



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BRADY LAKE
PORTAGE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
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, 2001	3
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, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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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 (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, 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 May 23, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 23, 2002

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**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, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax	\$ 29,203	\$ 15,031			\$ 44,234
Municipal Income Tax	15,737		\$ 2,131		17,868
Intergovernmental	133,519	10,605	62,529		206,653
Fees, Licenses, Permits	6,301				6,301
Reimbursement from Escrow	14,219				14,219
Interest Earnings	1,039	388			1,427
Fines and Forfeits	20,540				20,540
Miscellaneous	1,012				1,012
Total Cash Receipts	221,570	26,024	64,660	-	312,254
Cash Disbursements:					
Current:					
Security of Persons and Property	109,839				109,839
Leisure Time Activities	2,076				2,076
Community Development	2,563	12,040			14,603
Basic Utility Service	101				101
Transportation	474	19,053			19,527
General Government	76,228				76,228
Debt Service:					
Principal Payments	23,237				23,237
Interest Payments	16,049				16,049
Capital Outlay			335,962		335,962
Total Disbursements	230,567	31,093	335,962	-	597,622
Total Receipts (Under) Disbursements	(8,997)	(5,069)	(271,302)	-	(285,368)
Other Financing Sources (Uses)					
Proceed of Sale of Debt			250,000		250,000
Transfers - In		8,031	21,481		29,512
Transfers - Out	(29,512)				(29,512)
Total Other Financing Sources (Uses)	(29,512)	8,031	271,481	-	250,000
Total Receipts and Other Financing Sources Over / (Under) Disbursements and Other Financing Uses	(38,509)	2,962	179	-	(35,368)
Fund Cash Balances, January 1	76,144	23,071	-	475	99,690
Fund Cash Balances, December 31	\$ 37,635	\$ 26,033	\$ 179	\$ 475	\$ 64,322
Reserve fro Encumbrances, December 31	\$ 305	\$ -	\$ -	\$ -	\$ 305

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

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**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, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax	\$ 26,517	\$ 15,561			\$ 42,078
Municipal Income Tax	12,417		\$ 2,206		14,623
Intergovernmental	141,765	10,937			152,702
Reimbursement from Escrow	14,219				14,219
Fees, Licenses, Permits	7,529				7,529
Interest Earnings	1,813	355			2,168
Fines and Forfeits	19,727				19,727
Contributions	1,300				1,300
Miscellaneous	2,481	872			3,353
Total Cash Receipts	227,768	27,725	2,206	-	257,699
Cash Disbursements:					
Current:					
Security of Persons and Property	98,571				98,571
Leisure Time Activities	170				170
Community Development	2,160	821			2,981
Basic Utility Service	66				66
Transportation	470	30,935			31,405
General Government	84,042				84,042
Debt Service:					
Principal Payments	23,237				23,237
Interest Payments	25,930				25,930
Capital Outlay			66,489		66,489
Total Disbursements	234,646	31,756	66,489	-	332,891
Total Receipts (Under) Disbursements	(6,878)	(4,031)	(64,283)	-	(75,192)
Other Financing Sources (Uses)					
Proceed of Sale of Debt					-
Transfers - In		9,854	3,810		13,664
Transfers - Out	(13,664)				(13,664)
Total Other Financing Sources (Uses)	(13,664)	9,854	3,810	-	-
Total Receipts and Other Financing Sources Over / (Under) Disbursements and Other Financing Uses	(20,542)	5,823	(60,473)	-	(75,192)
Fund Cash Balances, January 1	96,686	17,248	60,473	475	174,882
Fund Cash Balances, December 31	\$ 76,144	\$ 23,071	\$ -	\$ 475	\$ 99,690
Reserve for Encumbrances, December 31	\$ 300	\$ -	\$ -	\$ -	\$ 300

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

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

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 the City of Kent to provide emergency medical 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

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

The Village pooled all money from the Governmental Funds 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, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Recreation Levy Fund -This fund receives donations and property taxes to fund the Village's parks.

3. Debt Service Fund

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

Bond Retirement Fund – This fund is required for the accumulation of moneys for the payment of principal and interest on the Village's bonds. This fund was not active in 2001 or 2000.

4. Capital Project Funds

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

Municipal Building Construction Fund - This fund receives proceeds of general obligation bonds. The proceeds are being used to construct a new municipal building.

5. 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. The Village had the following significant fiduciary funds:

Campaign Signs Expendable Trust Fund – This fund is used to record the receipts and refunds of campaign signs deposits.

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.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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.

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>2001</u>	<u>2000</u>
Demand deposits	\$ 64,322	\$ 99,690

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,573	\$221,570	\$12,997
Special Revenue	50,921	34,055	(16,866)
Debt Service	89,000	336,141	247,141
Expendable Trust	0	0	0
Total	\$348,494	\$591,766	\$243,272

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$310,287	\$260,384	\$49,903
Special Revenue	75,892	31,093	44,799
Capital Projects	85,568	335,962	(250,394)
Expendable Trust	50	0	50
Total	<u>\$471,797</u>	<u>\$627,439</u>	<u>(\$155,642)</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$310,287	\$227,768	(\$82,519)
Special Revenue	75,892	37,579	(38,313)
Capital Projects	87,872	6,016	(81,856)
Expendable Trust	50	0	(50)
Total	<u>\$474,101</u>	<u>\$271,363</u>	<u>(\$202,738)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$285,288	\$248,610	\$36,678
Special Revenue	74,611	31,756	42,855
Capital Projects	89,000	66,489	22,511
Expendable Trust	475	0	475
Total	<u>\$449,374</u>	<u>\$346,855</u>	<u>\$102,519</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Municipal Building Construction Fund by \$250,000 for the year ended December 31, 2001.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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

5. LOCAL INCOME TAX

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

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

6. DEBT

The Village has entered into leases for equipment and building. Lease payments have been reclassified and are reflected as debt service expenditures on the combined financial statements for the governmental funds.

