



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF BREMEN  
FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017

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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Bremen  
9090 Marietta Road SE  
Bremen, OH 43107

We have reviewed the *Independent Auditor's Report* of the Village of Bremen, Fairfield County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Bremen is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 28, 2019

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**VILLAGE OF BREMEN**  
**FAIRFIELD COUNTY**

*For the Fiscal Years Ended December 31, 2018 and 2017*  
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**INDEPENDENT AUDITOR'S REPORT**

Village of Bremen  
Fairfield County  
9090 Marietta Road SE  
Bremen, Ohio 43107

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bremen, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

***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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bremen, Fairfield County as of December 31, 2018 and 2017, for the years then ended 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 10, 2019



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 41,923	\$ -	\$ -	\$ 41,923
Municipal Income Tax	202,496	-	-	202,496
Intergovernmental	17,555	70,922	-	88,477
Special Assessments	-	10,221	-	10,221
Charges for Services	1,110	-	-	1,110
Fines, Licenses, and Permits	8,302	-	-	8,302
Earnings on Investments	1,007	144	-	1,151
Miscellaneous	17,300	109,720	-	127,020
	<u>289,693</u>	<u>191,007</u>	<u>-</u>	<u>480,700</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	70,077	-	-	70,077
Leisure Time Activities	17,239	80,130	-	97,369
Community Environment	4,410	-	-	4,410
Transportation	-	135,485	345	135,830
General Government	80,835	-	34,510	115,345
Capital Outlay	-	5,657	193,033	198,690
Debt Service:				
Redemption of Principal	-	2,920	-	2,920
Interest and Fiscal Charges	-	322	-	322
	<u>172,561</u>	<u>224,514</u>	<u>227,888</u>	<u>624,963</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over/(Under) Disbursements	117,132	(33,507)	(227,888)	(144,263)
<b>Other Financing Receipts (Disbursements):</b>				
Other Debt Proceeds	-	-	193,033	193,033
Transfers-In	-	60,000	-	60,000
Transfers-Out	(111,750)	-	-	(111,750)
	<u>(111,750)</u>	<u>60,000</u>	<u>193,033</u>	<u>141,283</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
Net Change in Fund Cash Balances	5,382	26,493	(34,855)	(2,980)
Fund Cash Balances, January 1	128,538	81,055	41,100	250,693
	<u>128,538</u>	<u>81,055</u>	<u>41,100</u>	<u>250,693</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	107,548	6,245	113,793
Unassigned (Deficit)	133,920	-	-	133,920
	<u>133,920</u>	<u>-</u>	<u>-</u>	<u>133,920</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 133,920</u>	<u>\$ 107,548</u>	<u>\$ 6,245</u>	<u>\$ 247,713</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 659,481	\$ -	\$ 659,481
Miscellaneous	7,560	-	7,560
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	667,041	-	667,041
<b>Operating Cash Disbursements:</b>			
Personal Services	227,144	-	227,144
Employee Fringe Benefits	37,536	-	37,536
Contractual Services	214,551	-	214,551
Supplies and Materials	182,736	-	182,736
Other	86,560	24,000	110,560
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	748,527	24,000	772,527
Operating Income (Loss)	(81,486)	(24,000)	(105,486)
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	34,480	-	34,480
Special Assessments	35,856	-	35,856
Capital Outlay	(13,322)	-	(13,322)
Principal Retirement	(12,266)	-	(12,266)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts (Disbursements)	44,748	-	44,748
Income (Loss) before Transfers	(36,738)	(24,000)	(60,738)
Transfers In	27,000	24,750	51,750
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balances	(9,738)	750	(8,988)
Fund Cash Balances, January 1	275,688	-	275,688
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 265,950</u>	<u>\$ 750</u>	<u>\$ 266,700</u>

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

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Bremen, Fairfield County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, waste removal services, park operations (leisure time activities). The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. Fire protection services are provided by Rushcreek Township.

The Village participates in one jointly governed organization and the Ohio Plan Risk Management public entity risk pool. Note 6 to the financial statements provide additional information for the Ohio Plan Risk Management pool. These organizations are:

***Jointly Governed Organizations***

Fairfield Regional Planning Commission: The Village appoints a member of Council to represent the Village on the 48 member board of the Fairfield Regional Planning Commission.

***Public Entity Risk Pool:***

Ohio Plan Risk Management (OPRM): The Village participates in Ohio Plan Risk Management, which provides cost-effective, quality healthcare benefit options for employees and their families and offers group medical, prescription drug, dental and vision plans. The program was designed for rate stability and cost savings achieved through the strength of the collective membership of the Ohio Plan.

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

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

***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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***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 significant 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.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Capital Project Funds** The funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Grant Construction OPWC** - This fund receives proceeds of Ohio Public Works Commission for infrastructure projects.

