



Mary Taylor, CPA
Auditor of State

VILLAGE OF BRICE
FRANKLIN COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Brice
Franklin County
5990 Columbus Street
PO Box 65
Brice, Ohio 43109

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 10, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Brice, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2006 and December 31, 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and December 31, 2005, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Brice, Franklin County, Ohio, as of December 31, 2006 and December 31, 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 10, 2007

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 10,619	\$ 212	\$ 10,831
Municipal Income Tax	70,360		70,360
Intergovernmental Receipts	14,652	9,959	24,611
Fines, Licenses and Permits	17,309	2,713	20,022
Earnings on Investments	503	-	503
Miscellaneous	351	-	351
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	113,794	12,884	126,678
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	48,771	-	48,771
Basic Utility Services	11,265	-	11,265
Transportation	-	4,267	4,267
General Government	53,277	50	53,327
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	113,313	4,317	117,630
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	481	8,567	9,048
	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):			
Other Financing Uses	(34)	-	(34)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(34)	-	(34)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	447	8,567	9,014
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1	16,361	32,484	48,845
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	<u>\$ 16,808</u>	<u>\$ 41,051</u>	<u>\$ 57,859</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$ 610</u>	<u>\$ -</u>	<u>\$ 610</u>

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

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Non-Operating Cash Receipts:			
Fines and Forfeitures	\$ -	\$ 26,216	\$ 26,216
Total Non-Operating Cash Receipts	-	26,216	26,216
Non-Operating Cash Disbursements:			
Contractual Services	53	-	53
Distribution of Fines and Forfeitures	-	28,018	28,018
Total Non-Operating Cash Disbursements	53	28,018	28,071
Deficit of Receipts (Under) Disbursements	(53)	(1,802)	(1,855)
Fund Cash Balances, January 1	11,851	3,800	15,651
Fund Cash Balances, December 31	<u>\$ 11,798</u>	<u>\$ 1,998</u>	<u>\$ 13,796</u>

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

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$ 10,249	\$ 65	\$ 10,314
Municipal Income Tax	45,347	-	45,347
Intergovernmental Receipts	14,655	10,942	25,597
Fines, Licenses and Permits	27,463	4,137	31,600
Earnings on Investments	437	-	437
Miscellaneous	4,212	-	4,212
	<u>102,363</u>	<u>15,144</u>	<u>117,507</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	55,546	-	55,546
Basic Utility Services	12,144	-	12,144
Transportation	-	4,460	4,460
General Government	53,238	2,081	55,319
	<u>120,928</u>	<u>6,541</u>	<u>127,469</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(18,565)	8,603	(9,962)
Other Financing Receipts and (Disbursements):			
Transfers-Out	(3,458)	-	(3,458)
Other Financing Sources	4,201	-	4,201
Other Financing Uses	(38)	-	(38)
	<u>705</u>	<u>-</u>	<u>705</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,860)	8,603	(9,257)
Fund Cash Balance, January 1	<u>34,221</u>	<u>23,881</u>	<u>58,102</u>
Fund Cash Balance, December 31	<u>\$ 16,361</u>	<u>\$ 32,484</u>	<u>\$ 48,845</u>
Reserves for Encumbrances, December 31	<u>\$ 1,460</u>	<u>\$ -</u>	<u>\$ 1,460</u>

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

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Non-Operating Cash Receipts:			
Fines and Forfeitures	\$ -	\$ 44,209	\$ 44,209
Total Non-Operating Cash Receipts	<u>-</u>	<u>44,209</u>	<u>44,209</u>
Non-Operating Cash Disbursements:			
Contractual Services	155	-	155
Distribution of Fines and Forfeitures	<u>-</u>	<u>51,421</u>	<u>51,421</u>
Total Non-Operating Cash Disbursements	<u>155</u>	<u>51,421</u>	<u>51,576</u>
Deficit of Receipts (Under) Disbursements Before Interfund Transfers	(155)	(7,212)	(7,367)
Transfers-In	<u>3,458</u>	<u>-</u>	<u>3,458</u>
Net Receipts Over/(Under) Disbursements	3,303	(7,212)	(3,909)
Fund Cash Balances, January 1	<u>8,548</u>	<u>11,012</u>	<u>19,560</u>
Fund Cash Balances, December 31	<u>\$ 11,851</u>	<u>\$ 3,800</u>	<u>\$ 15,651</u>

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

**VILLAGE OF BRICE
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. This basis reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village did not hold any investments for periods ending December 31, 2006 and December 31, 2005.

