



Dave Yost • Auditor of State

**VILLAGE OF BRICE
FRANKLIN COUNTY
DECEMBER 31, 2016 AND 2015**

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VILLAGE OF BRICE
FRANKLIN COUNTY
DECEMBER 31, 2016 AND 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Brice
Franklin County
5990 Columbus Street
Brice, Ohio 43209

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brice, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

Summary of Opinions – 2016

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General fund	Qualified
Street Construction & Maintenance	Unmodified
Enforcement Education	Unmodified
Surcharge Special Revenue	Unmodified
Permissive MVL	Unmodified
Aggregate Remaining Fund Information	Unmodified

Summary of Opinions – 2015

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Street Construction & Maintenance	Unmodified
Enforcement Education	Unmodified
Surcharge Special Revenue	Unmodified
Drug Law Enforcement	Unmodified

Basis for Qualified Opinions on 2016 General Fund and Governmental Activities

Camera speed enforcement fines are reported at \$171,611 for the year ended December 31, 2016, which is 73 percent of General Fund and 55 percent of governmental activities receipts for the year ended December 31, 2016. 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.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinions on 2016 General Fund and Governmental Activities* paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and General Fund of the Village of Brice, Franklin County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Street Construction & Maintenance Fund, Enforcement Education Fund, Surcharge Special Revenue Fund, Permissive MVL, and the aggregate remaining fund information of the Village of Brice, Franklin County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the budgetary comparisons for the Street Construction & Maintenance, Enforcement Education, Surcharge Special Revenue, and Permissive MVL Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the City of Brice, Franklin County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Construction & Maintenance, Drug Law Enforcement, Enforcement Education and Surcharge Special Revenue Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2015, the Village has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

As disclosed in Note 16 to the financial statements, the Village has suffered recurring losses from operations in the General Fund and has a fund balance deficiency as of December 31, 2015. Note 16 describes management's plan regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 6, 2017

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Village of Brice, Ohio
Franklin County
Statement of Net Position - Cash Basis
December 31, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$44,349</u>
<i>Total Assets</i>	<u><u>\$44,349</u></u>
Net Position	
Restricted for:	
Other Purposes	30,242
Unrestricted	<u>14,107</u>
<i>Total Net Position</i>	<u><u>\$44,349</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$112,857	\$0	\$0	(\$112,857)
Community Environment	0	5	0	5
Basic Utility Services	0	2,996	0	2,996
Transportation	83,235	0	3,328	(79,907)
General Government	77,025	171,494	300	94,769
Debt Service:		0		
Principal Retirement	2,903	0	0	(2,903)
Interest and Fiscal Charges	1,200	0	0	(1,200)
<i>Total Governmental Activities</i>	<u>277,220</u>	<u>174,495</u>	<u>3,628</u>	<u>(99,097)</u>
		General Receipts:		
		Property Taxes Levied for:		
				7,456
				73,164
				37,447
				7,524
				3,000
				112
				3
				<u>4,861</u>
				<u>133,567</u>
				34,470
				<u>9,879</u>
				<u>\$44,349</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	General	Street Construction and Maintenance	Enforcement and Education	Surcharge Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$14,107	\$5,257	\$7,474	\$15,270	\$2,241	\$44,349
<i>Total Assets</i>	<u>14,107</u>	<u>5,257</u>	<u>7,474</u>	<u>15,270</u>	<u>2,241</u>	<u>44,349</u>
Fund Balances						
Restricted	-	5,257	7,474	15,270	2,241	30,242
Assigned	16,234	-	-	-	-	16,234
Unassigned (Deficit)	(2,127)	-	-	-	-	(2,127)
<i>Total Fund Balances</i>	<u>\$14,107</u>	<u>\$5,257</u>	<u>\$7,474</u>	<u>\$15,270</u>	<u>\$2,241</u>	<u>\$44,349</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Street Construction and Maintenance	Enforcement and Education	Surcharge Special Revenue	Permissive MVL	Other Governmental Funds	Total Governmental Funds
Receipts							
Municipal Income Taxes	\$37,447	\$0	\$0	\$0	\$0	\$0	\$37,447
Property Taxes	7,456						\$7,456
Permissive MVL Taxes	0				72,715		\$72,715
Other Local Taxes	449						\$449
Intergovernmental	11,152						\$11,152
Charges for Services	30			2,966			\$2,996
Fines, Licenses and Permits	171,611						\$171,611
Earnings on Investments	3						\$3
Miscellaneous	4,861						\$4,861
<i>Total Receipts</i>	<u>233,009</u>	<u>-</u>	<u>-</u>	<u>2,966</u>	<u>72,715</u>	<u>-</u>	<u>308,690</u>
Disbursements							
Current:							
Security of Persons and Property	112,857	-	-	-	-	-	112,857
Transportation	0	10,520	-	-	72,715	-	83,235
General Government	77,025	-	-	-	-	-	77,025
Debt Service:							
Principal Retirement	2,903	-	-	-	-	-	2,903
Interest and Fiscal Charges	1,200	-	-	-	-	-	1,200
<i>Total Disbursements</i>	<u>193,985</u>	<u>10,520</u>	<u>-</u>	<u>-</u>	<u>72,715</u>	<u>-</u>	<u>277,220</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,024</u>	<u>(10,520)</u>	<u>-</u>	<u>2,966</u>	<u>-</u>	<u>-</u>	<u>31,470</u>
Other Financing Sources							
Other Debt Proceeds	3,000						3,000
<i>Net Change in Fund Balances</i>	42,024	(10,520)	-	2,966	-	-	34,470
<i>Fund Balances Beginning of Year</i>	(27,917)	15,777	7,474	12,304	-	2,241	9,879
<i>Fund Balances End of Year</i>	<u>\$14,107</u>	<u>\$5,257</u>	<u>\$7,474</u>	<u>\$15,270</u>	<u>\$0</u>	<u>\$2,241</u>	<u>\$44,349</u>

