



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF BRICE  
FRANKLIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020 .....	5
Notes to the Financial Statements For the Year Ended December 31, 2020 .....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019 .....	13
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	14
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings .....	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	31

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Village of Brice, Franklin County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification on the General Fund***

Fines, Licenses and Permits are reported at \$377,517 and \$561,862 for the years ended December 31, 2020 and 2019, respectively, which are 76 percent of General Fund receipts for the year ended December 31, 2020, and 81 percent of General Fund receipts for the year ended December 31, 2019. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permits from camera speed enforcement fines. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on the General Fund* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Village of Brice, Franklin County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Special Revenue Funds combined total as of and for the year ended December 31, 2020 and for the Special Revenue Funds as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 9, 2022

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**Village of Brice, Ohio***Franklin County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$9,324	\$0	\$9,324
Municipal Income Tax	42,807	0	42,807
Intergovernmental	13,228	5,634	18,862
Charges for Services	28,592	3,334	31,926
Fines, Licenses and Permits	377,517	0	377,517
Earnings on Investments	507	0	507
Miscellaneous	23,998	0	23,998
<i>Total Cash Receipts</i>	<u>495,973</u>	<u>8,968</u>	<u>504,941</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	311,088	0	311,088
General Government	159,880	0	159,880
<i>Total Cash Disbursements</i>	<u>470,968</u>	<u>0</u>	<u>470,968</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,005</u>	<u>8,968</u>	<u>33,973</u>
<i>Fund Cash Balances, January 1</i>	<u>495,498</u>	<u>23,823</u>	<u>519,321</u>
<i>Fund Cash Balances, December 31</i>	<u>\$520,503</u>	<u>\$32,791</u>	<u>\$553,294</u>

*See accompanying notes to the basic financial statements*

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

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

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization and a public entity risk pool. The Village management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

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

***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 repair.

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 4.

***Capital Assets***

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

***Fund Balance***

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

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent encumbrances outstanding at year-end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

### **Note 3 - Compliance**

Contrary to Ohio law, the Village improperly recorded \$5,634 of motor vehicle and gas excise tax receipts revenues in the General Fund rather than in the Street Construction Maintenance and Repair Fund. In addition, the Village recorded utility surcharges to the General Fund as Special Assessments and Municipal Income Tax in the amount of \$1,758 and \$78, respectively; rather than as Charges for Services in the Surcharge Special Revenue Fund.

Contrary to Ohio Law, the Village had expenditures in excess of appropriations in the General Fund at December 31, 2020, in the amount of \$76,463. In addition, the Village's appropriations exceeded the amount of estimated resources certified as available by the Council and the budget commission in the Street Construction Maintenance and Repair and Surcharge Special Revenue Funds by \$6,587 and \$19,000, respectively.

Finally, contrary to Ohio Law, at December 31, 2020, the Village had a deficit fund balance in the Surcharge Special Revenue Fund of \$3,421.

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December, 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$405,490	\$495,973	\$90,483
Special Revenue	4,800	8,968	4,168
Total	\$410,290	\$504,941	\$94,651

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$398,250	\$474,713	(\$76,463)
Special Revenue	43,000	7	42,993
Total	\$441,250	\$474,720	(\$33,470)

**Note 5 – Deposits**

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

Demand deposits	2020
	\$553,294

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Income Taxes***

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

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA monthly, as required. RITA remits tax collections to the Village. Corporations and other individual taxpayers pay estimated taxed quarterly and file a declaration annually.

**Note 7 - Risk Management**

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

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

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

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	(\$14,111,510)

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Debt**

The Village has established a line of credit with PNC Bank Ohio in the amount of \$25,000 to be used for general operating expenses. The full amount is available for use, however, the Village has not used this account since 2018.

**Note 11 – Contingent Liabilities**

The Village is the defendant in several lawsuits. Although management cannot presently determine the outcome of the suits, the Village does not believe there is merit to the cases.

**Note 12 – Jointly Governed Organization**

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

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – Related Parties**

Julia Evans, Fiscal Officer, is the mother of Council President, Lori Runyon.

John Mathys, Mayor is the husband of Christy Mathys, Council member.

Sara Shaw, Council member, is the cousin to Lori Runyon and niece to Julia Evans Fiscal Officer.

Donn Crawford is husband of Amy Crawford, sister to Lori Runyon and daughter of Julia Evans. Amy Crawford is not on Council.