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

**Water Fund**- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund**- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

**Income Tax Refund** – The Income Tax fund tracks income tax used to make payments on large income tax refund.

***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 or object 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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

***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 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.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$281,935	\$289,693	\$7,758
Special Revenue	258,655	251,007	(7,648)
Capital Projects	257,202	193,033	(64,169)
Enterprise	730,890	764,377	33,487
Fiduciary	0	24,750	24,750
Total	\$1,528,682	\$1,522,860	(\$5,822)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$395,845	\$284,311	\$111,534
Special Revenue	302,628	224,514	78,114
Capital Projects	282,302	227,888	54,414
Enterprise	947,954	774,115	173,839
Fiduciary	0	24,000	(24,000)
Total	\$1,928,729	\$1,534,828	\$393,901

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$ 514,413
Total Deposits	\$ 514,413

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 5 – 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 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 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.

***Income Taxes***

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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five 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, 2018.



**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Social Security***

Several Village 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, 2018.

**Note 8 - Postemployment Benefits**

OPERS offer 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 members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CQ19H	\$33,796	0.00%
OPWC Loan CQ24C	14,876	0.00%
OWDA Loan 7983	193,033	3.01%
Leaf Vacuum Loan	<u>9,260</u>	2.80%
Total	<u>\$250,965</u>	

The Ohio Public Works Commission (OPWC) loan was issued in 2000 for water treatment plant improvements. The loan is a zero percent interest loan that is repaid in semiannual payments of \$3,719 over 20 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements. However, the Village can pay the loan from general revenues according to the agreement.

A second Ohio Public Works Commission (OPWC) loan was issued in 2006 for a wastewater treatment plant clarifier project. The loan is a zero percent interest loan that is repaid in semiannual payments of \$2,414 over 20 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements. However, the Village can pay the loan from general revenues according to the agreement.

During 2018, the Ohio Water Development Authority (OWDA) loan 7983 was issued for water treatment plant filter rehabilitation. The loan is 3.01% interest that is repaid over 30 years. As of December 31, 2018 there was no amortization schedule available.

The Village holds a five-year, 2.8 per cent loan from the Vinton County National Bank out of Vinton County for the purchase of a leaf-vac machine.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan CQ19H	OPWC Loan CQ24C	Leaf Vac
2019	\$4,828	\$7,438	\$3,240
2020	4,828	7,438	3,240
2021	4,828	0	3,240
2022	4,828	0	0
2023	4,828	0	0
2023-2026	9,656	0	0
Total	\$33,796	\$14,876	\$9,720

**Note 10 – Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 41,612	\$ -	\$ -	\$ 41,612
Municipal Income Tax	200,507	-	-	200,507
Intergovernmental	19,787	64,968	86,070	170,825
Charges for Services	10,129	-	-	10,129
Fines, Licenses, and Permits	9,926	-	-	9,926
Earnings on Investments	956	175	-	1,131
Miscellaneous	9,157	5,548	-	14,705
	<u>292,074</u>	<u>70,691</u>	<u>86,070</u>	<u>448,835</u>
<b>Total Cash Receipts</b>				
	<u>292,074</u>	<u>70,691</u>	<u>86,070</u>	<u>448,835</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	63,397	-	-	63,397
Leisure Time Activities	20,114	-	-	20,114
Community Environment	5,349	-	-	5,349
Transportation	-	119,761	-	119,761
General Government	105,424	-	-	105,424
Capital Outlay	-	5,089	51,290	56,379
Debt Service:				
Redemption of Principal	-	2,820	-	2,820
Interest and Fiscal Charges	-	420	-	420
	<u>194,284</u>	<u>128,090</u>	<u>51,290</u>	<u>373,664</u>
<b>Total Cash Disbursements</b>				
	<u>194,284</u>	<u>128,090</u>	<u>51,290</u>	<u>373,664</u>
Excess of Receipts Over/(Under) Disbursements	97,790	(57,399)	34,780	75,171
<b>Other Financing Receipts (Disbursements):</b>				
Transfers-In	-	55,000	-	55,000
Transfers-Out	(66,186)	-	-	(66,186)
	<u>(66,186)</u>	<u>55,000</u>	<u>-</u>	<u>(11,186)</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
	<u>(66,186)</u>	<u>55,000</u>	<u>-</u>	<u>(11,186)</u>
Net Change in Fund Cash Balances	31,604	(2,399)	34,780	63,985
Fund Cash Balances, January 1	96,934	83,454	6,320	186,708
	<u>96,934</u>	<u>83,454</u>	<u>6,320</u>	<u>186,708</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	81,055	41,100	122,155
Unassigned (Deficit)	128,538	-	-	128,538
	<u>128,538</u>	<u>-</u>	<u>-</u>	<u>128,538</u>
<b>Fund Cash Balances, December 31</b>				
	<u>\$ 128,538</u>	<u>\$ 81,055</u>	<u>\$ 41,100</u>	<u>\$ 250,693</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>		<u>Agency</u>		
<b>Operating Cash Receipts:</b>					
Charges for Services	\$	616,145	\$	-	\$ 616,145
Miscellaneous		7,560		-	7,560
Total Operating Cash Receipts		<u>623,705</u>		<u>-</u>	<u>623,705</u>
<b>Operating Cash Disbursements:</b>					
Personal Services		202,955		-	202,955
Employee Fringe Benefits		38,935		-	38,935
Contractual Services		185,073		-	185,073
Supplies and Materials		114,969		-	114,969
Other		48,638		6,186	54,824
Total Operating Cash Disbursements		<u>590,570</u>		<u>6,186</u>	<u>596,756</u>
Operating Income (Loss)		33,135		(6,186)	26,949
<b>Non-Operating Receipts (Disbursements)</b>					
Special Assessment		28,793		-	28,793
Miscellaneous Receipts		10,619		-	10,619
Capital Outlay		(4,770)		-	(4,770)
Principal Retirement		(12,266)		-	(12,266)
Total Non-Operating Cash Receipts (Disbursements)		<u>22,376</u>		<u>-</u>	<u>22,376</u>
Income (Loss) before Transfers		55,511		(6,186)	49,325
Transfers In		5,000		6,186	11,186
Transfers Out		-		-	-
Net Change in Fund Cash Balances		60,511		-	60,511
Fund Cash Balances, January 1		<u>215,177</u>		<u>-</u>	<u>215,177</u>
Fund Cash Balances, December 31	\$	<u><u>275,688</u></u>	\$	<u><u>-</u></u>	\$ <u><u>275,688</u></u>