See accompanying notes to the basic financial statements

Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$18,000	\$18,000	\$37,447	(\$19,447)
Property Taxes	6,000	6,000	7,456	(\$1,456)
Other Local Taxes	0	0	449	(\$449)
Other State Shared Taxes and Permits	2,000	2,000	0	\$2,000
Intergovernmental	5,000	5,000	11,152	(\$6,152)
Charges for Services	0	0	30	(\$30)
Fines, Licenses and Permits	220,000	220,000	171,611	\$48,389
Earnings on Investments	0	0	3	(\$3)
Miscellaneous	20,000	20,000	4,861	\$15,139
<i>Total Receipts</i>	271,000	271,000	233,009	37,991
Disbursements				
Current:				
Security of Persons and Property	139,200	139,200	118,602	20,598
General Government	108,200	108,200	87,514	20,686
Debt Service:				
Principal Retirement	6,000	6,000	2,903	3,097
Interest and Fiscal Charges	1,200	1,200	1,200	0
<i>Total Disbursements</i>	254,600	254,600	210,219	44,381
<i>Excess of Receipts Over (Under) Disbursements</i>	16,400	16,400	22,790	(6,390)
Other Financing Sources				
Other Debt Proceeds			3,000	(3,000)
<i>Net Change in Fund Balance</i>	16,400	16,400	25,790	(9,390)
<i>Unencumbered Fund Balance Beginning of Year</i>	(17,577)	(17,577)	(49,792)	32,215
Prior Year Encumbrances Appropriated	21,875	21,875	21,875	0
<i>Unencumbered Fund Balance End of Year</i>	\$20,698	\$20,698	(\$2,127)	\$22,825

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction and Maintenance Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Disbursements				
Current:				
Transportation	\$0	\$0	\$10,520	(\$10,520)
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>10,520</u>	<u>(10,520)</u>
<i>Net Change in Fund Balance</i>	0	0	(10,520)	(10,520)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>15,777</u>	<u>15,777</u>	<u>15,777</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$15,777</u></u>	<u><u>\$15,777</u></u>	<u><u>\$5,257</u></u>	<u><u>(\$10,520)</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Enforcement and Education Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Unencumbered Fund Balance Beginning of Year</i>	\$7,474	\$7,474	\$7,474	\$0
<i>Unencumbered Fund Balance End of Year</i>	\$7,474	\$7,474	\$7,474	\$0

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Surcharge Special Revenue Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$0	\$0	\$2,966	\$2,966
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>2,966</u>	<u>2,966</u>
<i>Net Change in Fund Balance</i>	0	0	2,966	2,966
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>12,304</u>	<u>12,304</u>	<u>12,304</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$12,304</u></u>	<u><u>\$12,304</u></u>	<u><u>\$15,270</u></u>	<u><u>\$2,966</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive MVL Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Permissive MVL Taxes	\$0	\$0	\$72,715	\$72,715
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>72,715</u>	<u>72,715</u>
Disbursements				
Current:				
Transportation	0	0	72,715	(72,715)
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>72,715</u>	<u>(72,715)</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$9,879</u>
<i>Total Assets</i>	<u><u>\$9,879</u></u>
Net Position	
Restricted for:	
Other Purposes	37,796
Unrestricted	<u>(27,917)</u>
<i>Total Net Position</i>	<u><u>\$9,879</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$186,223	\$0	\$0	(\$186,223)
Basic Utility Services	0	3,194	0	3,194
Transportation	606		4,442	3,836
General Government	76,605	189,789	320	113,504
Debt Service:				
Principal Retirement	2,340	0	0	(2,340)
Interest and Fiscal Charges	1,260	0	0	(1,260)
<i>Total Governmental Activities</i>	<u>267,034</u>	<u>192,983</u>	<u>4,762</u>	<u>(69,289)</u>
General Receipts:				
Property Taxes Levied for:				
				6,246
				463
				30,997
				9,830
				2,000
				144
				10
				<u>10,423</u>
				<u>60,113</u>
				(9,176)
				<u>19,055</u>
				<u><u>\$9,879</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	General	Street Construction and Maintenance	Drug Law Enforcement	Enforcement and Education	Surcharge Special Revenue	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	(\$27,917)	\$15,777	\$2,241	\$7,474	\$12,304	\$9,879
<i>Total Assets</i>	<u>(\$27,917)</u>	<u>\$15,777</u>	<u>\$2,241</u>	<u>\$7,474</u>	<u>\$12,304</u>	<u>\$9,879</u>
Fund Balances						
Restricted	0	15,777	2,241	7,474	12,304	\$37,796
Assigned	21,875	0	0	0	0	\$21,875
Unassigned (Deficit)	(49,792)	0	0	0	0	(\$49,792)
<i>Total Fund Balances</i>	<u>(\$27,917)</u>	<u>\$15,777</u>	<u>\$2,241</u>	<u>\$7,474</u>	<u>\$12,304</u>	<u>\$9,879</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
 Franklin County
 Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2015

