



**VILLAGE OF BRICE
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2018-2017

VILLAGE OF BRICE
FRANKLIN COUNTY
DECEMBER 31, 2018 AND 2017

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Brice
Franklin County
5990 Columbus Street
Brice, Ohio 43109

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Brice, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification and Unmodified Opinions* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Fines, Licenses and permits are reported at \$461,532 and \$513,115, respectively, which is 85 and 88 percent of General Fund cash receipts, respectively, for the fiscal years ended December 31, 2018 and 2017. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits from camera speed enforcement fines. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balance, receipts and disbursements of the General Fund, and related notes of the Village of Brice, Franklin County, as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Special Revenue Funds, and related notes of the Village of Brice, Franklin County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements, for the year ended December 31, 2017, during 2017 the Village elected to change its financial presentation from a cash basis comparable to the requirements of *Governmental Accounting Standards* to the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). We did not modify our opinion with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

August 29, 2019

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Village of Brice
Franklin County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$8,774	\$ -	\$8,774
Municipal Income Tax	52,012	-	52,012
Intergovernmental	12,673	5,693	18,366
Charges for Services	5,684	4,264	9,948
Fines, Licenses and Permits	461,532	-	461,532
Earnings on Investments	209	-	209
Miscellaneous	1,488	-	1,488
<i>Total Cash Receipts</i>	<u>542,372</u>	<u>9,957</u>	<u>552,329</u>
Cash Disbursements			
Current:			
Security of Persons and Property	264,645	-	264,645
Basic Utility Services	-	11,353	11,353
Transportation	-	484	484
General Government	109,566	-	109,566
<i>Total Cash Disbursements</i>	<u>374,211</u>	<u>11,837</u>	<u>386,048</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>168,161</u>	<u>(1,880)</u>	<u>166,281</u>
Other Financing Receipts			
Sale of Capital Assets	1,500	-	1,500
<i>Total Other Financing Receipts</i>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
<i>Net Change in Fund Cash Balances</i>	169,661 #	(1,880)	167,781
<i>Fund Cash Balances, January 1</i>	<u>172,977</u>	<u>34,598</u>	<u>207,575</u>
Fund Cash Balances, December 31			
Restricted	-	32,718	32,718
Assigned	2,913	-	2,913
Unassigned	339,725	-	339,725
<i>Fund Cash Balances, December 31</i>	<u>342,638</u>	<u>\$32,718</u>	<u>\$375,356</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Brice (the Village), Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides police services to provide security of persons and property.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Enforcement and Education The enforcement and education fund accounts for and reports resources restricted for the police department from fines collected by third parties on behalf of the Village.

Surcharge Special Revenue The surcharge special revenue fund accounts for and reports the surcharge paid by all members of the Village with municipal water and sewer service to assist in the repair of water and sewer lines.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 4.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Compliance

Contrary to Ohio law, the Village improperly recorded \$5,693 of motor vehicle and gas excise tax receipts in the General Fund rather than in the required Special Revenue Fund. In addition, the Village recorded \$376 of payments received from employees for insurance costs reimbursements as revenues in the Special Revenue fund rather than as a reduction of receipts in the General Fund.

Contrary to Ohio Law, the Village had expenditures exceeding appropriations in the General and Special Revenue Funds at December 31, 2018 of \$161,334 and \$11,837, respectively. In addition, the Village did not approve a temporary budget at the start of the fiscal year and the permanent budget was not approved until April 12, 2018, resulting in General and Special Revenue Fund expenditures of \$117,826 and \$484, respectively, not being appropriated.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December, 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$359,589	\$543,872	\$184,283
Special Revenue	0	9,957	9,957
Total	\$359,589	\$553,829	\$194,240

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,790	\$377,124	(\$161,334)
Special Revenue	0	11,837	(11,837)
Total	\$215,790	\$388,961	(\$173,171)

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	\$375,356

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

Income Taxes

The Village levies a municipal income tax of 2% 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.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Note 7 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Six of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

The Village has established a line of credit with PNC Bank Ohio in the amount of \$25,000 to be used for general operating expenses. The Village receives monthly invoices showing the amount due. For the year ended December 31, 2018, the amount of outstanding was \$0 as the Village did not utilize the line of credit in fiscal year 2018.