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

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Bremen, Fairfield County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, waste removal services, park operations (leisure time activities). The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. Fire protection services are provided by Rushcreek Township.

The Village participates in one jointly governed organization and the Ohio Plan Risk Management public entity risk pool. Note 6 to the financial statements provide additional information for the Ohio Plan Risk Management pool. These organizations are:

***Jointly Governed Organizations***

Fairfield Regional Planning Commission: The Village appoints a member of Council to represent the Village on the 48 member board of the Fairfield Regional Planning Commission.

***Public Entity Risk Pool:***

Ohio Plan Risk Management (OPRM): The Village participates in Ohio Plan Risk Management, which provides cost-effective, quality healthcare benefit options for employees and their families and offers group medical, prescription drug, dental and vision plans. The program was designed for rate stability and cost savings achieved through the strength of the collective membership of the Ohio Plan.

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

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

***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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***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 significant 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.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Capital Project Funds** The funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Grant Construction OPWC** - This fund receives proceeds of Ohio Public Works Commission for infrastructure projects.

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

**Water Fund**- The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund**- The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

**Income Tax Refund** – The Income Tax fund tracks income tax used to make payments on large income tax refund.

***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 or object 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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

***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 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.



**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$261,075	\$292,074	\$30,999
Special Revenue	150,917	125,691	(25,226)
Capital Projects	124,772	86,070	(38,702)
Enterprise	682,090	668,117	(13,973)
Fiduciary	0	6,186	6,186
Total	\$1,218,854	\$1,178,138	(\$40,716)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,799	\$260,470	\$97,329
Special Revenue	184,610	128,090	56,520
Capital Projects	131,092	51,290	79,802
Enterprise	857,926	607,606	250,320
Fiduciary	0	6,186	(6,186)
Total	\$1,531,427	\$1,053,642	\$477,785

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – Deposits and Investments**

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

	<u>2017</u>
Demand deposits	<u>\$ 526,381</u>
Total Deposits	<u><u>\$ 526,381</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 5 – 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 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 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.

***Income Taxes***

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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five 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, 2017.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Social Security***

Several Village 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, 2017.

**Note 8 - Postemployment Benefits**

OPERS offer 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 members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2017.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CQ19H	\$38,624	0.00%
OPWC Loan CQ24C	22,314	0.00%
Leaf Vacuum Loan	<u>12,180</u>	2.80%
Total	<u>\$73,118</u>	

The Ohio Public Works Commission (OPWC) loan was issued in 2000 for water treatment plant improvements. The loan is a zero percent interest loan that is repaid in semiannual payments of \$3,719 over 20 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements. However, the Village can pay the loan from general revenues according to the agreement.

A second Ohio Public Works Commission (OPWC) loan was issued in 2006 for a wastewater treatment plant clarifier project. The loan is a zero percent interest loan that is repaid in semiannual payments of \$2,414 over 20 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements. However, the Village can pay the loan from general revenues according to the agreement.

