



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF BREMEN
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Bremen
9090 Marietta Rd 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, 2019 through December 31, 2020. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Village of Bremen Ordinance Number 10-8-12 was passed on December 10, 2012 and states that the salary of the Village Mayor shall be \$6,000 annually. It also states that the salary for each Village Council Member is \$1,800.

Two payroll disbursements for the same pay period of August 16, 2020 through August 31, 2020 was issued to the Mayor and Village Council Members. As a result the Village Mayor, Anthony Taylor, was over paid \$250 in wages for 2020. In addition, Village Council Members, Toni Harper, Connie Moyer, Tad Moyer, Troy Tripp, Todd Wesaw, and Deborah Wolfe were overpaid \$75 each in wages for 2020.

Name	Amount overpaid
Anthony Taylor	\$250
Toni Harper	75
Connie Moyer	75
Tad Moyer	75
Troy Tripp	75
Todd Wesaw	75
Deborah Wolfe	75
Total	\$700

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Village Officials outlined above and their bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the total amount of \$700, and in favor of Village of Bremen General Fund, in the amount of \$700.

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The payments above occurred when Lisa Burnworth was the Village Fiscal Officer. Lisa Burnworth and her bonding company, Ohio Plan Risk Management, Inc., will additionally be jointly and severally liable in the amount of \$700, and in favor of the Village of Bremen.

The Village received and deposited payment in full from the parties noted in the table above on October 28, 2021, November 3, 2021, and November 5, 2021.

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.



Keith Faber
Auditor of State
Columbus, Ohio

November 23, 2021

VILLAGE OF BREMEN
FAIRFIELD COUNTY

For the Years Ended December 31, 2020 and 2019
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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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Bremen, Fairfield County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position 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 cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2021, 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 23, 2021

**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 51,229	\$ 65,024	\$ -	\$ 116,253
Municipal Income Tax	207,208	-	-	207,208
Intergovernmental	23,603	88,303	-	111,906
Special Assessments	-	19,053	-	19,053
Charges for Services	610	270	-	880
Fines, Licenses, and Permits	10,391	-	-	10,391
Earnings on Investments	1,379	206	-	1,585
Miscellaneous	11,789	7,256	-	19,045
Total Cash Receipts	<u>306,209</u>	<u>180,112</u>	<u>-</u>	<u>486,321</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	35,642	-	-	35,642
Public Health Services	4,579	-	-	4,579
Leisure Time Activities	-	7,361	-	7,361
Community Environment	9,599	-	-	9,599
Transportation	-	164,053	974	165,027
General Government	80,172	-	-	80,172
Capital Outlay	-	2,491	-	2,491
Debt Service:				
Redemption of Principal	-	1,554	-	1,554
Interest and Fiscal Charges	-	66	-	66
Total Cash Disbursements	<u>129,992</u>	<u>175,525</u>	<u>974</u>	<u>306,491</u>
Excess of Receipts Over/(Under) Disbursements	176,217	4,587	(974)	179,830
Other Financing Receipts (Disbursements):				
Transfers-In	-	55,000	13,656	68,656
Transfers-Out	(92,656)	-	-	(92,656)
Advances-In	18,000	-	-	18,000
Advances-Out	-	-	(18,000)	(18,000)
Total Other Financing Receipts (Disbursements)	<u>(74,656)</u>	<u>55,000</u>	<u>(4,344)</u>	<u>(24,000)</u>
Net Change in Fund Cash Balances	101,561	59,587	(5,318)	155,830
Fund Cash Balances, January 1	<u>166,227</u>	<u>97,618</u>	<u>5,318</u>	<u>269,163</u>
Fund Cash Balances, December 31	<u>\$ 267,788</u>	<u>\$ 157,205</u>	<u>\$ -</u>	<u>\$ 424,993</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Types	
	Enterprise	
Operating Cash Receipts:		
Charges for Services	\$	739,785
Miscellaneous		24,778
		764,563
Operating Cash Disbursements:		
Personal Services		186,432
Employee Fringe Benefits		34,272
Contractual Services		221,449
Supplies and Materials		105,143
Other		115,042
		662,338
Operating Income (Loss)		102,225
Non-Operating Receipts (Disbursements)		
Loans Issued		48,473
Special Assessments		3,284
Capital Outlay		(73,758)
Principal Retirement		(34,166)
Interest and Fiscal Charges		(11,246)
		(67,413)
Net Change in Fund Cash Balances		34,812
Fund Cash Balances, January 1 - <i>Restated (see note 15)</i>		312,914
Fund Cash Balances, December 31	\$	347,726

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

VILLAGE OF BREMEN
FAIRFIELD COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Fiduciary Fund Types</u>	
	<u>Other Custodial</u>	
Additions		
Other Amounts Collected for Distribution	\$	24,000
Total Additions		<u>24,000</u>
Deductions		
Distributions as Fiscal Agent		<u>24,000</u>
Total Deductions		<u>24,000</u>
Net Change in Fund Cash Balances		-
Fund Cash Balances, January 1		<u>4,000</u>
Fund Cash Balances, December 31	\$	<u><u>4,000</u></u>

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

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Bremen (the Village), Fairfield County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, waste removal services, and park operations. Fire protection and emergency medical services are provided by Rushcreek Township.

