



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF BREMEN
FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcgroup.com



Dave Yost • Auditor of State

Village Council
Village of Bremen
9090 Marietta Road
Bremen, Ohio 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, 2015 through December 31, 2016. 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 "Dave Yost".

Dave Yost
Auditor of State

October 11, 2017

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Village of Bremen
Fairfield County, Ohio
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Independent Auditor's Report

Village of Bremen
Fairfield County
9090 Marietta Road
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, 2016 and 2015.

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 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 1 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, 2016 and 2015, or changes in financial position or cash flows 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 combined cash balances of the Village of Bremen, Fairfield County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group Inc.
Piketon, Ohio
August 25, 2017

**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, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 40,438	\$ -	\$ -	\$ 40,438
Municipal Income Tax	209,387	-	-	209,387
Intergovernmental	10,405	69,364	-	79,769
Charges for Services	815	-	-	815
Fines, Licenses, and Permits	8,547	-	-	8,547
Earnings on Investments	636	151	-	787
Miscellaneous	9,583	2,472	-	12,055
Total Cash Receipts	<u>279,811</u>	<u>71,987</u>	<u>-</u>	<u>351,798</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	70,761	-	-	70,761
Leisure Time Activities	33,692	1,110	-	34,802
Community Environment	4,694	-	-	4,694
Transportation	17,078	201,651	-	218,729
General Government	117,992	-	-	117,992
Capital Outlay	-	12,311	-	12,311
Total Cash Disbursements	<u>244,217</u>	<u>215,072</u>	<u>-</u>	<u>459,289</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	35,594	(143,085)	-	(107,491)
Other Financing Receipts (Disbursements):				
Transfers-In	-	97,239	-	97,239
Transfers-Out	(120,455)	(2,239)	-	(122,694)
Loan Proceeds	-	15,000	-	15,000
Total Other Financing Receipts (Disbursements)	<u>(120,455)</u>	<u>110,000</u>	<u>-</u>	<u>(10,455)</u>
<i>Net Change in Fund Cash Balances</i>	(84,861)	(33,085)	-	(117,946)
Fund Cash Balances, January 1,	<u>181,795</u>	<u>116,539</u>	<u>6,320</u>	<u>304,654</u>
Restricted	-	83,454	6,320	89,774
Assigned	<u>96,934</u>	<u>-</u>	<u>-</u>	<u>96,934</u>
Fund Cash Balances, December 31	<u>\$ 96,934</u>	<u>\$ 83,454</u>	<u>\$ 6,320</u>	<u>\$ 186,708</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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 605,812
Miscellaneous	7,323
Total Operating Cash Receipts	613,135
Operating Cash Disbursements	
Personal services	222,808
Fringe benefits	47,398
Contractual services	182,958
Supplies and Materials	126,888
Other	49,504
Total Operating Cash Disbursements	629,556
<i>Operating Income (Loss)</i>	(16,421)
Non-Operating Receipts (Disbursements)	
Principal	(12,266)
Other Non-operating Receipts	12,140
Total Non-Operating Receipts (Disbursements)	(126)
<i>Income (Loss) Before Transfers and Advances</i>	(16,547)
Transfers and Advances	
Transfers-In	25,455
Total Transfers and Advances	25,455
<i>Net Change in Fund Cash Balances</i>	8,908
Fund Cash Balances, January 1	206,269
Fund Cash Balances, December 31	\$ 215,177

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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 39,470	\$ -	\$ -	\$ 39,470
Municipal Income Tax	271,210	-	-	271,210
Intergovernmental	14,162	69,452	108,780	192,394
Charges for Services	1,470	-	-	1,470
Fines, Licenses, and Permits	7,926	-	-	7,926
Earnings on Investments	615	145	-	760
Miscellaneous	10,999	3,315	-	14,314
Total Cash Receipts	<u>345,852</u>	<u>72,912</u>	<u>108,780</u>	<u>527,544</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	75,496	-	-	75,496
Leisure Time Activities	25,780	1,388	-	27,168
Community Environment	4,793	-	-	4,793
Transportation	755	138,534	-	139,289
General Government	115,289	-	-	115,289
Capital Outlay	-	-	112,460	112,460
Total Cash Disbursements	<u>222,113</u>	<u>139,922</u>	<u>112,460</u>	<u>474,495</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	123,739	(67,010)	(3,680)	53,049
Other Financing Receipts (Disbursements):				
Transfers-In	199	90,448	10,000	100,647
Transfers-Out	(115,448)	(10,199)	-	(125,647)
Total Other Financing Receipts (Disbursements)	<u>(115,249)</u>	<u>80,249</u>	<u>10,000</u>	<u>(25,000)</u>
<i>Net Change in Fund Cash Balances</i>	8,490	13,239	6,320	28,049
Fund Cash Balances, January 1,	173,305	103,300	-	276,605
Restricted	-	116,539	6,320	122,859
Assigned	148,573	-	-	148,573
Unassigned	33,222	-	-	33,222
Fund Cash Balances, December 31	<u>\$ 181,795</u>	<u>\$ 116,539</u>	<u>\$ 6,320</u>	<u>\$ 304,654</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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 602,624
Miscellaneous	7,400
Total Operating Cash Receipts	610,024
Operating Cash Disbursements	
Personal services	198,351
Fringe benefits	46,412
Contractual services	166,380
Supplies and Materials	125,946
Other	10,346
Total Operating Cash Disbursements	547,435
<i>Operating Income (Loss)</i>	62,589
Non-Operating Receipts (Disbursements)	
Principal	(12,266)
Other Non-operating Receipts	6,461
Total Non-Operating Receipts (Disbursements)	(5,805)
<i>Income (Loss) Before Transfers and Advances</i>	56,784
Transfers and Advances	
Transfers-In	25,000
Total Transfers and Advances	25,000
<i>Net Change in Fund Cash Balances</i>	81,784
Fund Cash Balances, January 1	124,485
Fund Cash Balances, December 31	\$ 206,269

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, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the 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 8 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 management believes these financial statements represent all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

VILLAGE OF BREMEN
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund:

Street Construction, Maintenance and Repair Fund – This fund receipts gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

3. Capital Projects Funds:

These 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 Projects fund:

Grant Construction OPWC – This fund receives proceeds of Ohio Public Works monies for infrastructure projects.

