



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BREMEN  
FAIRFIELD COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village Council  
Village of Bremen  
Fairfield County  
P.O. Box 127  
132 Mulberry Street  
Bremen, Ohio 43107

We have audited the accompanying financial statements of the Village of Bremen, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 Bremen, Fairfield County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

June 8, 2001

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$249,931	\$0	\$0	\$0	\$249,931
Intergovernmental Receipts	67,755	48,414		65,412	181,581
Fines, Licenses, and Permits	370			293	663
Earnings on Investments	7,383				7,383
Miscellaneous	11,924	92		0	12,016
	<u>337,363</u>	<u>48,506</u>	<u>0</u>	<u>65,705</u>	<u>451,574</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	56,870	1,005			57,875
Public Health Services	4,207				4,207
Leisure Time Activities	4,572				4,572
Transportation		117,854			117,854
General Government	67,260				67,260
Debt Service			119,453		119,453
Capital Outlay				229,851	229,851
	<u>132,909</u>	<u>118,859</u>	<u>119,453</u>	<u>229,851</u>	<u>601,072</u>
Total Cash Disbursements	<u>132,909</u>	<u>118,859</u>	<u>119,453</u>	<u>229,851</u>	<u>601,072</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>204,454</u>	<u>(70,353)</u>	<u>(119,453)</u>	<u>(164,146)</u>	<u>(149,498)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes and Loans				164,439	164,439
Transfers-In		100,807	119,453		220,260
Transfers-Out	(115,807)				(115,807)
	<u>(115,807)</u>	<u>100,807</u>	<u>119,453</u>	<u>164,439</u>	<u>268,892</u>
Total Other Financing Receipts/(Disbursements)	<u>(115,807)</u>	<u>100,807</u>	<u>119,453</u>	<u>164,439</u>	<u>268,892</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>88,647</u>	<u>30,454</u>	<u>0</u>	<u>293</u>	<u>119,394</u>
Fund Cash Balances, January 1, 2000	<u>66,164</u>	<u>17,608</u>	<u></u>	<u>7,668</u>	<u>91,440</u>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$154,811</u></b>	<b><u>\$48,062</u></b>	<b><u>\$0</u></b>	<b><u>\$7,961</u></b>	<b><u>\$210,834</u></b>
Reserves for Encumbrances, December 31, 2000	<u>\$8,495</u>	<u>\$189</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,684</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ENTERPRISE FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$406,618
Miscellaneous	1,814
	408,432
Total Operating Cash Receipts	408,432
<b>Operating Cash Disbursements:</b>	
Personal Services	104,282
Fringe Benefits	20,484
Contractual Services	111,422
Supplies and Materials	42,542
Capital Outlay	21,527
	300,257
Total Operating Cash Disbursements	300,257
Operating Income/(Loss)	108,175
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	17,503
Proceeds of Note and Loans	34,323
	51,826
Total Non-Operating Cash Receipts	51,826
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	
Other Non-Operating Cash Disbursements	
Total Non-Operating Cash Disbursements	0
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	160,001
Transfers-In	15,000
Advances-In	(119,453)
Transfers-Out	
Advances-Out	
Net Cash Receipts Over/(Under) Cash Disbursements	55,548
Fund Cash Balances, January 1, 2000	52,613
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$108,161</b>
Reserve for Encumbrances, December 31, 2000	\$1,014

