,481	\$ (5,926)

The legal level of control violations were not disclosed since they were cited at the fund level.

We recommend the Village monitor appropriations and expenditures plus encumbrances regularly and amend appropriations as necessary to avoid overspending.

Management agrees and will monitor expenditures compared to appropriations.

Finding Number: 2007-002 – Noncompliance Citation

Ohio Revised Code Section 5705.39 states, in part, that "... The 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..." This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following funds had total appropriations in excess of estimated resources plus carryover balances:

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS – (CONTINUED)
 DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)

2007			
Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 317,108	\$ 317,382	\$ (274)
2006			
Fund	Estimated Resources	Appropriations	Variance
Special Revenue -State Highway	\$ -	\$ 10,000	\$ (10,000)

We recommend the Village monitor estimated resources versus appropriations as necessary to comply with budgetary requirements.

Management agrees and will monitor estimated resources and appropriations.

Finding Number: 2007-003 – Noncompliance Citation and Material Weakness

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Village Officers’ Handbook (revised March 2007) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2007 and 2006, the Village recorded Fire levy revenue under Capital Projects, Principal and Interest of bond payments as Community Development, and Property taxes revenue as Municipal Income Taxes. The accounts were adjusted to reclassify to proper receipts and disbursements.

We recommend the Village follow the Village Officers’ Handbook to properly classify its transactions.

The Clerk agrees and will categorize all receipts and disbursements properly in the future.

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS – (CONTINUED)
 DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)

Finding Number: 2007-004 – Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In both 2007 and 2006 the Village had estimated receipts greater than actual receipts in the following funds to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

2007			
Fund	Estimated Receipts	Actual Receipts	Variance
General Fund	\$ 272,157	\$ 232,831	\$ (39,326)
Special Revenue-Fire Levy	13,564	11,688	(1,876)
Special Revenue-Recreation Levy	19,911	17,299	(2,612)
2006			
Fund	Estimated Receipts	Actual Receipts	Variance
Special Revenue-Street	\$ 41,000	\$ 18,496	\$ (22,504)
Special Revenue-Fire Levy	13,564	12,199	(1,365)
Special Revenue-Recreation Levy	19,911	17,930	(1,981)

Management will amend the certificate when estimated receipts exceed actual receipts if this will reduce the estimated resources below the appropriations.

Finding Number: 2007-005 – Noncompliance Citation

Ohio Rev. Code Section 5705.34 states that each taxing authority has to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st, unless a later date is approved by the tax commissioner.

Our audit noted that no ordinances or resolutions have been passed in the board meetings during 2006 and 2007 to authorize the necessary tax rates and certify the levies to the county auditor.

The clerk-treasurer will certify the levies to the county auditor in the future.

VILLAGE OF BRADY LAKE
PORTAGE COUNTY, OHIO
SCHEDULE OF FINDINGS – (CONTINUED)
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)

Finding Number: 2007-006 Noncompliance Citation and Material Weakness

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less that \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicible operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line items appropriation.

VILLAGE OF BRADY LAKE
PORTAGE COUNTY, OHIO
SCHEDULE OF FINDINGS – (CONTINUED)
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (CONTINUED)

The Village did not certify the availability of funds for 33 of 66 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Clerk-Treasurer certify the availability of funds for all commitments. The Village should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

The Clerk-Treasurer will attempt to certify the availability of funds before disbursements are made.

VILLAGE OF BRADY LAKE
PORTAGE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2007 and 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain: Per ADAM 2001-10 Disclose the current year finding in this schedule
2005-001	ORC Section 5705.41 (B)- Expenditures exceeded Appropriations	No	Not Corrected, Repeated as Finding 2007-001
2005-002	ORC Section 5705.39- Appropriations Exceeded Estimated Resources	No	Not Corrected, Repeated as Finding 2007-002
2005-003	ORC Section 117-02(A) Fund and Account Classification	No	Not Corrected, Repeated as Finding 2007-003
2005-004	ORC Section 5705.36, Amended Estimated Resources as needed	No	Not Corrected, Repeated as Finding 2007-004



Mary Taylor, CPA
Auditor of State

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
JULY 8, 2008