

**VILLAGE OF BRICE  
FRANKLIN COUNTY  
Regular Audit  
December 31, 2008 and 2007**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Brice, Franklin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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 Brice is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

October 19, 2009

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**VILLAGE OF BRICE  
FRANKLIN COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

September 11, 2009

Village of Brice  
Franklin County  
3980 Rhodes Ave  
Brice, Ohio 45662

To the Village Council:

We have audited the accompanying financial statements of the **Village of Brice, Franklin County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 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, 2008 and 2007 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Brice, Franklin County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 9 to the financial statements, the Village has suffered recurring net losses and has a deficit in the General Fund. These conditions raise substantial doubt about the Village's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 September 11, 2009, 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 did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 8,359	\$ 22	\$ 8,381
Municipal Income Taxes	48,993	-	48,993
Intergovernmental	13,680	8,668	22,348
Fines, Licenses, and Permits	18,900	1,830	20,730
Earnings on Investments	352	-	352
Miscellaneous	213	-	213
	<u>90,497</u>	<u>10,520</u>	<u>101,017</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	66,300	-	66,300
Basic Utility Services	11,668	-	11,668
Transportation	-	15,636	15,636
General Government	47,169	1,300	48,469
Capital Outlay	146	-	146
Debt Service:			
Redemption of Principal	4,800	-	4,800
Interest and Fiscal Charges	988	-	988
	<u>131,071</u>	<u>16,936</u>	<u>148,007</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>(40,574)</u>	<u>(6,416)</u>	<u>(46,990)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Note Proceeds	23,300	-	23,300
Sale of Fixed Assets	12,187	-	12,187
Other Financing Sources	3,942	-	3,942
	<u>39,429</u>	<u>-</u>	<u>39,429</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,145)	(6,416)	(7,561)
Fund Cash Balances, January 1	<u>(7,251)</u>	<u>45,165</u>	<u>37,914</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ (8,396)</b></u>	<u><b>\$ 38,749</b></u>	<u><b>\$ 30,353</b></u>
Reserve for Encumbrances, December 31	<u>\$ 805</u>	<u>\$ -</u>	<u>\$ 805</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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fuduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Other Non-Operating Cash Receipts	-	23,340	23,340
Other Non-Operating Cash Disbursements	-	25,902	25,902
	-	(2,562)	(2,562)
Total Non-Operating Cash Receipts/Disbursements	-	(2,562)	(2,562)
Net Receipts Over/(Under) Cash Disbursements	-	(2,562)	(2,562)
Fund Cash Balances, January 1	11,798	2,633	14,431
<b>Fund Cash Balances, December 31</b>	<b>\$ 11,798</b>	<b>\$ 71</b>	<b>\$ 11,869</b>

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, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 9,202	\$ 2,130	\$ 11,332
Municipal Income Taxes	34,971	-	34,971
Intergovernmental	13,604	7,641	21,245
Fines, Licenses, and Permits	14,801	1,590	16,391
Earnings on Investments	494	-	494
Miscellaneous	1,595	-	1,595
	<u>\$74,667</u>	<u>11,361</u>	<u>86,028</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	45,311	-	45,311
Basic Utility Services	13,683	-	13,683
Transportation		5,487	5,487
General Government	45,807	1,760	47,567
	<u>104,801</u>	<u>7,247</u>	<u>112,048</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Disbursements	<u>(30,134)</u>	<u>4,114</u>	<u>(26,020)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Note Proceeds	6,000	-	6,000
Other Financing Sources	75	-	75
	<u>6,075</u>	<u>-</u>	<u>6,075</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,059)	4,114	(19,945)
Fund Cash Balances, January 1	<u>16,808</u>	<u>41,051</u>	<u>57,859</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ (7,251)</b></u>	<u><b>\$ 45,165</b></u>	<u><b>\$ 37,914</b></u>
Reserve for Encumbrances, December 31	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ 388</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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fuduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Other Non-Operating Cash Receipts	-	21,797	21,797
Other Non-Operating Cash Disbursements	-	21,162	21,162
Total Non-Operating Cash Receipts/Disbursements	-	635	635
Net Receipts Over/(Under) Cash Disbursements	-	635	635
Fund Cash Balances, January 1	11,798	1,998	13,796
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 11,798</u></b>	<b><u>\$ 2,633</u></b>	<b><u>\$ 14,431</u></b>

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, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Brice, Franklin County (the Village), as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village provides general governmental services and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. This basis reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village did not hold any investments for periods ending December 31, 2007 and December 31, 2008.