	General	Street Construction and Maintenance	Drug Law Enforcement	Enforcement and Education	Surcharge Special Revenue	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$30,997	\$0	\$0	\$0	\$0	\$30,997
Property Taxes	6,246	-	-	-	-	\$6,246
Other Local Taxes	463	-	-	-	-	\$463
Intergovernmental	12,588	1,204	-	800	-	\$14,592
Charges for Services	120	-	-	-	3,074	\$3,194
Fines, Licenses and Permits	189,558	-	376	-	-	\$189,934
Earnings on Investments	10	-	-	-	-	\$10
Miscellaneous	10,423	-	-	-	-	\$10,423
<i>Total Receipts</i>	<u>250,405</u>	<u>1,204</u>	<u>376</u>	<u>800</u>	<u>3,074</u>	<u>255,859</u>
Disbursements						
Current:						
Security of Persons and Property	186,223	-	-	-	-	186,223
Transportation	0	606	-	-	-	606
General Government	76,606	-	-	-	-	76,606
Debt Service:						
Principal Retirement	2,340	-	-	-	-	2,340
Interest and Fiscal Charges	1,260	-	-	-	-	1,260
<i>Total Disbursements</i>	<u>266,429</u>	<u>606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,035</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,024)</u>	<u>598</u>	<u>376</u>	<u>800</u>	<u>3,074</u>	<u>(11,176)</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	2,000	-	-	-	-	2,000
<i>Net Change in Fund Balances</i>	<u>(14,024)</u>	<u>598</u>	<u>376</u>	<u>800</u>	<u>3,074</u>	<u>(9,176)</u>
<i>Fund Balances Beginning of Year</i>	<u>(13,893)</u>	<u>15,179</u>	<u>1,865</u>	<u>6,674</u>	<u>9,230</u>	<u>19,055</u>
<i>Fund Balances End of Year</i>	<u>(\$27,917)</u>	<u>\$15,777</u>	<u>\$2,241</u>	<u>\$7,474</u>	<u>\$12,304</u>	<u>\$9,879</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$24,000	\$24,000	\$30,997	\$6,997
Property Taxes	12,000	12,000	6,246	(\$5,754)
Other Local Taxes	0	0	463	\$463
State Shared Taxes	4,800	4,800	0	(\$4,800)
Intergovernmental	0	0	12,588	\$12,588
Charges for Services	0	0	120	\$120
Fines, Licenses and Permits	180,000	180,000	189,558	\$9,558
Earnings on Investments	0	0	10	\$10
Miscellaneous	24,000	24,000	10,423	(\$13,577)
<i>Total Receipts</i>	<u>244,800</u>	<u>244,800</u>	<u>250,405</u>	<u>5,605</u>
Disbursements				
Current:				
Security of Persons and Property	111,600	111,600	206,703	(\$95,103)
General Government	130,620	130,620	77,901	\$52,719
Debt Service:				
Principal Retirement	1,800	1,800	2,440	(\$640)
Interest and Fiscal Charges	1,260	1,260	1,260	\$0
<i>Total Disbursements</i>	<u>245,280</u>	<u>245,280</u>	<u>288,304</u>	<u>(43,024)</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(480)</u>	<u>(480)</u>	<u>(37,899)</u>	<u>(37,419)</u>
Other Financing Sources				
Sale of Capital Assets	0	0	2,000	\$2,000
<i>Net Change in Fund Balance</i>	<u>(480)</u>	<u>(480)</u>	<u>(35,899)</u>	<u>(35,419)</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>(13,893)</u>	<u>(13,893)</u>	<u>(13,893)</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$14,373)</u>	<u>(\$14,373)</u>	<u>(\$49,792)</u>	<u>(\$35,419)</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction and Maintenance Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$6,000	\$6,000	\$1,204	(\$4,796)
Disbursements				
Current:				
Transportation	6,000	6,000	606	5,394
<i>Excess of Receipts Over Disbursements</i>	0	0	598	598
<i>Net Change in Fund Balance</i>	0	0	598	598
<i>Unencumbered Fund Balance Beginning of Year</i>	15,179	15,179	15,179	0
<i>Unencumbered Fund Balance End of Year</i>	\$15,179	\$15,179	\$15,777	\$598

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Drug Law Enforcement Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Fines, Licenses and Permits	<u>\$0</u>	<u>\$0</u>	<u>\$376</u>	<u>\$376</u>
<i>Net Change in Fund Balance</i>	0	0	376	376
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>1,865</u>	<u>1,865</u>	<u>1,865</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$1,865</u></u>	<u><u>\$1,865</u></u>	<u><u>\$2,241</u></u>	<u><u>\$376</u></u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Enforcement and Education Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$0	\$800	\$800
<i>Net Change in Fund Balance</i>	0	0	800	800
<i>Unencumbered Fund Balance Beginning of Year</i>	6,674	6,674	6,674	0
<i>Unencumbered Fund Balance End of Year</i>	\$6,674	\$6,674	\$7,474	\$800

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Surcharge Special Revenue Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$0	\$0	\$3,074	\$3,074
<i>Total Receipts</i>	0	0	3,074	3,074
<i>Net Change in Fund Balance</i>	0	0	3,074	3,074
<i>Unencumbered Fund Balance Beginning of Year</i>	9,230	9,230	9,230	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$9,230</u>	<u>\$9,230</u>	<u>\$12,304</u>	<u>\$3,074</u>

See accompanying notes to the basic financial statements

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 - Reporting Entity

The Village of Brice, Franklin County (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 six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Brice provides the following services to its citizens: police protection and street maintenance and repairs.

Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provide 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

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

The statement of net position presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operation requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General 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.

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 maintenance and repair of streets within the Village.

Enforcement and Education The special revenue fund accounts for and reports resources restricted for the police department from fines collected under the operation of a Mayor's Court.

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

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

The following was a major governmental fund only during 2016:

Permissive Motor Vehicle License The special revenue fund accounts for and reports resources received from the state for permissive motor vehicle license taxes used for road and street repairs.

The following was a major governmental fund only during 2015:

Drug Law Enforcement The special revenue fund accounts for and reports resources restricted for the police department, as the funds came from fines from drug offenders.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Accountability and Compliance

Accountability

The General Fund had a deficit balance of \$27,917 as of December 31, 2015. In order to improve the deficit fund balance in 2015 and to prevent a reoccurrence of one in 2016, the Village Council reduced the staff and reduced the work hours for other employees.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 3 - Accountability and Compliance (Continued)

Compliance

Budgetary expenditures exceeded appropriations for the year ended December 31, 2016 at the fund level in the Street Construction and Maintenance fund by \$10,520 and in the Permissive Motor Vehicle License fund by \$72,715.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2015 at the fund level in the General Fund by \$43,024.

While the Village legal level of control is at the object level, a variance at the fund level indicates non-compliance at the object level as well.

For the year ended December 31, 2015 appropriations exceeded estimated resources in the General fund by \$14,373.

For the year ended December 31, 2016 and 2015, appropriations exceeded actual resources in the General Fund by \$2,127 and 49,792, respectively.

For the year ended December 31, 2016, the Village improperly recorded \$72,715 of permissive motor vehicle license fees in the general fund rather than in the required permissive motor vehicle license tax fund.

For the year ended December 31, 2015, the Village improperly recorded \$1,051 of charges for services revenues in the general fund and \$1,988 in an enterprise fund rather than in the required surcharge special revenue fund. In addition, the Village improperly recorded \$320 of law enforcement assistance received from the State of Ohio in the drug law enforcement fund rather than in the required enforcement and education fund.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 4 - Budgetary Basis of Accounting (Continued)

Adjustments necessary to convert the results of operations at the end of 2016 on the budget basis to the cash basis are as follows:

	General	Street Construction & Maintenance	Enforcement & Education	Surcharge Special Revenue	Permissive MVL
Cash Basis	\$14,107	\$5,257	\$7,474	\$15,270	\$0
Encumbrances	16,234				
Budget Basis	(\$2,127)	\$5,257	\$7,474	\$15,270	\$0

Adjustments necessary to convert the results of operations at the end of 2015 on the budget basis to the cash basis are as follows:

	General	Street Construction & Maintenance	Drug Law Enforcement	Enforcement & Education	Surcharge Special Revenue
Cash Basis	(\$27,917)	\$15,777	\$2,241	\$7,474	\$12,304
Encumbrances	21,875				
Budget Basis	(\$49,792)	\$15,777	\$2,241	\$7,474	\$12,304

The Village did not have outstanding encumbrances at year end in funds other than the General Fund.

Note 5 – Deposits

State statutes classify monies held by the Village into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 5 – Deposits (Continued)

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

The Village held no investments for the fiscal years ended December 31, 2016 and 2015.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At the years ended December 31, 2016 and 2015, none of the Village's bank balance of \$49,884 or \$12,207, respectively, was exposed to custodial credit risk as the Village's deposits were below FDIC insurance limits.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 5 – Deposits (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2016 for real and public utility property taxes represent collections of 2015 taxes. Property tax revenue received during 2015 for real and public utility property taxes represent collections of 2014 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017. 2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$32.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$2,117,340
Public Utility Personal Property	359,160
Total	<u>\$2,476,500</u>

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 6 – Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2015, was \$32.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$2,280,960
Public Utility Personal Property	382,490
Total	\$2,663,450

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Income Taxes

The Village levies a 2% percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2% percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit the tax to the City of Columbus, either monthly or quarterly, depending on the employer. The City of Columbus remits tax collections to the Village. Corporations and other individual taxpayers pay estimated taxes quarterly.

Note 7 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village belongs to the Public Entities Pool of Ohio (PEP). PEP is a local government risk-sharing pool comprised of local public entities other than townships. PEP provides liability and property coverage to its members.

PEP engages York Risk Pooling Services, Inc, or “York” or “Management,” to serve as the administrator of PEP. York specializes in public entity risk pool management and provides a full spectrum of administrative services. As provided for in its administrative agreement, York contracts specific services to subcontractors. Marketing and member services are provided by Burnham and Flower Agency of Ohio, Inc. and USI Midwest, LLC. Claim and loss control services are provided by York's wholly owned subsidiary, Public Entity Risk Services of Ohio. PEP reimburses each of these organizations for their services pursuant to the terms of their respective agreements with York.

