

VILLAGE OF BRICE

FRANKLIN COUNTY

REGULAR AUDIT

JANUARY 1, 2001 - DECEMBER 31, 2002

FISCAL YEARS AUDITED UNDER GAGAS: 2002 & 2001

BALESTRA & COMPANY

(A division of Harr & Scherer, CPAs)

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Member American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants



**Auditor of State
Betty Montgomery**

Village Council
Village of Brice
PO Box 65
Brice, Ohio 43109

We have reviewed the Independent Auditor's Report of the Village of Brice, Franklin County, prepared by Balestra & Company, for the audit period January 1, 2001 to December 31, 2002. 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.

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 Brice is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 14, 2003

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VILLAGE OF BRICE
FRANKLIN COUNTY
JANUARY 1, 2001 THROUGH DECEMBER 31, 2002

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Independent Auditor's Report

Village Council
Village of Brice
Franklin County
5990 Columbus Street, P.O. Box 65
Brice, Ohio 43109

We have audited the accompanying financial statements of the Village of Brice, Franklin County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances reserves for encumbrances of the Village of Brice, Franklin County, as of December 31, 2002 and 2001, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Balestra & Company
Balestra & Company

June 12, 2003

VILLAGE OF BRICE
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property and Local Taxes	\$7,571	\$212	\$7,783
Income Taxes	51,707	0	51,707
Intergovernmental	13,242	8,613	21,855
Fines, Licenses, and Permits	40,181	6,031	46,212
Interest	870	0	870
Miscellaneous	75	0	75
Total Revenues	113,646	14,856	128,502
Disbursements:			
Security of Persons and Property	30,822	0	30,822
Basic Utility Services	9,237	0	9,237
Transportation	0	14,697	14,697
General Government	52,659	7,607	60,266
Total Disbursements	92,718	22,304	115,022
Excess of Cash Receipts Over/ (Under) Cash Disbursements	20,928	(7,448)	13,480
Fund Cash Balances, January 1, 2002	42,511	32,365	74,876
Fund Cash Balances, December 31, 2002	\$63,439	\$24,917	\$88,356
Reserved for Encumbrances, December 31, 2002	\$568	\$0	\$568

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

VILLAGE OF BRICE
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Non-Operating Cash Receipts:			
Fines and Forfeitures	\$0	\$43,686	\$43,686
Total Non-Operating Cash Receipts	0	43,686	43,686
Non-Operating Cash Disbursements:			
Distribution of Fines and Forfeitures	4,015	0	4,015
	0	43,331	43,331
Total Disbursements	4,015	43,331	47,346
Net Receipts Over/(Under) Disbursements	(4,015)	355	(3,660)
Fund Cash Balances, January 1, 2002	11,804	3,989	15,793
Fund Cash Balances, December 31, 2002	\$7,789	\$4,344	\$12,133

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

VILLAGE OF BRICE
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property and Local Taxes	\$5,967	\$0	\$5,967
Income Taxes	48,588	0	48,588
Intergovernmental	14,749	10,254	25,003
Fines, Licenses, and Permits	33,452	4,431	37,883
Interest	1,818	0	1,818
Miscellaneous	4,008	0	4,008
Total Revenues	108,582	14,685	123,267
Disbursements:			
Security of Persons and Property	35,917	0	35,917
Basic Utility Services	8,689	0	8,689
Transportation	0	21,623	21,623
General Government	49,953	2,284	52,237
Capital Outlay	53	0	53
Total Disbursements	94,612	23,907	118,519
Excess of Cash Receipts Over/ (Under) Cash Disbursements	13,970	(9,222)	4,748
Other Financing Sources/(Uses)			
Operating Transfers Out	(3,000)	0	(3,000)
Total Other Financing Sources/(Uses)	(3,000)	0	(3,000)
Total of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Uses	10,970	(9,222)	1,748
Fund Cash Balances, January 1, 2001 (Restated - See Note 7)	31,541	41,587	73,128
Fund Cash Balances, December 31, 2001	<u>\$42,511</u>	<u>\$32,365</u>	<u>\$74,876</u>