Debt outstanding at December 31, 2001 was as follows:

Leases	Principal	Early Termination / Purchase Option
1997 \$37,353 Dump Truck Lease	\$7,145	\$7,573
1998 \$22,317 Leaf Vacuum Equipment Lease	6,255	6,583
1996 \$170,663 Fire Truck Lease	69,656	69,656
1999 \$200,000 Building Lease	177,965	196,207
	-----	-----
Total Leases	<u>\$261,021</u>	<u>\$280,019</u>
 General Obligation Bonds	 Principal	 Interest Rate
2001 Real Estate Acquisition	<u>\$250,000</u>	<u>6%</u>

The leases are collateralized by the items leased. The General Obligation Bonds are collateralized by the Village's taxing authority. The Village purchased the property known as the Ball Fields and a parking lot with the proceeds of the General Obligation Bonds.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT (Continued)

The following is a schedule of the future long-term minimum lease payments required under the leases as of December 31, 2001; and General Obligation Bond payments:

Year ending December 31:	<u>Dump Truck</u>	<u>Leaf Vacuum</u>	<u>Fire Truck</u>	<u>Building Lease</u>	<u>General Obligation Bonds</u>
2002	\$7,471	\$4,463	\$16,266	\$20,967	\$25,551
2003		2,232	16,266	20,966	25,551
2004			16,267	20,967	25,551
2005			16,266	20,967	25,551
2006			16,266	20,966	25,551
2007 - 2011				104,833	127,755
2012 - 2014				52,417	127,755
Total	<u>\$7,471</u>	<u>\$6,695</u>	<u>\$81,331</u>	<u>\$262,083</u>	<u>\$383,265</u>

7. RETIREMENT SYSTEMS

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

PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions, and
- Bond and crime coverage.



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**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 (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-31167-002 through 2001-31167-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 23, 2002.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-31167-001 and 2001-31167-004.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also 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 May 23, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

May 23, 2002

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<i>Finding Number</i>	<i>2001-31167-001</i>
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Reportable Condition

Ohio Administrative Code 117-2-02 (C) Accounting and reporting records, states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The legal level of control is the level (e.g., fund, program or function, department, or object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

At the Village, the budgeted receipts and appropriations were not entered accurately into the computer accounting system. The budgeted figures entered into the computer accounting system should agree to the Final Certificate of Estimated Resources certified by the County Budget Commission, and the appropriations passed by the Village Council.

If the appropriation figures that are entered into the computer system do not agree to the actual appropriations that the Village has, the computer system could allow the Village to spend funds that were not appropriated.

We recommend that all budgetary information certified by the County Budget Commission or approved by Village Council be timely and accurately input into the computer system.

<i>Finding Number</i>	<i>2001-31167-002</i>
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Noncompliance Citation

Ohio Revised Code Section 5705.10 requires that all revenue derived from a source other than general property tax and which the law prescribes to be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village was not in compliance with the aforementioned section because Issue II revenue in the amount of \$62,529 was not reflected in the financial statements. The State makes Issue II payments directly to the vendors.

This condition resulted in a loss of accountability over the revenue and expenditures of the Issue II project.

When the Village participates in an Issue II project, it must for each project awarded, establish a capital projects fund to account for both the revenue and expenditure of the Issue II monies and local matching funds. The financial statement for 2001 was adjusted to properly present the Issue II state grant.

Finding Number	2001-31167-003
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Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(3) states that upon the determination by the Clerk/treasurer of the Village that the revenue to be collected by the Village will be greater than the amount included in an official certificate and the council intends to appropriate and expend the excess revenue, the Clerk/treasurer shall certify the amount of the excess to the county budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

The Village did not request an increased amended certificate from the County Budget Commission for bonds in the amount of \$250,000 in the Municipal Building Construction Fund, or for Issue II money in the amount of \$62,529 in 2001

We recommend that the Village more closely monitors budget vs. actual figures, and obtains amended certificates and appropriations as needed.

Finding Number	2001-31167-004
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Noncompliance Citation and Reportable Condition

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village spent \$250,000 and \$62,529 more than appropriations in the Municipal Building Construction Fund and Issue II Fund respectively, in 2001.

This was due to Issue II monies and a bond issuance for which an amended certificate was not obtained from the County Budget Commission.

Finding Number	2001-31167-005
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Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond 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.

This section also provides two exceptions to the above requirement.

FINDING NUMBER 2001-31167-005 (Continued)

- A. Then and Now Certificate: If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Trustees.

This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

In most of the vouchers tested, a purchase order was not issued at all, or was not issued timely to certify the availability of funds prior to a purchase commitment.

We recommend that the Village attempts to issue purchase orders before making a purchase commitment, and that they use *Then and Now Certificates* if expenditure is entered into before a purchase order is issued.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 25, 2002**