D. Fund Accounting

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

1. General Fund – The General Fund reports all financial resources except those required to be accounted for in another fund.
2. Special Revenue funds – These funds account for proceeds from specific sources (other than from private purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF BRICE
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

Water and Sewer Fund – This fund maintains a fund balance in the event of sewage problems in which the Village would be required to pay damages.

4. Agency Fund – This fund accounts for activity for which the Village is acting in an agency capacity. The Village has the following significant Agency fund:

Mayor's Court Fund – This fund accounts for the financial activity of the Mayor's Court.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. 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. The Village did not encumber all commitments required by Ohio Law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF BRICE
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$71,655	\$64,496

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,279	\$113,794	(\$9,485)
Special Revenue	36,911	12,884	(24,027)
Enterprise	0	0	0
Total	\$160,190	\$126,678	(\$33,512)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,578	\$113,957	\$15,621
Special Revenue	16,916	4,317	\$12,599
Enterprise	10,300	53	\$10,247
Total	\$156,794	\$118,327	\$38,467

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,850	\$106,564	\$714
Special Revenue	12,533	15,144	2,611
Enterprise	0	3,458	3,458
Total	\$118,383	\$125,166	\$6,783

**VILLAGE OF BRICE
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,658	\$125,884	\$8,774
Special Revenue	14,516	6,541	7,975
Enterprise	2,420	155	2,265
Total	\$151,594	\$132,580	\$19,014

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 payment is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax owners assess that property. The property owners must file a tangible property list to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. RETIREMENT SYSTEM

All of the Village's employees and some of the officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9.0 and 8.5 percent of their wages, respectively. The Village contributed an amount equal to 13.7 and 13.55 percent of participants' gross salaries, respectively. The Village has paid all contributions required through December 31, 2006.

VILLAGE OF BRICE
MADISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)

7. RISK MANAGEMENT

Risk Pool Membership

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

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

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Assets	\$2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Accumulated deficit	<u>(\$799,191)</u>	<u>(\$1,216,059)</u>

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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
PO Box 65
Brice, Ohio 43109

To the Village Council:

We have audited the financial statements of the Village of Brice, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 10, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-006.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-001 through 2006-006 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 10, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-004 through 2006-006.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated August 10, 2007.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 10, 2007

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

Finding Number	2006-001
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Significant Deficiency/Material Weakness

Bank Reconciliations

The Village bank reconciliations were performed up to five and one-half months after the month end. In addition, the Village had several adjustments to cash related to unexplained variances in deposits and other items. The adjustments were determined to be from posting errors made during 2004, 2005, and 2006. The corrections were not made until February 2007.

By not performing reconciliations in a timely manner and investigating and correcting errors identified through the reconciliation process, errors or omissions will continue to be reported. This inhibits the Village's ability to effectively monitor financial activity of the Village.

We recommend that the Fiscal Officer perform bank reconciliations and investigate and correct errors identified in a timely manner. The bank reconciliations, along with the resolution to any errors identified, should be presented to the Council monthly along with the financial reports so that they can be reviewed and analyzed.

Finding Number	2006-002
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Significant Deficiency/Material Weakness

Authorized Signatories

In accordance with Village policy, checks require the signature of the Fiscal Officer and Mayor as the authorized signatories. Upon scanning Village checks for 2006 and 2005 seventeen (4%) and forty-seven (10%) respectively were signed by the Mayor only.

The Fiscal Officer's signature should be required on all checks. Also, dual signatures are a good internal control to provide assurance that disbursements are valid and this process should be consistently followed by the Village for all disbursements made.

We recommend that the Fiscal Officer sign all Village checks and that procedures be implemented to ensure all checks are signed in accordance with Village policy.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

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

Finding Number	2006-003
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Significant Deficiency/Material Weakness

Financial Reporting

The Village utilizes the UAN system of accounting and currently has monitoring controls over daily transactions entered into the system. However, there were modifications or audit adjustments and reclassifications necessary to the Village's annual financial statements. Although the UAN system generates the financial statements, management is responsible for the presentation of the financial statements and accordingly should implement review procedures and controls over the financial preparation and reporting process.

Reclassifications and audit adjustments to the financial statements were necessary to accurately reflect beginning fund balances, revenues, expenditures and Mayor's Court activity. Beginning fund balance did not reflect prior period audit adjustments and revenues and expenditures were not always posted to the appropriate fund as identified in finding 2006-005 below. Mayor's Court activity has not been incorporated into the Village's main accounting system resulting in material financial activity being omitted from the financial statements. Audit adjustments reflecting Mayor's court activity were posted by the Fiscal Officer to the accounting system and are reflected within the 2006 and 2005 audited financial statements.