Jointly Governed Organizations and Public Entity Risk Pool

The Village participates in a jointly governed organization, and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 Fund:

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.

Capital Project 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 project fund:

Grant Construction OPWC Fund This fund receives proceeds from 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.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for income tax refunds.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

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.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 270,062	\$ 306,209	\$ 36,147
Special Revenue	227,200	235,112	7,912
Capital Projects	18,000	13,656	(4,344)
Enterprise	657,760	816,320	158,560
Total	\$ 1,173,022	\$ 1,371,297	\$ 198,275

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 253,690	\$ 232,897	\$ 20,793
Special Revenue	272,647	217,651	54,996
Capital Projects	974	974	-
Enterprise	965,021	781,508	183,513
Total	\$ 1,492,332	\$ 1,233,030	\$ 259,302

Note 4 - Deposits

The Village maintains a deposits 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:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$ 776,719
Total carrying amount of deposits and investments held in the Pool	\$ 776,719

Deposits

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

Note 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All officials and 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 health care and survivor and disability benefits.

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

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

The Village's Mayor and one Council Member 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, 2020.

Note 8 - Postemployment Benefits

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

Note 9 - Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan (CQ19H)	\$ 28,967	0.00%
Ohio Public Works Commission Loan (CQ24C)	7,438	0.00%
OWDA Loan (7762)	14,950	2.25%
OWDA Loan (7983)	222,961	3.01%
OWDA Loan (8638)	124,889	0.00%
Leaf Vacuum Loan	4,683	2.80%
Total	<u>\$ 403,888</u>	

The Ohio Public Works Commission (OPWC) loan #CQ19H relates to the wastewater treatment plant's clarifier project. OPWC approved \$96,559 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$2,414, over 20 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

OPWC loan #CQ24C relates to the water treatment plant improvements. OPWC approved \$148,762 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$3,719, over 20 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

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

OWDA loan #7762 relates to the South Wellfield Expansion. OWDA approved \$20,674 in a loan to the Village for this project with a 2.25% interest rate. The Village repays the loan in semi-annual installments of \$1,160, over 10 years.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

OWDA loan #7983 relates to water treatment plant filter rehabilitation. OWDA's approved amount financed for this project is \$238,380. The Village will repay this loan over 30 years at a 3.01% interest rate. As of the date of this report there is no amortization schedule available for this loan.

OWDA loan #8638 relates to wastewater facilities improvements. The total amount financed for this project is \$175,900. The Village will repay this loan over 5 years at a 0% interest rate. As of the date of this report there is no amortization schedule available for this loan.

Amortization

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

Year ending December 31:	OWPC Loans	OWDA Loans	Leaf Vac.
2021	\$ 12,266	\$ 2,320	\$ 3,240
2022	4,828	2,320	-
2023	4,828	2,320	-
2024	4,828	2,320	-
2025	4,828	2,320	-
2026-2030	4,827	5,801	-
Total	<u>\$ 36,405</u>	<u>\$ 17,401</u>	<u>\$ 3,240</u>

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the Village 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.

Note 11 - Jointly Governed Organization

Fairfield County Regional Planning Commission The Village participates in the Fairfield County Regional Planning Commission, a statutorily created political subdivision of the State. The Village appoints a member of Council to represent the Village on the 43-member board. The Village pays a small membership fee annually based on the per capita of the Village. There is no ongoing financial responsibility by the Village.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 10,249	\$ 42,126	\$ 52,375
<i>Total</i>	<u>\$ 10,249</u>	<u>\$ 42,126</u>	<u>\$ 52,375</u>

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

The effect of this change had no effect on the Village's beginning cash balances.