Ben Geiser, Council member, is the husband of Lisa Geiser, Council member. However, both members resigned effective end of April 2020.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Fund Balance**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	3,745	7	3,752

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Village of Brice, Ohio**

Franklin County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$7,627	\$0	\$7,627
Municipal Income Tax	58,405	0	58,405
Intergovernmental	12,850	6,335	19,185
Charges for Services	45,563	3,791	49,354
Fines, Licenses and Permits	561,862	0	561,862
Earnings on Investments	4,821	0	4,821
Miscellaneous	1,750	60	1,810
<i>Total Cash Receipts</i>	<u>692,878</u>	<u>10,186</u>	<u>703,064</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	397,894	0	397,894
Basic Utility Services	0	22,081	22,081
General Government	148,299	0	148,299
<i>Total Cash Disbursements</i>	<u>546,193</u>	<u>22,081</u>	<u>568,274</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>146,685</u>	<u>(11,895)</u>	<u>134,790</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	3,000	3,000
Transfers Out	(3,000)	0	(3,000)
Other Financing Sources	9,175	0	9,175
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,175</u>	<u>3,000</u>	<u>9,175</u>
<i>Net Change in Fund Cash Balances</i>	152,860	(8,895)	143,965
<i>Fund Cash Balances, January 1</i>	<u>342,638</u>	<u>32,718</u>	<u>375,356</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	23,823	23,823
Assigned	2,913	0	2,913
Unassigned	492,585	0	492,585
<i>Fund Cash Balances, December 31</i>	<u>\$495,498</u>	<u>\$23,823</u>	<u>\$519,321</u>

See accompanying notes to the basic financial statements

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 - Reporting Entity**

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

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization and a public entity risk pool. The Village management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***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 repair.

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations Budgetary*** expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 4.

***Capital Assets***

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

***Fund Balance***

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

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

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

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, the Village improperly recorded \$5,472 of motor vehicle and gas excise tax receipts revenues in the General Fund rather than in the Street Construction Maintenance and Repair Fund.

Contrary to Ohio Law, at December 31, 2019, the Village had expenditures in excess of appropriations in the General Fund and the Surcharge Special Revenue Fund by \$239,106 and \$2,081, respectively. In addition, the Village's appropriations exceeded the amount of estimated resources certified as available by the Council and the budget commission in the Drug Enforcement and Surcharge Special Revenue Funds by \$250 and \$3,604, respectively.

Finally, contrary to Ohio Law, at December 31, 2019, the Village had a deficit fund balance in the Surcharge Special Revenue Fund of \$4,919.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December, 31, 2019 follows:

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$404,364	\$702,053	\$297,689
Special Revenue	4,275	13,186	8,911
Total	\$765,299	\$715,239	\$306,600

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$313,000	\$552,106	(\$239,106)
Special Revenue	20,000	22,081	(2,081)
Total	\$333,000	\$574,187	(\$241,187)

**Note 5 – Deposits**

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

	2019
Demand deposits	\$519,321

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Income Taxes***

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

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA monthly, as required. RITA remits tax collections to the Village. Corporations and other individual taxpayers pay estimated taxed quarterly and file a declaration annually.

**Note 7 - Risk Management**

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

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

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	(\$14,705,917)

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 10 – Debt**

The Village has established a line of credit with PNC Bank Ohio in the amount of \$25,000 to be used for general operating expenses. The full amount is available for use, however, the Village has not used this account since 2018.

**Note 11 – Contingent Liabilities**

The Village is the defendant in several lawsuits. Although management cannot presently determine the outcome of the suits, the Village does not believe there is merit to the cases.

**Note 12 – Jointly Governed Organization**

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

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

**Village of Brice, Ohio**  
*Franklin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 13 – Related Parties**

Julia Evans, Fiscal Officer, is the mother of Council President, Lori Runyon.

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

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

Sara Shaw, Council member, is the cousin to Council President Lori Runyon and niece to Julia Evans, Fiscal Officer.



# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Village of Brice, Franklin County, (the Village) and have issued our report thereon dated February 9, 2022 wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We qualified our opinion on the General Fund cash receipts because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permits from camera speed enforcement fines. We also noted the financial impact of COVID-19 and the ensuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a 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. We consider findings 2020-001 through 2020-003 and 2020-005 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2020-006 through 2020-008 described in the accompanying schedule of findings to be significant deficiencies.

### ***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 financial statement. 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 2020-003, 2020-004, and 2020-006 through 2020-008.