Note 11 – Contingent Liabilities

The Village is defendant in a class-action lawsuit. Although management cannot presently determine the outcome of this suit, the Village does not believe there is any merit to the case.

Note 12 – Jointly Governed Organization

The Village is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 44 political subdivisions in and around Delaware, Fairfield, Fayette, Franklin, Knox, Licking, Madison, Marion, Morrow, Pickaway, Ross, and Union counties, Ohio.

The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members. The Commission exercises total control over the operation of the MORPC's including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Commission.

Note 13 – Related Parties

Julia Evans, Fiscal Officer, is the mother of Council President, Lori Runyon and Amy Evans, former Mayor.

Cathy Compton, Mayor, is the mother-in-law of Tabitha Compton, former Police Clerk.

Ben Geiser, board member, is the husband of Lisa Geiser, board member.

John Mathys, board member, is the husband of Christy Mathys, board member.

Village of Brice
Franklin County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,077	\$ -	\$7,077
Municipal Income Tax	40,418	-	40,418
Intergovernmental	10,393	5,781	16,174
Charges for Services	6,233	2,190	8,423
Fines, Licenses and Permits	513,115	-	513,115
Earnings on Investments	13	-	13
Miscellaneous	2,990	-	2,990
<i>Total Cash Receipts</i>	<u>580,239</u>	<u>7,971</u>	<u>588,210</u>
Cash Disbursements			
Current:			
Security of Persons and Property	302,021	-	302,021
Transportation	-	3,615	3,615
General Government	96,481	-	96,481
Debt Service:			
Principal Retirement	21,920	-	21,920
Interest and Fiscal Charges	947	-	947
<i>Total Cash Disbursements</i>	<u>421,369</u>	<u>3,615</u>	<u>424,984</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>158,870</u>	<u>4,356</u>	<u>163,226</u>
<i>Fund Cash Balances, January 1</i>	<u>14,107</u>	<u>30,242</u>	<u>44,349</u>
Fund Cash Balances, December 31			
Restricted	-	34,598	34,598
Assigned	14,172	-	14,172
Unassigned	158,805	-	158,805
<i>Fund Cash Balances, December 31</i>	<u>\$172,977</u>	<u>\$34,598</u>	<u>\$207,575</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Brice (the Village), Franklin County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides police services to provide security of persons and property.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Enforcement and Education The enforcement and education fund accounts for and reports resources restricted for the police department from fines collected by third parties on behalf of the Village.

Surcharge Special Revenue The surcharge special revenue fund accounts for and reports the surcharge paid by all members of the Village with municipal water and sewer service to assist in the repair of water and sewer lines.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 4.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, the Village improperly recorded \$5,561 of motor vehicle and gas excise tax receipts in the General Fund rather than in the required Special Revenue Fund. In addition, the Village recorded \$8,113 of insurance proceeds and \$8,500 of related expenditures in the Special Revenue fund rather than in the General fund as required.

Contrary to Ohio Law, the Village had expenditures exceeding appropriations in the General Fund at December 31, 2017 of \$113,272. In addition, the Village did not approve a temporary budget at the start of the fiscal year and the permanent budget was not approved until May 11, 2017, resulting in General Fund expenditures of \$136,436 not being appropriated.

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$399,951	\$580,239	\$180,288
Special Revenue	21,450	7,971	(13,479)
Total	\$421,401	\$588,210	\$166,809

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$320,970	\$434,242	(\$113,272)
Special Revenue	19,483	4,099	15,384
Total	\$340,453	\$438,341	(\$97,888)

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits	2017
	\$207,575

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

Income Taxes

The Village levies a municipal income tax of 2% 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 City of Columbus either monthly or quarterly, as required. The City of Columbus remits tax collections to the Village. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$7,258.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$11,520

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Five of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 1 percent of the employer contribution to fund these benefits.

