

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

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Brady Lake
2123 Merrill Road
Ravenna, 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, 2004 through December 31, 2005. 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

October 23, 2007

This Page is Intentionally Left Blank.

**VILLAGE OF BRADY LAKE
AUDIT REPORT
PORTAGE COUNTY, OHIO
For the Years Ended December 31, 2005 and 2004**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2005	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2004	4
Notes to the Financial Statements	5-11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	12-13
Schedule of Findings	14-16
Schedule of Prior Audit Findings	17

Rockefeller Building
614 West Superior Avenue #1242
Cleveland, OH 44113-1306
Office Phone - (216) 575-1630
Fax - (216) 436-2411

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

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 (the Village), as of and for the years ended December 31, 2005 and 2004. 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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, 2005 and 2004, 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, 2005 and 2004, 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, 2005 and 2004, 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, 2005 and 2004. 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 August 23, 2007, 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.
August 23, 2007

**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, 2005**

	<u>Governmental Fund Types</u>			<u>Totals - Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 55,357	-	-	\$ 55,357
Special Assessments	-	\$ 15,591	-	15,591
Intergovernmental	117,739	15,836	-	133,575
Municipal Income Tax	12,604	-	\$ 155	12,759
Charges for Services	23,712	-	-	23,712
Fines, Licenses & Permits	15,659	-	-	15,659
Earnings on Investments	291	-	-	291
Contributions	2,164	-	-	2,164
Miscellaneous	2,208	-	-	2,208
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	229,734	31,427	155	261,316
Cash Disbursements:				
Current:				
Security of Persons & Property	55,838	-	-	55,838
Leisure Time Activities	480	-	-	480
Community Environment	2,369	20,074	-	22,443
Transportation	-	7,944	-	7,944
General Government	79,560	-	-	79,560
Materials and Supplies	15,258	1,000	-	16,258
Contractual Services	12,769	27,115	-	39,884
Capital Outlay	12,591	-	-	12,591
Debt Service:				
Principal Payment	15,830	-	-	15,830
Interest and Fiscal Charges	27,574	-	-	27,574
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	222,269	56,133	-	278,402
Total Receipts Over/(Under) Disbursements	7,465	(24,706)	155	(17,086)
Other Financing Sources/(Uses):				
Proceeds of Loan	20,000	-	-	20,000
Transfers-In	-	20,537	-	20,537
Transfers-Out	(20,537)	-	-	(20,537)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(537)	20,537	-	20,000
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	6,928	(4,169)	155	2,914
Fund Cash Balance, January 1	1,390	15,701	2,796	19,887
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	\$ 8,318	\$ 11,532	\$ 2,951	\$ 22,801

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, 2004**

	<u>Governmental Fund Types</u>			<u>Totals - Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 50,675	-	-	\$ 50,675
Special Assessments	-	\$ 17,349	-	17,349
Intergovernmental	118,693	13,833	-	132,526
Municipal Income Tax	7,211	-	\$ 3,605	10,816
Charges for Services	16,070	-	-	16,070
Fines, Licenses & Permits	13,244	-	-	13,244
Earnings on Investments	84	-	-	84
Contributions	2,787	-	-	2,787
Miscellaneous	1,363	-	-	1,363
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	210,127	31,182	3,605	244,914
Cash Disbursements:				
Current:				
Security of Persons & Property	91,046	-	-	91,046
Leisure Time Activities	200	-	-	200
Community Environment	2,467	12,866	-	15,333
Transportation	-	5,423	-	5,423
General Government	68,023	-	-	68,023
Materials and Supplies	15,659	3,398	-	19,057
Contractual Services	16,080	5,924	-	22,004
Capital Outlay	7,879	5,000	2,909	15,788
Debt Service:				
Principal Payment	430,470	-	-	430,470
Interest and Fiscal Charges	26,096	-	-	26,096
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	657,920	32,611	2,909	693,440
Total Receipts Over/(Under) Disbursements	(447,793)	(1,429)	696	(448,526)
Other Financing Sources/(Uses):				
Sale of Bonds	450,461	-	-	450,461
Transfers-In	-	1,691	-	1,691
Transfers-Out	(1,691)	-	-	(1,691)
Other Financing Sources	-	5,092	-	5,092
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	448,770	6,783	-	455,553
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	977	5,354	696	7,027
Fund Cash Balance, January 1	413	10,347	2,100	12,860
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	\$ 1,390	\$ 15,701	\$ 2,796	\$ 19,887

See accompanying Notes to the Financial Statements.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund (Continued)

Recreation Levy Fund – This fund receives donations to fund the Village’s parks.

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 fund:

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 2005 and 2004 budgetary activity appears in Note 3.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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. 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.