### ***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 subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 9, 2022

VILLAGE OF BRICE  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019

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

FINDING NUMBER 2020-001

**Service Organization Controls – Control Environment User Considerations - Material Weaknesses**

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

The Village contracted the processing, billing, and collection of civil violation receipts generated by the Village's photo speed enforcement program, which are significant accounting functions, to third-party administrators, Brekford Corporation (2019 only) and Blue Line Solutions, LLC. These receipts provide a significant portion of income for the Village.

Due to deficiencies in internal controls, the Village has not established procedures to determine whether these service organizations have sufficient controls in place and operating effectively to reduce the risk that photo speed enforcement violations have not been authorized or completely and accurately processed in accordance with the contracts. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance that photo speed enforcement violations conform to the ordinances set forth by the Council and the contracts between the Village and its contracted service providers.

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

In 2019 and 2020, 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.

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

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

The legality of traffic camera revenues has not yet been determined as a related court case is ongoing.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)**

**Official's Response:**

In the years of 2019 and 2020, The Village of Brice did not request a Type 2 SOC 1 report in its contracts with third-party agencies. Due to the fact that the audit is for the prior years, the Village is unable to require this report. The camera program is currently suspended, but when/if the Village is able to resume the camera program, Type 2 SOC 1 report will be required from the third-party

**FINDING NUMBER 2020-002**

**Accurate Financial Reporting – Material Weakness**

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

The 2020 financial statement reflects the following adjustments:

- Utility surcharges recorded to the Special Revenue Funds in the amount of \$1,498 are reclassified from special assessment to charges for services.
- Fines, licenses and permits receipts and security of persons and property expenditures in the General Fund were increased \$165,133 to record the speed enforcement camera activity at gross.
- A reclassification of income tax revenue in the General Fund from Intergovernmental to Municipal Income Tax totaling \$1,611.
- A reclassification of a special item in the General Fund to Miscellaneous totaling \$15.

The 2019 financial statement reflects the following adjustments:

- Utility surcharges recorded to the Special Revenue Fund in the amount of \$3,791 are reclassified from special assessment to charges for services.
- Fines, licenses and permits receipts and security of persons and property expenditures in the General Fund were increased \$247,562 to record the speed enforcement camera activity at gross.
- A General Fund payment reimbursement in the amount of \$210 is reclassified from debt proceeds to miscellaneous revenue.

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

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

**Official's Response:**

The 2020 financial statement adjustments for surcharges recorded to the special revenue funds; Fines, licenses and permits receipts and security of persons and property expenditures in the general fund; a reclassification of income tax revenue in the General Fund; and reclassification of a special item in the General Fund to Miscellaneous were adjusted to the financial statement as stated. The speed enforcement camera activity has been corrected for the year of 2021 to reflect the gross to income. The additional reclassification will be recorded in the proper funds in 2022.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)**

The 2019 financial statement reflects the following: Utility surcharges recorded to the special revenue fund; Fines, licenses and permits receipts and security of persons and property expenditures; a general fund payment reimbursement in the amount of \$210. Were adjusted as instructed to the financial statement. Recording for these funds will be made to the correct funds as instructed in the current year. The Financial statement for 2021 will be reviewed prior to closing the year 2021.

**FINDING NUMBER 2020-003**

**Allocation of Revenues- Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village inappropriately recorded intergovernmental revenue in the General Fund totaling \$5,634 and \$5,472 for the years ended December 31, 2020 and 2019, respectively. Given the source of the revenue, this should have been recorded in street construction and maintenance fund.

Additionally, for the year ended December 31, 2020, the Village recorded utility surcharges to the General Fund as special assessments in the amount of \$1,758 and municipal income tax in the amount of \$78. Given the source of the revenue, this should have been recorded as charges for services in the surcharge Special Revenue Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Official's Response:**

Audit adjustments were made as instructed prior to closing the year. Prior to the audit information, the village was unaware of the proper coding, which will be corrected going forward.

**FINDING NUMBER 2020-004**

**Negative Fund Balance - Noncompliance**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Surcharge Special Revenue Fund had a deficit fund balance of \$3,421 and \$4,919 at December 31, 2020 and 2019, respectively. Negative fund balances could result in the use of restricted receipts for unallowable purposes.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)**

Procedures and controls, such as the Management and Council periodic review of financial reports that show cash fund balances and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance. Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**Official's Response:**

UAN notifies that the amount will cause a negative fund balance, but will allow an override. The appropriation was made prior to the reallocation of funds. In the future, the reallocation will be made before a purchase order is entered in the system. The fund balances will be reviewed prior to year-end.