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



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$264,545	\$0	\$0	\$0	\$264,545
Intergovernmental Receipts	58,488	48,796		6,698	113,982
Fines, Licenses, and Permits	2,950				2,950
Earnings on Investments	4,595				4,595
Miscellaneous	69,423	722			70,145
<b>Total Cash Receipts</b>	<u>400,001</u>	<u>49,518</u>	<u>0</u>	<u>6,698</u>	<u>456,217</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	78,123	2,130			80,253
Public Health Services	3,912				3,912
Leisure Time Activities	4,844				4,844
Transportation		135,105			135,105
General Government	70,812				70,812
Debt Service			87,854		87,854
Financing and Other Debt-Service Related	71,016				71,016
Capital Outlay	119,241	12,110		7,926	139,277
<b>Total Cash Disbursements</b>	<u>347,948</u>	<u>149,345</u>	<u>87,854</u>	<u>7,926</u>	<u>593,073</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>52,053</u>	<u>(99,827)</u>	<u>(87,854)</u>	<u>(1,228)</u>	<u>(136,856)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes	70,000				70,000
Transfers-In		98,088	87,853		185,941
Transfers-Out	(113,088)	(7,669)			(120,757)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(43,088)</u>	<u>90,419</u>	<u>87,853</u>	<u>0</u>	<u>135,184</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,965	(9,408)	(1)	(1,228)	(1,672)
Fund Cash Balances, January 1, 1999	57,199	27,016	1	8,896	93,112
<b>Fund Cash Balances, December 31, 1999</b>	<u><u>\$66,164</u></u>	<u><u>\$17,608</u></u>	<u><u>\$0</u></u>	<u><u>\$7,668</u></u>	<u><u>\$91,440</u></u>
Reserves for Encumbrances, December 31, 1999	<u><u>\$500</u></u>	<u><u>\$1,326</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,826</u></u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$414,100
Other Contributions and Donations	217
Miscellaneous	1,334
Total Operating Cash Receipts	415,651
<b>Operating Cash Disbursements:</b>	
Personal Services	98,720
Fringe Benefits	24,213
Contractual Services	117,531
Supplies and Materials	71,820
Miscellaneous	84
Capital Outlay	52,441
Total Operating Cash Disbursements	364,809
Operating Income/(Loss)	50,842
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	
Intergovernmental Receipts	30,345
Proceeds from Notes and Bonds	
Other Non-Operating Receipts	
Total Non-Operating Cash Receipts	30,345
<b>Non-Operating Cash Disbursements:</b>	
Transfers-In	15,000
Transfers-Out	(80,184)
Net Cash Receipts Over/(Under) Cash Disbursements	16,003
Fund Cash Balance, January 1, 1999	36,610
<b>Fund Cash Balance, December 31, 1999</b>	<b>\$52,613</b>
Reserve for Encumbrance, December 31, 1999	\$13,314

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bremen, Fairfield County, Ohio, (the Village) is a body corporate and politic 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 general governmental services, including water and sewer utilities and park operations (leisure time activities). The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village 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 BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

General Note Retirement Fund (Street) - This fund receives transfers-in from the Street Construction Maintenance and Repair fund for the repayment of debt associated for street improvements.

General Note Retirement Fund (Sewer) - This fund receives transfers-in from the General Fund for the repayment of debt associated for the Wastewater Treatment Plant Project.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

Other Capital Projects Fund - This fund receives proceeds from the Ohio Public Works Commission to purchase equipment for a water plant improvement project.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**D. Budgetary Process**

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

**1. Appropriations**

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

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments as required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The cash balances at December 31 were as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$318,995	\$137,355
Certificates of Deposit	<u>0</u>	<u>6,698</u>
Total Deposits	<u>\$318,995</u>	<u>\$144,053</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 328,320	\$ 337,363	\$ 9,043
Special Revenue	161,300	149,313	(11,987)
Debt Service	132,000	119,453	(12,547)
Capital Projects	262,308	230,144	(32,164)
Enterprise	517,010	475,258	(41,752)
Total	<u>\$ 1,400,938</u>	<u>\$ 1,311,531</u>	<u>\$ (89,407)</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 394,483	\$ 257,211	\$ 137,272
Special Revenue	178,907	119,048	59,859
Debt Service	132,000	119,453	12,547
Capital Projects	269,975	229,851	40,124
Enterprise	569,622	420,724	148,898
Total	<u>\$ 1,544,987</u>	<u>\$ 1,146,287</u>	<u>\$ 398,700</u>

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 453,670	\$ 470,001	\$ 16,331
Special Revenue	156,200	147,606	(8,594)
Debt Service	89,730	87,853	(1,877)
Capital Projects	504	6,698	6,194
Enterprise	504,718	460,996	(43,722)
Total	<u>\$ 1,204,822</u>	<u>\$ 1,173,154</u>	<u>\$ (31,668)</u>