Note 10 – Debt

The Village has established a line of credit with PNC Bank Ohio in the amount of \$25,000 to be used for general operating expenses. The Village receives monthly invoices showing the amount due. For the year ended December 31, 2017, the amount outstanding was \$0.

Note 11 – Contingent Liabilities

The Village is defendant in a class-action lawsuit. Although management cannot presently determine the outcome of this suit, the Village does not believe there is any merit to the case.

Village of Brice, Ohio
Franklin County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 12 – Jointly Governed Organization

The Village is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 44 political subdivisions in and around Delaware, Fairfield, Fayette, Franklin, Knox, Licking, Madison, Marion, Morrow, Pickaway, Ross, and Union counties, Ohio.

The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members. The Commission exercises total control over the operation of the MORPC's including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to representation on the Commission.

Note 13 – Related Parties

Julia Evans, Fiscal Officer, is the mother of Council President, Lori Runyon and Amy Evans, former Mayor.

Cathy Compton, Mayor, is the mother-in-law of Tabitha Compton, former Police Clerk.

Ben Geiser, board member, is the husband of Lisa Geiser, board member.

Note 14 – Change in Basis of Accounting

For the year ended December 31, 2016, the Village reported fund financial statements by fund type using the other comprehensive basis of accounting as prescribed by the Auditor of State's Office. Beginning the year ended December 31, 2017, the Village has implemented the cash basis of accounting described in Note 2.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Brice
Franklin County
5990 Columbus Street
Brice, Ohio 43109

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Brice, Franklin County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2019, wherein we noted the Village elected to change its financial presentation from a cash basis comparable to the requirements of *Governmental Accounting Standards* to the accounting basis permitted by the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). We qualified our opinion on the General Fund cash receipts because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits from camera speed enforcement fines.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003, 2018-005 and 2018-006 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 through 2018-004.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

August 29, 2019

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Accurate Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We posted the following material adjustments to the Village's December 31, 2018 and 2017 financial statements as the Village's internal controls were not operating effectively to identify the errors:

- During 2018 and 2017, licenses, permits, & fees receipts and security of persons & property expenditures in the general fund were increased \$171,660 and \$202,078, respectively, to record the speed enforcement camera activity at gross.
- During 2018 and 2017, charges for services receipts were reclassified as a reduction of security of persons & property in the general fund in the amounts of \$39,945 and \$37,700, respectively, to show payroll reimbursements as a reduction of expenditures rather than charges for services receipts.
- During 2018 and 2017, special assessment receipts were reclassified as charges for services in the special revenue funds in the amounts of \$4,264 and \$2,190, respectively, for utility surcharges collected.
- During 2018 and 2017, unassigned fund balance was reclassified as assigned fund balance in the General Fund in the amount of \$14,172 and \$2,913, respectively.
- During 2018, special item receipts were reclassified as miscellaneous receipts in the General Fund in the amount of \$856.

Misclassifications of year-end fund balances and revenues and expenditures decrease the reliability of the financial statements. Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

We recommend the Village revisit its policies and procedures to enhance controls over financial reporting to help ensure the information accurately reflects the activity of the Village, thereby increasing the reliability of the financial data throughout the year.

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-002

Annual Financial Report – Material Weakness & Noncompliance

Ohio Rev. Code § 117.38 in part states each public office shall file a report certified by the proper officer or board with the Auditor of State within sixty days after the close of the fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

We noted the Village did not file the 2017 and 2018 reports timely. The 2017 report was filed on June 11, 2018 and was due on March 1, 2018. The 2018 report was filed on April 1, 2019 and was due on March 1, 2019.

Additionally, the Village filing contained Other Comprehensive Basis of Accounting (OCBOA) notes for 2017 and 2018, even though the financial statements filed were regulatory. The 2018 filing also contained a Statement of Net Position, which is not a proper financial statement under the regulatory basis of accounting.