The Village holds a five-year, 2.8 per cent loan from the Vinton County National Bank out of Vinton County for the purchase of a leaf-vac machine.

**Village of Bremen**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan CQ19H	OPWC Loan CQ24C	Leaf Vac
2018	\$4,828	\$7,438	\$3,240
2019	4,828	7,438	3,240
2020	4,828	7,438	3,240
2021	4,828	0	3,240
2022	4,828	0	0
2023-2027	14,484	0	0
Total	<u>\$38,624</u>	<u>\$22,314</u>	<u>\$12,960</u>

**Note 10 – Contingent Liabilities**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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 Bremen  
Fairfield County  
9090 Marietta Road SE  
Bremen, Ohio 43107

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 by fund type of the Village of Bremen, Fairfield County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 10, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2018-003 and 2018-004.

***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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
June 10, 2019



**Village of Bremen  
Fairfield County  
Schedule of Findings  
December 31, 2018 and 2017**

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**1. SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2018-001**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax revenues,
- Intergovernmental revenues,
- Debt Proceeds,
- Debt Payments,
- General Government Disbursements,
- Capital Outlay Disbursements,
- Other Disbursements
- Fund Balances

All of the above noted adjustments have been posted to the financial statements and to the Village's UAN accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Client Response:** We did not receive a response to the finding.

**FINDING NUMBER 2018-002**

**Material Weakness – Bank Reconciliations**

Prior to closing out the financial records each month, the bank account balances should be reconciled to the combined fund balances. This procedure is an important method of detecting errors in the financial records and bank account records. After this procedure is completed any errors found should be immediately corrected, the financial records closed, and month end financial information generated by the Clerk/Treasurer.

Reconciliations throughout 2018 contained unresolved reconciling items. This is due, in part, to delays in the reconciliation process (reconciliations aren't always performed in a timely manner, after month-end). We noted other adjusting factors for each month in 2018, ranging from a low of \$35 to a high of \$13,397, with year ending unsubstantiated reconciling items totaling \$13,397 at the end of 2018 (bank was higher than the books). The reconciling items noted at year end were due to receipts that were deposited in the bank, but not yet posted to the Village books. No audit adjustment was posted, as the amount in question was not material to the financial statements.

**Village of Bremen  
Fairfield County  
Schedule of Findings  
December 31, 2018 and 2017**

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**FINDING NUMBER 2018-002  
(Continued)**

**Material Weakness – Bank Reconciliations**

These deficiencies were due to inadequate policies and procedure over preparing and monitoring bank reconciliations. The Clerk/Treasurer should reconcile as close to month-end as possible, and present evidence to Council which indicates all bank balances have been reconciled to the cash journal fund balances each month without significant other adjusting factors on the reconciliation. This includes ensuring all receipts and disbursements are timely posted to UAN and are properly accounted for as part of the reconciliation process.

The Village should then periodically verify items appearing on the monthly bank reconciliation. If an adjustment is necessary, specific documentation should be maintained that documents what makes up the adjustment, including the nature of the transaction(s) and amount(s).

**Client Response:** We did not receive a response to the finding.

**FINDING NUMBER 2018-003**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two “exceptions” to the above requirements:

- A. 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 can authorize the drawing of a warrant for the payment or the amount due. The Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 maybe 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 Village.

- B. 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 on particular line item appropriation.

**Village of Bremen  
Fairfield County  
Schedule of Findings  
December 31, 2018 and 2017**

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**FINDING NUMBER 2018-003  
(Continued)**

**Material Noncompliance**

- C. 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 reasonable predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer’s certification was not utilized for any disbursement made by the Village. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds prior to making a purchase obligation. Failure to properly certify funds could result in overspending and negative fund balances.

The Village should certify purchases to which 5705.41 (D) applies. The most convenient method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Client Response:** We did not receive a response to the finding.

**FINDING NUMBER 2018-004**

**Noncompliance**

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

During testing we noted, in fiscal year 2017 and 2018 the Agency Fund had expenditures in excess of appropriations.

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances.

To ensure expenditures do not exceed appropriations, the Village should monitor its financial activity periodically and amend its approved budgets accordingly.

**Client Response:** We did not receive a response to the finding.

**Village of Bremen  
Fairfield County  
Schedule of Prior Audit Findings  
December 31, 2018 and 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2016-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2018-001
2016-002	Material Weakness – Cash Reconciliations	No	Reissued as Finding 2018-002
2016-003	Material Noncompliance – ORC 5705.41(D)	No	Reissued as Finding 2018-003

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF BREMEN**

**FAIRFIELD 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  
SEPTEMBER 10, 2019**