



**VILLAGE OF BRADY LAKE  
PORTAGE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Brady Lake  
Portage County  
2123 Merrill Road  
Ravenna, Ohio 44266

To the Village Council:

We have audited the accompanying financial statements of the Village of Brady Lake, Portage County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

**Jim Petro**  
Auditor of State

February 18, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$27,271	\$0	\$0	\$0	\$27,271
State Shared Taxes and Permits	10,459		201,718		212,177
Fees, Licenses, Permits	9,194				9,194
Intergovernmental Receipts	122,162	11,142			133,304
Fines, Licenses, and Permits	22,965				22,965
Earnings on Investments	2,037	402			2,439
Miscellaneous	1,201	1,548		25	2,774
	<u>195,289</u>	<u>13,092</u>	<u>201,718</u>	<u>25</u>	<u>410,124</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	79,004				79,004
Public Health Services					0
Leisure Time Activities	889				889
Community Environment	2,394				2,394
Basic Utility Services	58				58
Transportation	472	4,361			4,833
General Government	34,775			25	34,800
Debt Service:					
Principal Payments	25,048				25,048
Interest Payments	14,752				14,752
Contractual Services	12,304	7,555			19,859
Material and Supplies	23,835	740			24,575
Capital Outlay			143,078		143,078
	<u>193,531</u>	<u>12,656</u>	<u>143,078</u>	<u>25</u>	<u>349,290</u>
<b>Total Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>1,758</u>	<u>436</u>	<u>58,640</u>	<u>0</u>	<u>60,834</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		1,000			1,000
Transfers-Out	(1,000)				(1,000)
	<u>(1,000)</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	758	1,436	58,640	0	60,834
Fund Cash Balances January 1	95,288	16,430	1,928	475	114,121
<b>Fund Cash Balances, December 31</b>	<b><u>\$96,046</u></b>	<b><u>\$17,866</u></b>	<b><u>\$60,568</u></b>	<b><u>\$475</u></b>	<b><u>\$174,955</u></b>
Reserves for Encumbrances, December 31	<u>\$168</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$29,687	\$0	\$0	\$0	\$29,687
State Shared Taxes and Permits	15,347		3,731		19,078
Fees, Licenses, Permits	43,548				43,548
Intergovernmental Receipts	113,243	13,229			126,472
Fines, Licenses, and Permits	18,777				18,777
Earnings on Investments	2,241	442			2,683
Miscellaneous	7,276	440			7,716
	<u>230,119</u>	<u>14,111</u>	<u>3,731</u>	<u>0</u>	<u>247,961</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	45,587				45,587
Leisure Time Activities	5,156				5,156
Community Environment	1,927				1,927
Basic Utility Services	101				101
Transportation	472	3,114			3,586
General Government	80,997				80,997
Debt Service:					
Principal Payments	17,365				17,365
Interest Payments	8,604				8,604
Contractual Services	15,713	11,736			27,449
Material and Supplies	17,035	1,800			18,835
Capital Outlay	31,294		2,138		33,432
	<u>224,251</u>	<u>16,650</u>	<u>2,138</u>	<u>0</u>	<u>243,039</u>
Total Receipts Over/(Under) Disbursements	<u>5,868</u>	<u>(2,539)</u>	<u>1,593</u>	<u>0</u>	<u>4,922</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		4,058			4,058
Transfers-Out	(4,058)				(4,058)
	<u>(4,058)</u>	<u>4,058</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,810	1,519	1,593	0	4,922
Fund Cash Balances January 1	93,478	14,911	335	475	109,199
<b>Fund Cash Balances, December 31</b>	<b><u>\$95,288</u></b>	<b><u>\$16,430</u></b>	<b><u>\$1,928</u></b>	<b><u>\$475</u></b>	<b><u>\$114,121</u></b>
Reserves for Encumbrances, December 31	<u>\$395</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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 general governmental services, including park operations (leisure time activities), and police services.

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 from the Governmental Funds into a money market demand account.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

State Highway Fund - This fund receives gasoline tax and license tax money for maintaining and repairing the state highways within the Village.

Solid Waste Management Fund - This fund receives "recycle money" to support the reduction of solid waste (i.e., leaves).

**3. Capital Project Funds**

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

Construction Fund - The proceeds may be used for any Village construction.

Fire Tanker Fund - The Fire Tanker Fund receives 1/3 of the Village's income tax. The proceeds may be used to pay for the Fire Department's tanker.

**4. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. Sometimes trust funds are set up by a resolution of the Village council. The Village has set up an expendable trust fund to account for the activity of the Political Sign Deposit Fund.

**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. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Unpaid Vacation and Sick Leave**

Employees are not entitled to vacation and sick leave.

**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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 65,396	\$ 1,912
Money Market Account	<u>109,559</u>	<u>112,209</u>
Total deposits	<u>174,955</u>	<u>114,121</u>

**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, 1999 and 1998 were as follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,673	\$ 195,289	\$ (36,384)
Special Revenue	39,299	14,092	(25,207)
Capital Projects	166,360	201,718	35,358
Fiduciary	<u>0</u>	<u>25</u>	<u>25</u>
Total	<u>\$ 437,332</u>	<u>\$ 411,124</u>	<u>\$ (26,208)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 326,961	\$ 194,699	\$ 132,262
Special Revenue	18,202	12,656	5,546
Capital Projects	226,928	143,078	83,850
Fiduciary	<u>475</u>	<u>25</u>	<u>450</u>
Total	<u>\$ 572,566</u>	<u>\$ 350,458</u>	<u>\$ 222,108</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**3. BUDGETARY ACTIVITY** (Continued)

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 159,689	\$ 230,119	\$ 70,430
Special Revenue	35,976	18,169	(17,807)
Capital Projects	14,912	3,731	(11,181)
Fiduciary	0	0	0
Total	\$ 210,577	\$ 252,019	\$ 41,442

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,224	\$ 228,704	\$ 28,520
Special Revenue	46,829	16,650	30,179
Capital Projects	15,336	2,138	13,198
Fiduciary	500	0	500
Total	\$ 319,889	\$ 247,492	\$ 72,397

**4. PROPERTY TAX**

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

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Leaf Vac Equipment Lease	\$ 12,682	5%
Building Lease	195,473	5%
Dump Truck Lease	19,984	5%
Fire Truck Lease	92,779	5%
Total	\$ 320,918	

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**5. DEBT (continued)**

The Village debt consist of four lease/purchase agreements. Leaf vacuum equipment, building, dump truck and fire truck.

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

Year ending December 31:	Leaf Vac Equipment	Building	Dump Truck	Fire Truck
2000	\$ 3,348	\$ 20,967	\$ 7,471	\$ 16,266
2001	4,463	20,967	7,471	16,266
2002	4,463	20,967	7,470	16,266
2003	2,232	20,967	0	16,266
Subsequent	<u>0</u>	<u>220,149</u>	<u>0</u>	<u>48,800</u>
Total	<u>\$ 14,506</u>	<u>\$ 304,017</u>	<u>\$ 22,412</u>	<u>\$ 113,864</u>

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Bond and Crime Coverage

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

Village of Brady Lake  
Portage County  
2123 Merrill Road  
Ravenna, Ohio 44266

To the Village Council:

We have audited the accompanying financial statements of the Village of Brady Lake, Portage County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated February 18, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 18, 2000.

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.

**Jim Petro**  
Auditor of State

February 18, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**VILLAGE OF 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  
APRIL 18, 2000**