Failure to file the proper report in a timely manner with accurate footnotes and statements indicates controls over the financial statement reporting process are either non-existent or not operating as intended.

The Village should implement controls over the preparation of its annual financial statements to help ensure its annual financial report is filed with the Auditor of State HINKLE filing system within 60 days of fiscal year end and contains the proper version of footnotes and statements as required by their filing status.

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-003

Allocation of Revenues – Material Weakness & Noncompliance

Ohio Rev. Code § 5705.10A) indicates all revenue derived from sources other than general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund. Additionally, **Ohio Rev. Code § 5705.10(D)** states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

For FY2017, the Village incorrectly posted revenues, as follows:

- \$8,113 and \$8,500, respectively, of insurance proceeds and related expenditures to repair the Village's office building after fire damages were posted to the Street Construction Maintenance and Repair Special Revenue fund instead of being recorded as a reduction of expenditures in the General fund. The additional cost of \$387 was adjusted to be expensed from the General fund.
- \$5,561 of motor vehicle tax and gas excise tax receipts were posted in the General fund instead of the Street Construction Maintenance and Repair Special Revenue fund.

For FY2018, the Village incorrectly posted revenues, as follows:

- \$5,693 of motor vehicle tax and gas excise tax receipts were posted in the General fund instead of the Street Construction Maintenance and Repair Special Revenue fund.
- \$376 of payments received from employees for insurance costs reimbursements were posted in the Street Construction Maintenance and Repair Special Revenue fund rather than a reduction of expenditures within the General fund.

These errors resulted from weak controls over the Villages financial reports. The Village's annual financial statements have been adjusted for these errors accordingly. Misclassifications of revenues and expenditures decrease the reliability of the financial statements. Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Additionally, misclassification of fund revenues is in violation of the ORC.

We recommend the Village revisit its policies and procedures to enhance controls over financial reporting to help ensure the information accurately reflects the activity of the Village, thereby increasing the reliability of the financial data throughout the year.

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-004

Annual Appropriations Measures – Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

In addition, **Ohio Rev. Code § 5705.40** states any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as in *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P. 1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code § 5705.40.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which Council adopts the original appropriation measure.

We noted the following budgetary violations during the audit:

- The Village did not approve the 2017 and 2018 permanent appropriation measures until May 11, 2017 and April 12, 2018, respectively, and there were no temporary appropriations approved to cover this time period. As a result, General fund expenditures of \$136,436 made between January 1, 2017 and May 11, 2017 were not properly appropriated. In addition, General and Special Revenue fund expenditures of \$117,826 and \$484, respectively, made between January 1, 2018 and April 12, 2018 were not properly appropriated.
- In 2018, the Village filed an amendment to the 2018 permanent budget with the Franklin County Auditor's Office, however, the amendment was not approved by Village Council before being filed. Therefore, since the amendment was not approved by Council, it was not included in the appropriations resulting in General Fund expenditures of \$377,124 exceeding appropriations of \$215,790 by \$161,334, and Special revenue expenditures of \$11,837 exceeding appropriations of \$0 by \$11,837.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-004 (Continued)

Annual Appropriations Measures – Noncompliance (Continued)

- In December 2017, Village Council gave the Fiscal officer approval to modify appropriations as necessary through December 31, 2017 without further review or approval by Council. Therefore, since these appropriation modifications were not approved by Council, they were not included in the appropriations resulting in General Fund expenditures of \$434,242 exceeding appropriations of \$320,970 by \$113,272.

While the Village is required and does appropriate at a lower legal level of control, noncompliance at the fund level signifies the Village would also be non-compliant at their legal level of control, which is the fund, function, object level. Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources and may cause deficit spending.

The Village should adopt a permanent appropriation measure on or about the first day of the fiscal year. If this is not able to be done, temporary appropriations should be approved to cover the period from the beginning of the fiscal year to the time the permanent appropriations are approved, which are required to be approved by April 1st each year. Any amendments to the appropriations should be approved by Village Council, and the permanent appropriation measure and any approved amendments are to be filed with the County Auditor. In addition, the Fiscal Officer should compare expenditures to appropriations on a monthly basis to ensure appropriation measures are adequate, and make amendments as needed. This will help ensure the Village is meeting the requirements of the Ohio Revised Code.