PEP is a member of American Public Entity Excess Pool, or “APEEP”, which is also administered by York. APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains risks up to an amount specified in the contracts. As of December 31, 2016, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 7 - Risk Management (Continued)

PEP's financial statements are released by the Auditor of State's office and conform with generally-accepted accounting principles. They report the following assets, liabilities and retained earnings at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>13,396,700</u>	<u>12,759,127</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

As of December 31, 2016 and 2015, respectively, the liabilities above included approximately \$12.0 and \$11.5 million of claims and claim adjustment expense reserves. The assets above also include approximately \$10.0 and \$9.0 million of member contributions to be billed to the 520 members of PEP, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related payments are due. As of December 31, 2016, the Village's share of these unpaid contributions is approximately \$37,000.

Members entering PEP agree to participate in the PEP for a period of not less than one year and provide capitalization contributions as defined in the contract between the member and PEP. Members electing to withdraw may receive a partial refund of their capitalization contribution as defined by the contract, provided the member has given 60 days' written notice prior to its anniversary date. In addition, upon withdrawal, all payments for casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal.

Members must make contributions to the Cumulative Reserve Fund, or CRF, for the first six years of membership. Qualifying members may receive distributions from the CRF pursuant to the formulas currently established by the Pool. CRF distributions charged to operations for qualifying members totaled \$20,064 and \$31,877 during the years ended December 31, 2016 and 2015, respectively.

The Village also contracts with CompManagement, a provider of claims administration services for Ohio employers. The intent of this is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 8 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 8 - Defined Benefit Pension Plans (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 8 - Defined Benefit Pension Plans (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
Statutory Maximum Contribution Rates***			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
Actual Contribution Rates***			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			
*** These rates remained unchanged during 2016 and 2015.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution for the year ended December 31, 2016 was \$17,022. For the year ended December 31, 2015, the required contribution amount was \$15,075. Of these amounts, \$1,843 and \$340, respectively, were outstanding at year end.

Social Security

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

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 both December 31, 2016 and December 31, 2015.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 9 - Postemployment Benefits (Continued)

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for both 2016 and 2015 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015 and 2014 was \$2,432, \$2,154, and \$3,865, respectively. For the years ended December 31, 2016, 2015 and 2014, amounts outstanding for at year end allocated to the health care portion were \$263, \$49 and \$219, respectively.

Note 10 – Debt

Loans

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. The Village received draw proceeds during 2016 and 2015 in the amounts of \$3,000 and \$0, respectively. For the years ended December 31, 2016 and 2015, the amounts outstanding were \$22,201 and \$22,099, respectively.

Note 11 – Contingent Liabilities

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

Note 12 - Jointly Governed Organizations

A jointly governed organization is a regional government or other multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. See GASB Statements 14 and 39, and GASB Codification J50 paragraph .111.

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 12 - Jointly Governed Organizations (Continued)

Mid-Ohio Regional Planning Commission (MORPC): MORPC is a voluntary association of central Ohio governments which envisions and embraces innovative directions in transportation, energy, housing, land use, the environment and economic prosperity.

Note 13 – Related Party Transactions

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

Cathy Compton, Council President is the mother-in-law of Tabitha Compton, Police Clerk.

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2016:

	General Fund	Street Construction & Maintenance Fund	Enforcement and Education Fund	Surcharge Special Revenue Fund	Other Governmental Funds	Total
Restricted for						
Road Improvements	0	5,257	0	0	0	5,257
Drug and Alcohol Education and Enforcement	0	0	7,474	0	2,241	7,474
Water and Sewer	0	0	0	15,270	0	15,270
Other Governmental Activities	0	0	0	0	0	0
<i>Total Restricted</i>	0	5,257	7,474	15,270	2,241	28,001
Assigned for Encumbrances	16,234	0	0	0	0	16,234
Unassigned (deficits):	(2,127)	0	0	0	0	(2,127)
<i>Total Fund Balances</i>	\$14,107	\$5,257	\$7,474	\$15,270	\$2,241	\$44,349

Village of Brice, Ohio
Franklin County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 14 – Fund Balances (Continued)

Amounts for December 31, 2015 are as follows:

Fund Balances as of December 31, 2015	General Fund	Street Construction & Maintenance Fund	Drug Law Enforcement Fund	Enforcement and Education Fund	Surcharge Special Revenue Fund	Total
Restricted for						
Road Improvements	0	15,777	0	0	0	15,777
Drug and Alcohol Education and Enforcement	0	0	2,241	7,474	0	9,715
Water and Sewer	0	0	0	0	12,304	12,304
<i>Total Restricted</i>	<u>0</u>	<u>15,777</u>	<u>2,241</u>	<u>7,474</u>	<u>12,304</u>	<u>37,796</u>
Assigned for Encumbrances	21,875	0	0	0	0	21,875
Unassigned (deficits):	(49,792)	0	0	0	0	(49,792)
<i>Total Fund Balances</i>	<u>(\$27,917)</u>	<u>\$15,777</u>	<u>\$2,241</u>	<u>\$7,474</u>	<u>\$12,304</u>	<u>\$9,879</u>

Note 15 – Change in Basis of Accounting

For the year ended December 31, 2014, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Auditor of State's Office. Beginning the year ended December 31, 2015, the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 16 – Fund Deficit and Management Plan

For fiscal year 2015, the Village had a deficit of \$27,917 in the General Fund. The deficit fund balance resulted from expenses exceeding revenues. In an effort to improve financial stability, the Village reduced staff and hours to prevent a recurrence in 2016. The 2016 General Fund was positive; the cost cutting measures will continue in 2017. The Village's Council and Fiscal Officer monitor financial activities. Financial reports are submitted to the Council.