**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.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. 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 has 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.

Mayor's Court Computer Fund – This fund receives remittances from the Mayor's Court Agency Fund for cost of maintaining court computer system.

**3. Enterprise Funds**

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

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 damages.

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

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Mayor's Court Fund – This fund accounts for the financial activity of Mayor's Court and is classified as an Agency Fund.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. 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.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 5.

**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. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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 investment at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$42,222</u>	<u>\$52,345</u>

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

**3. DEBT**

Debt outstanding at December 31, 2008 was as follows:

The Village of Brice entered into a Variable Rate Revolving Line of Credit for \$25,000.00. A margin of 2% is added to the index rate, and the lender will tell the Village what the current index rate is upon request. The Village entered into this agreement on November 19<sup>th</sup>, 2007 and as of December 31, 2008 the Village had an outstanding balance of \$24,500.00 with an available credit of \$500.00.

**4. PROPERTY TAX**

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



**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,767	\$129,926	(\$12,841)
Special Revenue	6,695	10,520	3,825
Total	\$149,462	\$140,446	(\$9,016)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,184	\$131,876	\$14,308
Special Revenue	38,420	16,936	21,484
Enterprise	10,000	-	10,000
Total	\$194,604	\$148,812	\$45,792

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,223	\$80,742	(\$33,481)
Special Revenue	20,504	11,361	(9,143)
Total	\$134,727	\$92,103	(\$42,624)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,010	\$105,189	\$19,821
Special Revenue	10,516	7,247	3,269
Enterprise	5,000	-	5,000
Total	\$140,526	\$112,436	\$28,090

Contrary to Ohio Revised Code Section 5705.10, money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The Village had a negative fund balance in the General Fund as of December 31, 2008 and 2007.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Revised Code Section 5705.36, 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. During 2008 and 2007, the Village did not obtain a reduced or increased amended certificate for several funds when the actual receipts were greater or less than the budgeted receipts.

Contrary to Ohio Revised Code Section 5705.39, total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Village had appropriations that exceeded estimated resources in the General Fund during 2008 and 2007, and the Street Construction Maintenance & Repair Fund in 2007.

Contrary to Ohio Revised Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 37% of expenditures tested during 2008 and 59% of expenditures testing during 2007.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business, or business activities within the Village as well as certain income of residents earned outside of the Village. The income tax was passed from 1% to 2% on November 6, 2007.

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 collections to the Village. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**7. RETIREMENT SYSTEMS**

The Village's full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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. Members of OPERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. RISK MANAGEMENT**

The Village of Brice is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days; prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2008 and 2007 (the most recent years information):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated deficit	<u>\$ (261,787)</u>	<u>\$ (471,551)</u>

**9. GOING CONCERN**

The Village expenses have exceeded revenues for the years of 2005, 2007, and 2008. In addition, an Advance in 2007 from the Street Construction, Maintenance and Repair Fund to the General Fund was determined to be improper and the accompanying financial statements reflect the audit adjustment to return the Advance. As a result, the General Fund has a deficit at the end of 2008 and 2007.

While the Village is in a positive cash balance position, some of the cash is in the Enterprise and Street Construction Funds. The uses of these funds are limited either by statute or by levy ballot language and therefore, the Village is not permitted to uses these monies to remedy the deficit balances.

Based on information currently available, the Village has increased its tax percentage from 1% to 2% and is waiting on the 2010 census to possibly get Mayor's Court back to help increase revenue. Reductions in expenditures will also help to remedy the situation.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**9. GOING CONCERN (Continued)**

The Auditor of State has various remedies available to it, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken.