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-005

Service Organization Controls - Control Environment User Considerations - Material Weakness

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Village has outsourced the processing, billing, and collection of civil violation receipts generated by the Village's photo speed enforcement program, which are significant accounting functions, to third-party administrators, Blue Line Solutions, LLC and Brekford Corporation. These receipts provide a significant portion of income for the Village. Due to deficiencies in internal controls, the Village has not established procedures to determine whether these service organizations have sufficient controls in place and operating effectively to reduce the risk that photo speed enforcement violations have not been authorized or completely and accurately processed in accordance with the contracts. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance that photo speed enforcement violations conform to the ordinances set forth by the Council and the contracts between the Village and its contracted service providers.

The Village has not established procedures to determine if these organizations have sufficient controls in place and are operating effectively to reduce the risk that civil violation receipts have been posted, billed and disbursed in accordance with the Village's contracts and ordinances.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

In 2017 and 2018, the Village failed to maintain approvals of tickets submitted to Brekford Corporation and Blue Line Solutions, LLC for the photo speed enforcement program. As a result, we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as camera speed enforcement fines. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We recommend the Village require a Type 2 SOC 1 report in its contracts with the third-party agencies. The Village should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party agencies refuse to furnish the Village with a Type 2 SOC 1 report, we recommend the Village contract only with third-party agencies which will provide such a report. We further recommend the Village maintain all approvals of tickets submitted to the companies and establish procedures to help ensure the Village's financial statements are accurately presented.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2018-006

Accounting System Update - Material Weakness

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

At December 31, 2017, the following variances were noted in regards to appropriations:

Fund	Appropriations	Per UAN	Variance
General	\$320,970	\$263,479	\$57,491
Special Revenue	\$19,483	12,001	482
Total	\$340,453	\$275,480	\$64,973

At December 31, 2017, the following variances were noted in regards to estimated receipts:

Fund	Estimated Receipts	Per UAN	Variance
General	\$399,951	\$445,561	(\$45,610)
Special Revenue	21,450	19,450	2,000
Total	\$421,401	\$465,011	(\$43,610)

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2018-006 (Continued)

Accounting System Update - Material Weakness (Continued)

At December 31, 2018, the following variances were noted in regards to appropriations:

Fund	Appropriations	Per UAN	Variance
General	\$215,790	\$241,890	(\$26,100)
Special Revenue	\$0	20,000	(20,000)
Total	\$215,790	\$261,890	(\$46,100)

At December 31, 2018, the following variances were noted in regards to estimated receipts:

Fund	Estimated Receipts	Per UAN	Variance
General	\$359,589	\$379,051	(\$19,462)
Special Revenue	0	20,000	(20,000)
Total	\$359,589	\$399,051	(\$39,462)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from Officials to this finding.

Village of Brice

An Early American Village

5990 Columbus Street

P.O. Box 65

Brice, Ohio 43109

(614) 864-8591

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Use of Revenues and Negative Fund Balance	Partially Corrected	The Village corrected previous negative fund balances. However, not all revenues were posted within the correct fund. Re-issued as 2018-003.
2016-002	Appropriations Exceeding Estimated and Actual Resources	Fully Corrected	
2016-003	Expenditures Exceeding Appropriations	Not corrected.	Re-issued as 2018-004.
2016-004	Financial Statement Presentation	Not Corrected	Re-issued as 2018-001.
2016-005	Outside Cash Accounts	Fully Corrected	
2016-006	Finding for Recovery	Fully Corrected	Partial Repayment was received in Fiscal year 2019.
2016-007	Updating Accounting System	Not corrected.	Reissued as Finding 2018-006.
2016-008	Service Organization Controls – Control Environment User Considerations	Not Corrected.	Re-issued as 2018-005.

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BRICE

FRANKLIN 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 7, 2019