We recommend the Village implement additional procedures to provided assurance over the completeness and accuracy of financial information reported within the accounting system and ultimately on the Village's year-end financial statements. Such procedures may include appropriate training for the Fiscal Officer to become knowledgeable of the UAN chart of accounts to make an informed decision regarding posting of receipts and expenditures; incorporating all financial activity of the Village into the main accounting system; and review of the financial statements including the notes to the financial statements by a member of management for obvious errors or omissions. The review process performed by management should include an analysis of the prior audit results to provide assurance that all agreed to audit adjustments are properly reflected within the accounting system and year-end financial report.

Finding Number	2006-004
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Noncompliance Citation/ Significant Deficiency/Material Weakness

Certification of Expenditures

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

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

Finding Number	2006-004 (Continued)
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Noncompliance Citation/ Significant Deficiency/Material Weakness (Continued)

Certification of Expenditures (Continued)

There are several exceptions to the standard requirement stated above. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

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

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

Twenty-four out of the thirty-two transactions (75%) tested for 2006 and twenty-nine out of thirty-four transactions tested for 2005 (85%) were issued at the time the commitment was incurred and neither of the exceptions provided for were used. In addition 100% and 69% of the purchase orders for 2006 and 2005 respectively were not signed by the Village Clerk properly certifying expenditures. Certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village funds being over expended or exceeding budgetary pending limitations, we recommend that all Village disbursements receive certification of the fiscal officer prior to the time of the commitment certifying that the funds are or will be available. When prior certification is not possible, then and now certification should be utilized.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

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

Finding Number	2006-005
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Noncompliance Citation/Significant Deficiency/Material Weakness

Distribution of Revenues

Ohio Rev. Code Section 5705.10(D) & (H) requires that all revenue from a source other than 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. Money paid into a fund must be used only for the purposes for which such fund has been established.

In 2006, the Fiscal Officer posted \$977 of Mayor's Court fines designated for the Village General Fund to the Enforcement and Education – Special Revenue Fund. In addition \$1,943 of Mayor's Court fines designated for the Village Mayor's Computer – Special Revenue Fund was posted to the Enforcement and Education – Special Revenue Fund.

In 2005, the Fiscal Officer:

- Posted \$2,658 of Mayor's Court fines designated for the Village General Fund to the Street Construction, Maintenance and Repair - Special Revenue Fund.
- Disbursed \$3,309 from the Street Construction, Maintenance and Repair - Special Revenue Fund to pay for new carpet in the Village Hall which is for a purpose other than that which the fund was established for.
- Posted \$1,726 of fines designated for the Village Mayor's Computer – Special Revenue Fund to the Enforcement and Education – Special Revenue Fund.
- Disbursed \$600 from the Education and Enforcement – Special Revenue Fund to pay for snow removal which is for a purpose other than that which the fund was established for.

Adjustments to correct the above errors were posted by the Fiscal Officer to the accounting system and are reflected in the 2006 and 2005 financial statements.

Finding Number	2006-006
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Noncompliance Citation/Significant Deficiency/Material Weakness

Advance of Funds

Auditor of State Bulletin 97-003 states in part that advances must be approved by a formal resolution of the taxing authority of the subdivision and must include a specific statement that the transaction is an advance of cash and indication of the fund from which repayment will be made. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash for the same purpose which the fund receiving the cash was established.

VILLAGE OF BRICE
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-006 (Continued)
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Noncompliance Citation/Significant Deficiency/Material Weakness (Continued)

Advance of Funds (Continued)

During 2006 the Street Construction, Maintenance, and Repair – Special Revenue Fund advanced \$10,000 to the General Fund to cover an inadequate balance within the General Fund. Council did not pass a resolution authorizing the advance and there is no statutory authority to use Street Construction, Maintenance, and Repair money to subsidize the General Fund due to inadequate fund balances.

We recommend that the Village adhere to Auditor of State Bulletin 97-003 upon advancing cash between funds. An Adjustment to correct the advance was posted by the Fiscal Officer to the accounting system and is reflected in the 2006 financial statements.

We did not receive a response from Officials to the Findings reported above.

**VILLAGE OF BRICE
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-1	ORC 5705.36-reduced amended certificates must be obtained.	Yes	Fully Corrected
2004-2	ORC5705.39-appropriations exceeded estimated resources.	Yes	Fully Corrected



Mary Taylor, CPA
Auditor of State

VILLAGE OF BRICE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 11, 2007**