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:

	2005	2004
Demand deposits	\$ 22,801	\$ 19,887

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, 2005 and 2004 follows:

2005 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 271,548	\$ 242,806	\$ 28,742
Special Revenue	75,648	56,133	19,515
Capital Projects	-	-	-
Total	\$ 347,196	\$ 298,939	\$ 48,257

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2005 AND 2004

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs Actual Budgetary Basis Expenditures			
Funds	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 239,038	\$ 659,611	\$ (420,573)
Special Revenue	61,483	32,611	28,872
Capital Projects	15,442	2,909	12,533
Total	\$ 315,963	\$ 695,131	\$ (379,168)

2005 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 251,144	\$ 249,734	\$ (1,410)
Special Revenue	60,339	51,964	(8,375)
Capital Projects	13,286	155	(13,131)
Total	\$ 324,769	\$ 301,853	\$ (22,916)

2004 Budgeted vs Actual Receipts			
Funds	Budgeted Receipts	Actual Receipts	Variance
General	\$ 238,625	\$ 660,588	\$ 421,963
Special Revenue	63,800	37,965	(25,835)
Capital Projects	-	3,605	3,605
Total	\$ 302,425	\$ 702,158	\$ 399,733

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund and Special Revenue FEMA Fire Levy Fund for the year ended December 31, 2004. Contrary to Ohio Law, appropriations exceeded estimated resources in the General Fund in 2005. In 2004, appropriations exceeded estimated resources in the Special Revenue SCMR fund and the Capital Projects Fire Tanker Repair fund. 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 SCMR fund and the Special Revenue Recreation Levy fund in 2005. In 2004, this occurred in the Special Revenue SCMR fund and the Special Revenue Recreation Levy fund.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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.

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>
Various Purpose Improvement Bonds, Series 2004	\$ 436,633
Fire Truck Pump Bank Loan	<u>17,998</u>
Total	<u><u>\$ 454,631</u></u>

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.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

6. DEBT – (Continued)

The following is a schedule of the future long-term debt payments required as of December 31, 2005:

	Improvement Bonds, Series 2004	Pump Bank Loan
2006	\$ 40,648	\$ 4,724
2007	40,648	4,724
2008	40,648	4,724
2009	40,648	4,724
2010	40,648	1,181
2011-2015	198,534	-
2016-2020	179,717	-
2021-2024	144,204	-
Total	<u>\$ 725,695</u>	<u>\$ 20,077</u>

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 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

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.

**VILLAGE OF BRADY LAKE
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

9. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

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
2123 Merrill Road
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, 2005 and 2004, and have issued our report thereon dated August 23, 2007, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 caused by error or fraud 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 August 23, 2007.

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, grant 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 that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-004.

Also, we noted other matters involving compliance that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 23, 2007.

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.

August 23, 2007

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS
 DECEMBER 31, 2005 AND 2004

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

Finding Number: 2006-001 – 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 2004, the following funds had total expenditures plus encumbrances expended money in excess of appropriations:

<u>Fund</u>	<u>2004</u>		
	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
General Fund	\$ 239,038	\$ 659,611	\$ (420,573)
Special Revenue-FEMA Fire Levy	-	5,000	(5,000)

The legal level of control citations 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.

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS – (CONTINUED)
 DECEMBER 31, 2005 AND 2004

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

Finding Number: 2006-002 – 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:

2005			
Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 252,534	\$ 271,548	\$ (19,014)
2004			
Fund	Estimated Resources	Appropriations	Variance
Special Revenue-SCMR	\$ 30,717	\$ 31,514	\$ (797)
Capital Projects-Fire Tanker Repair	2,100	15,442	(13,342)

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: 2006-003 – Noncompliance Citation

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.

VILLAGE OF BRADY LAKE
 PORTAGE COUNTY, OHIO
 SCHEDULE OF FINDINGS – (CONTINUED)
 DECEMBER 31, 2005 AND 2004

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

Finding Number: 2006-003 – Noncompliance Citation (continued)

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 2005 and 2004, the Village recorded Proceeds from Sale of Bonds as Charges for Services, Principal and Interest Payments as Security of Persons and Property, and Municipal Income Taxes as Property and Other Local Taxes. The accounts were adjusted to reclassify to proper receipts and disbursements. The Village is in agreement.

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.

Finding Number: 2006-004 – 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 2004 and 2005 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.

Fund	2005		
	Estimated Receipts	Actual Receipts	Variance
General Fund	\$ 251,144	\$ 249,734	\$ (1,410)
Special Revenue-SCMR	40,000	34,548	(5,452)
Special Revenue-Recreation Levy	19,539	15,591	(3,948)

Fund	2004		
	Estimated Receipts	Actual Receipts	Variance
Special Revenue-SCMR	\$ 30,000	\$ 14,617	\$ (15,383)
Special Revenue-Recreation Levy	19,539	17,349	(2,190)

Management agrees and will monitor estimated versus actual receipts and reduce when necessary.

VILLAGE OF BRADY LAKE
PORTAGE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2005 and 2004

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
2003-001	ORC Section 5705.41 (D) - Failure to certify	Yes	Fully Corrected Finding no longer valid
2003-002	ORC Section 5705.41(B) Failure to appropriate	No	Not Corrected, Repeated as Finding 2006-001
2003-003	Failure to issue Form 1099	Yes	Fully Corrected Finding no longer valid
2003-004	ORC Section 117-2-02, Accounting and reporting records	No	Not Corrected, Repeated as Finding 2006-003



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
NOVEMBER 8, 2007**