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Dave Yost • Auditor of State

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 cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Brice, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 6, 2017, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also qualified our opinion on governmental activities and the general fund due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as camera speed enforcement fine receipts as of December 31, 2016. We further noted the Village has suffered recurring losses from operations in the General Fund as of December 31, 2015.

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 2016-001, 2016-004, 2016-005, 2016-007 and 2016-008 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 2016-001 through 2016-003 and 2016-006.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

November 6, 2017

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Use of Revenues and Negative Fund Balance – Noncompliance and Material Weakness

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 and shall be paid into a special fund for such purpose. Further, **Ohio Rev. Code § 5705.10(I)** states that money paid into any fund shall be used only for the purposes for which such fund is established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

During 2016, the Village incorrectly posted revenues, as follows:

- Permissive MVL funds received from Franklin County to be used for repaving of Refugee Road totaling \$72,715 were posted to the General Fund as permissive sales tax and then transferred to the Street Construction and Maintenance Fund instead of being posted directly to the Permissive MVL Fund.

During 2015, the Village incorrectly posted revenues, as follows:

- Law enforcement assistance received from the State of Ohio totaling \$320 was posted as other fines and forfeitures in the Drug Law Enforcement Fund instead of state restricted intergovernmental revenue in the Enforcement and Education Fund.
- Water and Sewer Surcharge receipts totaling \$3,074 were posted as special assessments instead of as charges for services. Of this amount, \$1,051 was posted into the General Fund and \$1,988 was posted into the Sewer Operating fund instead of in the Surcharge Special Revenue Fund.

Additionally, the Village's General Fund had a negative fund balance at December 31, 2015 in the amount of \$(27,917).

Failure to monitor budgetary activity can result in overspending and negative fund balances. Village Council should monitor the Village's budgetary receipts and expenditures by having the Fiscal Officer provide budgetary reports at least quarterly to be reviewed and approved by Council. By regularly monitoring its budgetary position throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which affect the overall cash position of the Village. If negative fund balances are anticipated, Council should make an approved transfer or advance of funds to cover the necessary expenditures. The Village should refer to Auditor of State Bulletin 97-003 on the guidelines for advances.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

The Village's Fiscal Officer made the adjustments to the Village's accounting records and the adjustments are reflected in the accompanying financial statements.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-001 (Continued)

Officials' Response: All items noted above were property deposited in the Village checking account. The items noted above are classification errors.

FINDING NUMBER 2016-002

Appropriations Exceeding Estimated and Actual Resources – Noncompliance

Ohio Rev. Code §5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Ohio Rev. Code § 5705.39 states, in part, that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals.

On December 31, 2015, appropriations exceeded estimated resources within the General Fund by \$14,373. As a result, the Village experienced a negative fund balance in the general fund of (\$27,917).

For the years ended December 31, 2016 and 2015, appropriations exceeded actual resources in the General Fund by \$2,127 and \$49,792, respectively.

By expending more money than the Village received could be an indication the Village is unable to meet its current obligations. Failure to appropriately amend estimated resources and appropriations as a result of known revenue deficiencies resulted in deficit spending in the General Fund.

We recommend the Village review the requirements of the Revised Code and ensure estimated resources are sufficient to cover appropriations at the time of certification or amendment. We further recommend the Village monitor estimated and actual revenues and request an amended certificate of estimated resources and reduce appropriations, when necessary.

Official's Response: The General Fund did go into the negative, which we have taken steps by reducing staff and cutting expenses. All bills were paid and the bank account was never in the negative.

FINDING NUMBER 2016-003

Expenditures Exceeding Appropriations – Noncompliance

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.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-003 (Continued)

Expenditures Exceeding Appropriations – Noncompliance (Continued)

Budgetary expenditures exceeded appropriations for the year ended December 31, 2016 at the fund level as follows:

Fund Number	Fund Name	Appropriation Authority	Total Expenditures	Variance
2011	Street Construction, Maintenance and Repair Fund	\$0	\$10,520	\$10,520
2101	Permissive MVL Fund	\$0	\$72,715	\$72,715

Budgetary expenditures exceeded appropriations for the year ended December 31, 2015 at the fund level as follows:

Fund Number	Fund Name	Appropriation Authority	Total Expenditures	Variance
1000	General Fund	\$245,280	\$288,304	\$43,024

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 object level.

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources and result in deficit spending in the above funds.

We recommend the Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Official's Response: In the future, the Village will review and revise budgets accordingly.

FINDING NUMBER 2016-004

Financial Statement Presentation - Material Weakness

Sound financial reporting is the responsibility of the Village's Fiscal Officer and Village Council and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate. By choosing to present the Other Comprehensive Basis of Accounting (OCBOA) format for the Village's financial statements, the Village must apply the requirements of GASB Statement 34 par. 75-76, which provides the guidelines for determining major funds to be reported individually on the face of the financial statements. In addition, the Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system and financial statements. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-004 (Continued)

Financial Statement Presentation - Material Weakness (Continued)

The Village did not present the following major funds on their financial statements for both 2016 and 2015 and adjustments were made to the financial statements to properly reflect the major fund activity:

Fund	2016	2015
Street Construction and Maintenance	Beginning balance - \$15,777 Transfer-In - \$72,715 Transportation - \$83,235	Beginning balance - \$15,179 Intergovernmental - \$1,204 Transportation - \$606
Enforcement and Education	Beginning balance - \$7,474	Beginning balance - \$6,674 Intergovernmental - \$480
Surcharge Special Revenue	Beginning balance - \$12,304	Beginning balance - \$9,230 Charges for Services - \$3,074
Drug Law Enforcement	Not a major fund in 2016	Beginning balance - \$1,866 Fines, Licenses, Permits - \$695
Remaining Fund Information	Beginning balance - (\$320)	Beginning balance - (\$23,719) Transfers In - (\$10,804) Advances in - (\$24,598) Intergovernmental - (\$1,684) Fines, licenses, permits - (\$695) Transfers out - (\$24,598) Transportation - (\$606)

The improper presentation of these major funds along with other misclassifications of financial activity resulted in the identification of the following material adjustments to the Village's December 31, 2016 and 2015 financial statements which were adjusted on the financial statements and posted to the Village's accounting records, where applicable:

Opinion Unit	Description	2016 Amount	2015 Amount
General Fund	Reclass fund balance to Assigned for outstanding encumbrances	\$16,234	\$21,875
General Fund	Reclass debt proceeds from special assessments	\$3,000	N/A
General Fund	Reclass receipts to miscellaneous	\$1,139	\$9,655
General Fund	Reclass receipts to intergovernmental	N/A	\$632
General Fund	Overstated payroll expenditures and charges for services for payroll reimbursements	\$20,880	N/A

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-004 (Continued)

Financial Statement Presentation - Material Weakness (Continued)

General Fund	Overstated special item receipts and security of persons and property expenditures for cruiser reimbursements	\$1,331	N/A
General Fund	Reclassification of fees for the police department to security of persons and property	\$2,226	N/A
General Fund	Record Speed Camera enforcement receipts at gross	\$14,333	N/A
General Fund (GF) and Street Construction, Maintenance, and Repair (SM)	Remove interfund activity		\$24,598 transfer-in/advance-out (GF) \$9,000 transfer-out/advance-in (SM)
Surcharge Special Revenue	Reclass charges for services revenue from special assessments	\$2,966	N/A

Where applicable, the adjustments noted above were also applied to the Village's budget vs actual statements.

Modifications were also identified and made to the notes to the basic financial statements prepared by the Village.

Lack or failure of controls in place over the posting of financial transactions and financial reporting can result in errors that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Village develop and enhance policies and procedures over financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data and reporting. In addition, the Village should also review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements.

Official's Response: All receipts were recorded and all funds were accounted for but there were some receipts that were recorded under a wrong account number or fund.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-005

Outside Cash Accounts- Material Weakness

Strong monitoring practices of the Village's financial activities are the responsibility of the Fiscal Officer and Village Council and are essential to help ensure proper financial reporting. Bank to book reconciliations should include all bank accounts and book balances and should be reviewed by the Fiscal Officer and Village Council at monthly meetings. Evidence of these reviews should be documented. All financial activity of the Village should be tracked through the Village's accounting system.

The Village had four bank accounts during the fiscal year, two for the Civil Violation and Speed Enforcement Camera activity, one for receipts from Franklin County Municipal Court and another for the general activity of the Village. With the exception of civil violations tracked in the Courtview System through March 2016, the Village only maintained accounting ledgers for activity recorded in its general bank account using the Uniform Accounting Network system (UAN). As monies were transferred between bank accounts to the Village's general checking account, financial activity was recorded in UAN. However not all cash was recorded in UAN prior to the end of the fiscal year. As a result, audit adjustments were made to the financial statements to record \$5,062 of beginning balances in 2015 along with \$1,143 of general government expenditures and to reduce an overstatement of License, Fees and Permit Revenue of \$538. In 2016, additional adjustments were made to the financial statements to record \$962 of intergovernmental revenues and \$1,593 of general government expenditures to properly account for the outside cash accounts.

The UAN bank reconciliations prepared by the Village's Accountant for the general checking account were reviewed by the Village Council and the Mayor. For the Village's other bank accounts, the fiscal officer performed a reconciliation of outstanding checks and deposits in transit, as the Village did not maintain a detailed record of these receipts and disbursements that could be easily reconciled. The reconciliations performed by the Fiscal Officer were reviewed solely by the mayor for the two checking accounts. Reconciliation procedures performed by the Fiscal Officer for the savings account were not reviewed.

By not recording all transactions in an accounting ledger as they occur, the Village is at risk of reconciling errors and financial misstatements occurring.

We recommend the Village implement adequate procedures over its various cash collection points to help ensure financial activity is properly recorded in the Village's accounting ledgers and bank reconciliations are completed to identify any unreconciled differences which may occur. We also recommend for these reconciliations to be presented to Council for review and approval.

Official's Response: The Village has closed the Off-the-Book accounts.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

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

FINDING NUMBER 2016-006

Finding for Recovery – Noncompliance

In 2011, the Village had possession of two firearms loaned to the Village by the United States Defense Logistics Agency (the Agency). In 2014, the Village was contacted by the Agency to confirm the Village still maintained possession of the firearms. The Village was only able to locate one of the weapons it had on loan from the Agency. Using the serial number of the missing firearm, the federal government was able to locate the weapon. The weapon was in the possession of an individual who purchased the gun from Takedown Tactical, LLC for the amount of \$1,000. The firearm was confiscated by the federal government and the individual requested reimbursement of \$1,000 from the Village. The Village fiscal officer reviewed the revenues of the Village noting payment from the sale of the gun was not recorded or deposited by the Village. Village Council agreed to refund the purchase price of the gun to the owner despite not having received any revenue from the initial sale of the gun.