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

VILLAGE OF BRICE
FRANKLIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Non-Operating Cash Receipts:			
Fines and Forfeitures	\$0	\$49,279	\$49,279
Total Non-Operating Cash Receipts	0	49,279	49,279
Non-Operating Cash Disbursements:			
Distribution of Fines and Forfeitures	0	47,941	47,941
Total Disbursements	0	47,941	47,941
Non-Operating Cash Receipts Over/(Under) Non-Operating Cash Disbursements	0	1,338	1,338
Other Financing Sources/(Uses)			
Operating Transfers In	3,000	0	3,000
Total Other Financing Sources/(Uses)	3,000	0	3,000
Net Reciepts Over/(Under) Disbursements	3,000	1,338	4,338
Fund Cash Balances, January 1, 2001	8,804	2,651	11,455
Fund Cash Balances, December 31, 2001	<u>\$11,804</u>	<u>\$3,989</u>	<u>\$15,793</u>

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

VILLAGE OF BRICE
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Brice, Franklin County, Ohio, (the Village) 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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, and police services.

The Village management believes these financial statements represent 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

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

D. Fund Accounting

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

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.

Special Revenue Funds:

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 receipts gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

Enterprise Funds:

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

VILLAGE OF BRICE
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Water and Sewer Fund – This fund maintains a fund balance in the event of sewage problems in which the Village would be required to pay for damages. In 2001, a transfer of monies from the general fund was received in this fund. No activity occurred in 2002.

E. 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 level of control and appropriations may not exceed estimated resources. The Village 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.

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.

Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Total Columns on Financial Statements

Total columns on the general purpose financial statements are captioned “Memorandum Only” to indicate that they are presented on to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation.

VILLAGE OF BRICE
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

2. EQUITY IN POOLED CASH

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$100,489	\$90,669

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001, was as follows:

<u>Fund Type</u>	<u>2002 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 98,422	\$113,646	\$15,224
Special Revenue	17,647	14,856	(2,791)
Enterprise	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$116,069</u>	<u>\$128,502</u>	<u>\$12,433</u>

<u>Fund Type</u>	<u>2002 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Disbursements</u>	
General	\$126,050	\$ 92,718	\$33,332
Special Revenue	28,450	22,304	6,146
Enterprise	<u>10,000</u>	<u>4,015</u>	<u>5,985</u>
Total	<u>\$164,500</u>	<u>\$119,037</u>	<u>\$45,463</u>

<u>Fund Type</u>	<u>2001 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 88,304	\$108,582	\$20,278
Special Revenue	17,593	14,685	(2,908)
Enterprise	<u>2,000</u>	<u>3,000</u>	<u>1,000</u>
Total	<u>\$107,897</u>	<u>\$126,267</u>	<u>\$18,370</u>

VILLAGE OF BRICE
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

3. BUDGETARY ACTIVITY (continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$117,751	\$ 97,612	\$20,139
Special Revenue	59,900	23,907	35,993
Enterprise	<u>10,800</u>	<u>0</u>	<u>10,800</u>
Total	<u>\$188,451</u>	<u>\$121,519</u>	<u>\$66,932</u>

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. The Village has paid all contributions required through December 31, 2002.

VILLAGE OF BRICE
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

6. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Vehicles
- Public official's liability

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Village has not incurred significant reductions in insurance coverage in the prior year by major category or risk.

7. RESTATEMENT OF BEGINNING FUND BALANCE

Due to the occurrence of accounting errors, the following beginning fund balance requires restatement:

<u>Fund Type</u>	<u>Beginning Fund Balance</u>	<u>Adjustment</u>	<u>Restated Beginning Fund Balance</u>
General - 2001	\$31,053	\$488	\$31,541

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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
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Franklin County
5990 Columbus Street, P.O. Box 65
Brice, Ohio 43109

We have audited the financial statements of the Village of Brice, Franklin County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of noncompliance that we have reported to management of the Village in a separate letter dated June 12, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. 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 the management of the Village in a separate letter dated June 12, 2003.

Village of Brice
Franklin County
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit
of Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

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

Balestra & Company
Balestra & Company

June 12, 2003



**Auditor of State
Betty Montgomery**

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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
AUGUST 5, 2003**