The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

September 11, 2009

Village of Brice  
Franklin County  
3980 Rhodes Ave  
Brice, Ohio 45662

To the Village Council:

We have audited the financial statements of the **Village of Brice, Franklin County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 11, 2009, wherein we noted the Village followed 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 Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

**Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-006.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiencies 2008-001 and 2008-005 described above are material weakness.

**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, providing an opinion 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 that we must report under *Government Auditing Standard* which are described in the accompanying schedule of findings as item 2008-001 through 2008-004.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

VILLAGE OF BRICE  
FRANKLIN COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007

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

FINDING NUMBER 2008-001

**Noncompliance Citation/ Significant Deficiency/Material Weakness**

**Ohio Revised Code Section 5705.10** requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Village had negative fund balance at December 31, 2008 and 2007 as follows:

<u>Fund</u>	<u>2008</u>	<u>2007</u>
General Fund	(8,396)	(7,251)

We recommend the Village monitor their fund balances and, when a deficit occurs and is expected to be temporary (i.e., pending the receipt of a grant, tax settlement, etc), we recommend the Village advance monies from the General Fund until the debtor fund can advance the monies back. In this case we recommend that expenditures and income be watched closer by the Fiscal Officer and Council to prevent the General Fund from going into the negative.

**Management's Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code Section 5705.36** 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.

During 2008 and 2007, the Village did not obtain a reduced or increased amended certificate for several funds when the actual receipts were greater or less than the budgeted receipts.

The Village should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-003**

**Noncompliance Citation/ Significant Deficiency**

**Ohio Revised Code Section 5705.39** provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations exceeded that total estimated resources for the Street Construction, Maintenance, and Repair Fund in 2007 and the General Fund in 2008 and 2007.

The Village should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-004**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.



**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-004 (Continued)**

**Ohio Revised Code § 5705.41(D) (Continued)**

1. “Then and Now” certificate - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 37% and 59% of the expenditures tested during 2008 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

**Management’s Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-005**

**Significant Deficiency/Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The Fiscal Officer did not accurately post all receipts and expenditures to the Village's accounting ledgers. Examples of misclassifications are as follows:

- Mayor's Court receipts were not accounted for on the Village's accounting system properly in 2008 and 2007.
- The sales of fixed assets were posted as miscellaneous income in 2008.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Village Handbook for guidance to determine the proper classification of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-006**

**Significant Deficiency**

**Advances**

In order to advance cash from one fund to another, Auditor of State Bulletin 97-003 suggests there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established. In addition, advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: (1) a specific statement that the transaction is an advance of cash, and, (2) an indication of the money (fund) from which it is expected that repayment will be made.

To alleviate short-term cash flow problems, the Village advanced cash between the Street Construction Fund and General Fund. Monies from a Special Revenue source cannot be used to help defray General Fund operating expenses. Nor did the Village indicate any plans of prepayment. The noted advance was returned through an audit adjustment and is reflected in the accompanying financial statements.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-006 (Continued)**

**Advances (Continued)**

We recommend that the Village follow the guidance outlined in Auditor of State Bulletin 97-003 to initiate an advance. The Council should approve all advances. In addition, if the Village's intent is to not repay the advance, the taxing authority should by Resolution turn the unpaid advance into a transfer if determined said transfer would be in compliance with Ohio Revised Code.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Bank Reconciliations performed monthly.	Yes	
2006-002	Authorized Signatories on Checks	Yes	
2006-003	Financial Reporting – Mayor’s Court	No	See Finding 2008-005
2006-004	Certification of Expenditures – ORC Section 5705.41 (D) (1)	No	See Finding 2008-004
2006-005	Distribution of Revenues – ORC Section 5705.10 (D) & (H)	Yes	
2006-006	Advance of Funds – Auditor of State Bulletin 97-003	No	See finding 2008-006



**Mary Taylor, CPA**  
Auditor of State

**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 5, 2009**