**FINDING NUMBER 2020-005**

**Budgetary Amounts Not Recorded in Accounting System - Material Weakness**

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

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

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

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

The Village utilized the budgetary information maintained in the Uniform Accounting Network to prepare the budgetary information in the notes to the financial statements. This information was not accurately updated throughout the audit period and, as a result, presenting the budgetary information in the accounting system was not the approved budgetary information of the Village.

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

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

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)**

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

**Official's Response:**

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The procedures will be revised to have an ordinance presented to council prior to budget adjustments and then report the adjustment to Franklin County.

**FINDING NUMBER 2020-006**

**Annual Appropriation Measures - Noncompliance and Significant Deficiency**

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

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

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from expending money unless it has been correctly appropriated.

The Village's 2020 budget was approved on February 14, 2020. The 2019 budget was approved on March 14, 2019. Both were after the first of the year and no temporary appropriations were approved before the deadline. As a result, \$49,501 of unappropriated expenditures occurred between January 1, 2020 and February 14, 2020 and \$83,180 of unappropriated expenditures occurred between January 1, 2019 and March 14, 2019.

In addition, the Council approved one permanent appropriation amendment in 2020 and two in 2019. None of the three amendments were filed with the Franklin County Auditor's Office.

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

The Village's delay in approving appropriations, the Village's errors in recording adopted appropriations to the accounting system, and the Village's noncompliance with budgetary law created an environment where pervasive budgetary non-compliance has occurred as noted here and in findings 2020-005, 2020-007 and 2020-008.

**VILLAGE OF BRICE  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)**

The Village should adopt a permanent appropriation measure on or about the first day of the fiscal year. Alternatively, temporary appropriations should be approved to cover the period from the beginning of the fiscal year to the time the permanent appropriations are approved, which are required to be approved by April 1st each year. Any amendments to the appropriations should be approved by the Council, and the permanent appropriation measure and any approved amendments are to be filed with the Franklin County Auditor. The Fiscal Officer should compare expenditures to appropriations on a monthly basis to ensure appropriation measures are adequate, and make amendments as needed.

**Official's Response:**

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The procedures will be revised to have an ordinance presented to council prior to budget adjustments and then report the adjustment to Franklin County.

**FINDING NUMBER 2020-007**

**Appropriations Exceeding Estimated Resources - Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2020, the Village's appropriations exceeded the amount certified as available by the Council and the budget commission in the Street Construction Maintenance and Repair and Surcharge Special Revenue Funds by \$6,875 and \$19,000, respectively. At December 30, 2019, the Village's appropriations exceeded the amount certified as available by the Council and the budget commission in the Drug Enforcement and Surcharge Special Revenue Funds by \$250 and \$3,604, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures resulted in overspending and negative cash fund balances in the Surcharge Special Revenue Fund for both 2020 and 2019 as reported at finding number 2020-004.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Council to reduce the appropriations.

**Official's Response:**

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The procedures will be revised to have an ordinance presented to council prior to budget adjustments and then report the adjustment to Franklin County.



VILLAGE OF BRICE  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 and 2019  
(Continued)

FINDING NUMBER 2020-008

**Expenditures Exceeding Appropriations - Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with Chapter 5705 of the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had expenditures in excess of appropriations at December 31, 2020 and 2019 as follows:

2020:	Appropriations	Expenditures plus encumbrances	Variance
General Fund	\$398,250	\$474,713	(76,463)

2019:	Appropriations	Expenditures plus encumbrances	Variance
General Fund	\$313,000	\$552,106	(239,106)
Special Revenue Fund	\$20,000	\$22,081	(2,081)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Official's Response:**

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The procedures will be revised to have an ordinance presented to council prior to budget adjustments and then report the adjustment to Franklin County.

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# Village of Brice

An Early American Village

5990 Columbus Street

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Brice, Ohio 43109

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Accurate Financial Reporting (originally issued in 2006)	Not Corrected.	Re-issued as Finding 2020-002.
2018-002	Annual Financial Report	Fully Corrected	
2018-003	Allocation of Revenues (originally issued in 2014)	Not Corrected.	Re-issued as Finding 2020-003.
2018-004	Annual Appropriation Measures (originally issued in 2010)	Not Corrected.	Re-issued as Finding 2020-006.
2018-005	Service Organization Controls - Control Environment User Considerations (originally issued in 2016)	Not Corrected.	Re-issued as Finding 2020-001.
2018-006	Accounting System Updates (originally issued in 2006)	Not Corrected.	Re-issued as Finding 2020-005.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BRICE**

**FRANKLIN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 3/1/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)