At the time of the sale, Christopher Stets was the Police Chief for the Village of Brice and would have been responsible for safeguarding the assets loaned to the Village from the federal government. The removal of the firearm from the Village was not approved by the Village Council. Because the firearm was removed from the Village while Mr. Stets was Police Chief, he is responsible for the loss the Village incurred in the amount of \$1,000.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Christopher Stets in the amount of \$1,000 and in favor of the Village of Brice’s General fund, in the amount of \$1,000.

Official’s Response: Currently, the Village has no firearms loaned to us from US Defense Logistics Agency.

FINDING NUMBER 2016-007

Updating Accounting System –Material Weakness

The Village’s budgetary reports should reflect the appropriations and estimated resources that have been approved by Council and documented in Village minutes.

The Village’s accounting ledger reports did not include accurate budgetary information that agreed to the final amended Official Certificate of Estimate Resources and/or the final amended Appropriation Measure. Therefore, the system is not reliable for comparing budgetary estimates to actual results.

The following variances were identified at December 31, 2016 in regards to estimated receipts:

Fund Number	Fund Name	Estimated Receipts	Estimated Receipts Reported in UAN	Variance
1000	General Fund	\$243,229	\$254,600	(\$11,371)
2011	Street Construction, Maintenance and Repair Fund	\$15,777	\$0	\$15,777
2902	Surcharge Special Revenue Fund	\$12,304	\$0	\$12,304

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-007 (Continued)

Updating Accounting System – Material Weakness

No variances were identified at December 31, 2016 in regards to appropriations.

The following variances were identified at December 31, 2015 in regards to estimated receipts:

Fund Number	Fund Name	Estimated Receipts	Estimated Receipts Reported in UAN	Variance
1000	General Fund	\$225,847	\$380,837	(\$154,990)
2011	Street Construction, Maintenance and Repair Fund	\$6,000	\$9,000	(\$3,000)
2081	Drug Law Enforcement Fund	\$1,866	\$0	\$1,866
2271	Enforcement and Education Fund	\$6,674	\$0	\$6,674
2902	Surcharge Special Revenue	\$9,230	\$0	\$9,230

The following variances were identified at December 31, 2015 in regards to appropriations:

Fund Number	Fund Name	Total Appropriations Plus Amendments	Appropriations Reported in UAN	Variance
1000	General Fund	\$245,280	\$382,097	(\$136,817)
2011	Street Construction, Maintenance and Repair Fund	\$6,000	\$9,000	(\$3,000)

Failure to properly update the accounting system with the most current Council approved appropriations and amended certificates provides the Village's management and Council with inaccurate budgetary information on the system generated reports. This increases the Village's risk of expending more money than it receives because the related controls that are implemented in the system would not prevent instances of non-compliance.

We recommend the Fiscal Officer update the Village's accounting system to ensure the system agrees with the latest Amended Official Certificate of Estimated Resources and the Annual Appropriation Measure approved by Council.

Official's Response: Budgets will be revised in future periods to approximate receipts and approximate receipts and appropriations.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-008

Service Organization Controls - Control Environment User Considerations - Material Weakness

The Village has contracted with two companies, Blue Line Solutions, LLC and Brekford Corporation to process, bill and collect civil violation receipts generated by the Village's photo speed enforcement program. These receipts provide a significant portion of income for the Village. Statement of Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16), prescribes standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 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.

In 2016, 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. It was also noted during 2016, that the Village did not record photo speed enforcement receipts at the gross amount, resulting in an adjustment to increase receipts and the corresponding deduction of an expenditure in the amount of \$14,333.

We recommend the Village help assure completeness and accuracy of the photo speed enforcement receipts by its third-party collections agencies. The Village should require a Type Two 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' 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 Two SOC 1 report, we recommend the Village contract only with third-party agencies which will provide such a report. We further recommend that the Village maintain all approvals of tickets submitted to the companies and record all receipts received from these companies at the gross amount and record the corresponding deduction as an expenditure to ensure the Village's financial statements are accurately presented.

Official's Response: The Village will work with its third party collection agencies to ensure controls are sufficient.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code § 5705.41(D), prior certification of funds (originally issued in 2006)	Finding No Longer Valid.	Finding No Longer Valid.
2014-002	Ohio Rev. Code § 5705.41(B), expenditures exceeding appropriations (originally issued in 2010)	Not Corrected. Re-issued as Finding 2016-003.	Budgets will be revised during the fiscal year
2014-003	Ohio Rev. Code § 2921.42, §102.03 (D) and (E) and Ohio Ethics Commission Op. 2010-03, Related Party Transactions	Partially Corrected. Re-issued as a Management Letter Comment.	Issue is being worked on. Please keep in mind that the Village has 114 residents, and unless a resident wants to be on Council, it sometimes involves someone being related.
2014-004	Ohio Rev. Code § 5705.10, Negative Fund Balance	Not Corrected. Re-issued as Finding 2016-001.	This has been corrected.
2014-005	Updating budgetary amounts in the accounting system (originally issued in 2012)	Not Corrected. Re-issued as Finding 2016-007.	Budgets will be revised during the fiscal year
2014-006	Financial Statement Presentation (originally issued in 2006)	Not Corrected. Re-issued as Finding 2016-004.	Efforts to properly classify items; will continue to be a high priority.



Dave Yost • 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
DECEMBER 5, 2017