4. 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 – 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.

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object by department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments.

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 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 canceled, and re-appropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (continued)

3. 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.

4. 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.

5. 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.

G. Capital Assets

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

H. 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.

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

2. EQUITY IN POOLED DEPOSITS

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

	<u>2016</u>	<u>2015</u>
Demand deposits	\$401,885	\$510,923

Deposits:

The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$316,800	\$279,811	(\$36,989)
Special Revenue	198,922	184,226	(14,696)
Capital Projects	0	0	0
Enterprise	623,675	650,730	27,055
Total	\$1,139,397	\$1,114,767	(\$24,630)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$465,373	\$365,235	\$100,138
Special Revenue	272,359	219,034	53,325
Capital Projects	6,320	0	6,320
Enterprise	820,527	645,539	174,988
Total	\$1,564,579	\$1,229,808	\$334,771

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$320,582	\$346,051	\$25,469
Special Revenue	188,900	163,360	(25,540)
Capital Projects	123,404	118,780	(4,624)
Enterprise	625,600	641,485	15,885
Total	\$1,258,486	\$1,269,676	\$11,190

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. BUDGETARY ACTIVITY (CONTINUED)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$463,859	\$337,561	\$126,298
Special Revenue	235,948	150,121	85,827
Capital Projects	121,748	112,460	9,288
Enterprise	624,192	559,701	64,491
Total	\$1,445,747	\$1,159,843	\$285,904

4. PROPERTY TAX

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.

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. LOCAL INCOME TAX

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the 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
DECEMBER 31, 2016 AND 2015**

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan 2000	\$29,752	0%
Ohio Public Works Commission Loan 2006	43,452	0%
Leaf Vacuum Loan 2016	15,000	2.8%
Total	\$88,204	

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.

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

	OPWC 2000	OPWC 2006	Leaf Vac 2016
Year Ending December 31:			
2017	7,438	4,828	3,240
2018	7,438	4,828	3,240
2019	7,438	4,828	3,240
2020	7,438	4,828	3,240
2021	-	4,828	3,240
2022-2025	-	19,312	-
Totals	\$29,752	\$43,452	\$16,200

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. 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.

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

10. INTERFUND ACTIVITY

Transfers were made during 2016 from the General fund of \$95,000 to the Street Construction , Maintenance and Repair Special Revenue fund and \$25,455 to the Swimming Pool Enterprise fund. Also during 2016, the unexpended balance of \$2,239 from the Department of Public Safety Street Project fund was transferred to the Street Construction, Maintenance and Repair Special Revenue fund which will use this money for acquisition of permanent improvements.

In 2015 transfers were made from the General fund of \$85,000 to the Street Construction , Maintenance and Repair Special Revenue fund, \$5,448 to the Parks and Recreation special revenue fund and \$25,000 was transferred to the Swimming Pool Enterprise fund. Also in 2015, \$10,000 was transferred to the OPWC Capital Projects fund in order to pay for local matching funds for an OPWC project.

All transfers were made to meet ongoing obligations of the Village funds. These transfers were approved by Village Council and made in accordance with the Ohio Revised Code.

11. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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**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
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 Village of Bremen, Fairfield County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 25, 2017 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-003.

Village's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BHM CPA Group Inc.
Piketon, Ohio
August 25, 2017

**Village of Bremen
Fairfield County
Schedule of Findings
December 31, 2016 and 2015**

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

FINDING NUMBER	2016-001
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MATERIAL WEAKNESS

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 Payments

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	2016-002
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MATERIAL WEAKNESS

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. The bank reconciliation did not correctly detail the Village's bank balance throughout 2015 and through June of 2016. Furthermore, adjustments to the amount of outstanding checks as of December 31, 2015 were required. The lack of proper reconciliations among the bank statements, cashbook and ledgers could result in numerous errors.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for review and use in managing the Village. Other reconciling items should be traced down and identified accurately.

Client Response: Starting in March 2017, I began bringing the bank reconciliations to the financial process committee for sign off, and I will be seeking assistance from UAN to rectify the outstanding items from previous years.

<p>Village of Bremen Fairfield County Schedule of Findings (Continued) December 31, 2016 and 2015</p>
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<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER	2016-003
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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.
- 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.

**Village of Bremen
Fairfield County
Schedule of Findings (Continued)
December 31, 2016 and 2015**

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

FINDING NUMBER

2016-003 (Continued)

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: Since my appointment in September 2016, there have been many discussions on and off the record regarding purchase orders. We now have a system in place that works very well. If an emergency arises, I at least get a phone call or brief discussion prior to purchases.

**Village of Bremen
Fairfield County
Schedule of Prior Audit Findings
December 31, 2016 and 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Material Weakness for Audit Adjustments	No	Reissued as 2016-001
2014-002	Material Weakness for Cash Reconciliation	No	Reissued as 2016-002



Dave Yost • Auditor of State

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
OCTOBER 24, 2017