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 512,367	\$ 461,536	\$ 50,831
Special Revenue	183,214	158,340	24,874
Debt Service	89,731	87,854	1,877
Capital Projects	9,400	7,926	1,474
Enterprise	541,326	458,307	83,019
Total	<u>\$ 1,336,038</u>	<u>\$ 1,173,963</u>	<u>\$ 162,075</u>

The Village did not certify and timely encumber all commitments as required by law.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Loan 2000	148,762	0.00%
Ohio Water Development Authority Loan 1987	527,278	9.78%
General Obligation Note 2000	13,279	6.50%
Total	<u>\$ 689,319</u>	

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT (Continued)**

The Ohio Public Works Loan was issued in 2000 for water treatment plant improvements. The loan is a zero percent interest loan which is to be repaid at 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.

The general obligation note was issued in 2000 to help finance the water treatment plant improvements. The note is to be repaid in monthly instalments of \$978, including interest over 5 years.

The Ohio Water Development Authority (OWDA) loan for 1987 relates to utility construction projects. The loans will be repaid in semiannual installments of \$40,092, including interest, over 25 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan	OPWC Loan	General Obligation Notes
2001	\$ 80,184	\$ 7,438	\$ 11,739
2002	80,184	7,438	1,953
2003	80,184	7,438	0
2004	80,184	7,438	0
2005	80,184	7,438	0
Subsequent	<u>441,012</u>	<u>111,572</u>	<u>0</u>
Total	<u>\$ 841,932</u>	<u>\$ 148,762</u>	<u>\$ 13,692</u>

**6. RETIREMENT SYSTEMS**

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries for 2000. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine
- Errors and omissions





STATE OF OHIO  
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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village Council  
Village of Bremen  
Fairfield County  
P.O. Box 127  
132 Mulberry Street  
Bremen, Ohio 43107

We have audited the accompanying financial statements of the Village of Bremen, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 8, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30623-001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-30623-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated June 8, 2001.

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

**JIM PETRO**  
Auditor of State

June 8, 2001

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	2000-30623-001
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**Funds Certification**

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

All of the expenditures tested did not contain a signed certification by the Clerk/Treasurer as required by law.

We recommend that the Clerk/Treasurer certify by signature the availability of funds at the time the Village enters into contracts or purchase commitments.

<b>Finding Number</b>	2000-30623-002
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**Segregation of Duties-Disbursements**

The Clerk/Treasurer's assistant processes the payment of the non-payroll disbursement for the Village which includes posting the payments to the accounting records, signing checks and mailing them. The Assistant Clerk has the ability to void transactions in the accounting system without independent review or approval. The Clerk/Treasurer of the Village processes the bank reconciliation, and the Village Council reviews the warrant register on a monthly basis. However, the Clerk/Treasurer and Council monitoring review does not take place until after the disbursement is made to the vendor.

The Village should establish timely monitoring controls of the disbursements prior to sending the check to the vendors. Additionally, the Village should establish monitoring controls over voided transactions independent of the individual processing the void. The assistant clerk should mark "void" on all voided checks. The assistant clerk should retain these checks and present them to the Clerk/Treasurer. The Clerk/Treasurer should account for the numerical sequence of all checks as part of the cash reconciliation. Failure to implement the above controls allows the procurement process, to be vested in a single individual's control thus increasing chances for errors, irregularities and or other fraudulent acts to occur and go undetected by management in a timely manner.

We recommend that the Village establish timely effective monitoring controls over the disbursement of checks to vendors, and voided transactions within the accounting system.

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

STATUS OF PRIOR FINDING  
DECEMBER 31, 2000 AND 1999

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected/Explanation</b>
1998-30623-001	Ohio Rev. Code Section 5705.41(D), Fiscal Officer's Certification of Funds	No	Village continued to not certify funds and is including in the current year schedule of findings



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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  
JULY 19, 2001**