Note 14 – COVID-19

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

Note 15 – Restatement of Beginning Cash Fund Balances

A restatement of beginning cash fund balances as of January 1, 2020 was because of voided checks. Voiding the checks, a had the following effects on cash fund balances at January 1, 2020:

<u>Cash Fund Balances</u>	<u>Enterprise</u>
January 1, 2020 - As Previously Stated	\$ 312,813
Adjustments	101
January 1, 2020 - Restated	\$ 312,914

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**VILLAGE OF BREMEN
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 46,117	\$ -	\$ -	\$ 46,117
Municipal Income Tax	224,676	-	-	224,676
Intergovernmental	18,009	81,159	20,680	119,848
Charges for Services	515	365	-	880
Fines, Licenses, and Permits	10,449	-	-	10,449
Earnings on Investments	1,348	152	-	1,500
Miscellaneous	19,572	3,811	-	23,383
	<u>320,686</u>	<u>85,487</u>	<u>20,680</u>	<u>426,853</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	61,622	-	-	61,622
Leisure Time Activities	2,500	30,151	-	32,651
Community Environment	26,508	104	-	26,612
Basic Utility Services	-	-	20,950	20,950
Transportation	-	123,172	5,000	128,172
General Government	89,264	-	-	89,264
Capital Outlay	15,400	1,677	-	17,077
Debt Service:				
Redemption of Principal	-	3,023	-	3,023
Interest and Fiscal Charges	-	217	-	217
	<u>195,294</u>	<u>158,344</u>	<u>25,950</u>	<u>379,588</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	125,392	(72,857)	(5,270)	47,265
Other Financing Receipts (Disbursements):				
Transfers-In	-	63,000	-	63,000
Transfers-Out	(90,250)	-	-	(90,250)
	<u>(90,250)</u>	<u>63,000</u>	<u>-</u>	<u>(27,250)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	35,142	(9,857)	(5,270)	20,015
Fund Cash Balances, January 1 - <i>Restated(see note 13)</i>	<u>131,085</u>	<u>107,475</u>	<u>10,588</u>	<u>249,148</u>
Fund Cash Balances, December 31				
Restricted	-	97,618	5,318	102,936
Committed	19,000	-	-	19,000
Assigned	10,249	-	-	10,249
Unassigned (Deficit)	136,978	-	-	136,978
	<u>166,227</u>	<u>97,618</u>	<u>5,318</u>	<u>269,163</u>
Fund Cash Balances, December 31				

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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 634,873	\$ -	\$ 634,873
Miscellaneous	5,285	-	5,285
Total Operating Cash Receipts	640,158	-	640,158
Operating Cash Disbursements:			
Personal Services	236,866	-	236,866
Employee Fringe Benefits	26,192	-	26,192
Contractual Services	203,289	-	203,289
Supplies and Materials	178,552	-	178,552
Other	60,358	24,000	84,358
Total Operating Cash Disbursements	705,257	24,000	729,257
Operating Income (Loss)	(65,099)	(24,000)	(89,099)
Non-Operating Receipts (Disbursements)			
Special Assessment	41,114	-	41,114
Loans Issued	136,486	-	136,486
Miscellaneous Receipts	18,047	-	18,047
Capital Outlay	(69,810)	-	(69,810)
Principal Retirement	(13,215)	-	(13,215)
Interest and Fiscal Charges	(212)	-	(212)
Other Financing Uses	(10)	-	(10)
Total Non-Operating Cash Receipts (Disbursements)	112,400	-	112,400
Income (Loss) before Transfers	47,301	(24,000)	23,301
Transfers In	-	27,250	27,250
Net Change in Fund Cash Balances	47,301	3,250	50,551
Fund Cash Balances, January 1 - Restated <i>(see note 13)</i>	265,512	750	266,262
Fund Cash Balances, December 31	<u>\$ 312,813</u>	<u>\$ 4,000</u>	<u>\$ 316,813</u>

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

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Bremen (the Village), Fairfield County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, waste removal services, and park operations. The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. Fire protection and emergency medical services are provided by Rushcreek Township.

Jointly Governed Organizations and Public Entity Risk Pool

The Village participates in a jointly governed organization, and a public entity risk pool. Notes 7 and 12 to the financial statements provide additional information for these entities. 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 Fund:

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.

Capital Project 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 project fund:

Grant Construction OPWC Fund This fund receives proceeds from 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.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for the Village's income tax owed on a large 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 (except certain agency funds) be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

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.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Note 3 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 298,032	\$ 320,686	\$ 22,654
Special Revenue	193,872	148,487	(45,385)
Capital Projects	25,000	20,680	(4,320)
Enterprise	739,128	835,805	96,677
Total	\$ 1,256,032	\$ 1,325,658	\$ 69,626

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 419,764	\$ 293,733	\$ 126,031
Special Revenue	251,167	166,687	84,480
Capital Projects	30,000	25,950	4,050
Enterprise	965,658	799,246	166,412
Total	\$ 1,666,589	\$ 1,285,616	\$ 380,973

Note 4 - Encumbrances

At December 31, 2019, the Village had encumbrance commitments as follows:

<u>Fund</u>	
General Fund	\$8,189
Street Construction, Maintenance & Repair	8,240
Parks and Recreation	103
Water	6,515
Sewer	4,227
Total Encumbrances	\$27,274

Note 5 - Deposits

The Village maintains a deposits 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:

Demand Deposits	2019 \$ 585,976
Total Deposits	585,976

Deposits

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

Note 6 - Taxes

Property Taxes

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

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

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Note 7 - 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, 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. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All officials and 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 health care and survivor and disability benefits.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Social Security

The Village's Mayor and one Council Member contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 9 - Postemployment Benefits

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

Note 10 - Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan (CQ19H)	\$ 31,381	0.00%
Ohio Public Works Commission Loan (CQ24C)	11,157	0.00%
OWDA Loan (7762)	(710)	2.25%
OWDA Loan (7983)	230,494	3.01%
OWDA Loan (8638)	112,576	0.00%
Leaf Vacuum Loan	6,237	2.80%
Total	<u>\$ 391,135</u>	

The Ohio Public Works Commission (OPWC) loan #CQ19H relates to the wastewater treatment plant's clarifier project. OPWC approved \$96,559 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$2,414, over 20 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

OPWC loan #CQ24C relates to the water treatment plant improvements. OPWC approved \$148,762 in a loan to the Village for this project. The Village repays the loan in semi-annual installments of \$3,719, over 20 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

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

OWDA loan #7762 relates to the South Wellfield Expansion. OWDA approved \$20,674 in a loan to the Village for this project with a 2.25% interest rate. The Village repays the loan in semi-annual installments of \$1,160, over 10 years.

Village of Bremen, Ohio
Fairfield County
Notes to the Financial Statements
For the Year Ended December 31, 2019

OWDA loan #7983 relates to water treatment plant filter rehabilitation. OWDA's approved amount financed for this project is \$238,380. The Village will repay this loan over 30 years at a 3.01% interest rate. As of the date of this report there is no amortization schedule available for this loan.

OWDA loan #8638 relates to wastewater facilities improvements. The total amount financed for this project is \$175,900. The Village will repay this loan over 5 years at a 0% interest rate. As of the date of this report there is no amortization schedule available for this loan.

Amortization

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

Year ending December 31:	OWPC Loans	OWDA Loans	Leaf Vac.
2020	\$ 6,133	\$ 1,160	\$ 3,240
2021	12,266	2,320	3,240
2022	4,828	2,320	-
2023	4,828	2,320	-
2024	4,828	2,320	-
2025-2026	9,655	8,121	-
Total	<u>\$ 42,538</u>	<u>\$ 18,561</u>	<u>\$ 6,480</u>

Note 11 - Contingent Liabilities

Amounts grantor agencies pay to the Village 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.

Note 12 - Jointly Governed Organization

Fairfield County Regional Planning Commission The Village participates in the Fairfield County Regional Planning Commission, a statutorily created political subdivision of the State. The Village appoints a member of Council to represent the Village on the 43-member board. The Village pays a small membership fee annually based on the per capita of the Village. In 2019, the Village's membership fee amounted to \$356.25. There is no ongoing financial responsibility by the Village.

Note 13 – Restatement of Beginning Cash Fund Balances

A restatement of beginning cash fund balances as of January 1, 2019 was because of voided checks and an accounting error related to prior audit periods. Voiding the checks and correcting the accounting errors had the following effects on cash fund balances at January 1, 2019:

Cash Fund Balances	General	Special Revenue	Capital Projects	Enterprise
January 1, 2019 - As Previously Stated	\$ 133,920	\$ 107,548	\$ 6,245	\$ 265,950
Adjustments	(2,835)	(73)	4,343	(438)
January 1, 2019 - Restated	\$ 131,085	\$ 107,475	\$ 10,588	\$ 265,512

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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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Bremen, Fairfield County, (the Village) and have issued our report thereon dated August 23, 2021, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-003 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 2020-002.

Village's Response to Findings

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

Purpose of this Report

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



BHM CPA Group, Inc.
Piketon, Ohio
August 23, 2021

**Village of Bremen
Fairfield County
Schedule of Findings
December 31, 2020 and 2019**

1. SUMMARY OF AUDITOR'S RESULTS
--

FINDING NUMBER 2020-001

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 receipts;
- Income Tax receipts;
- Intergovernmental receipts;
- Debt Proceeds;
- Principal Payments;
- Interest Payments;
- General Government Disbursements;
- Capital Outlay 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: The Village will make sure transaction get posted to the correct line items in the future.

FINDING NUMBER 2020-002

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.

**Village of Bremen
Fairfield County
Schedule of Findings
December 31, 2020 and 2019**

FINDING NUMBER 2020-002 (Continued)

Material Noncompliance

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 23% of transactions tested in 2019 and 3% of transactions tested in 2020. 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: The Village is aware that in the future if this situation takes place they will issues a then and now purchase order when needed.

FINDING NUMBER 2020-003

Significant Deficiency – *Internal Controls related to Payroll Disbursements*

When designed the public office’s system of internal control and specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management’s policies;
- Ensure that accounting records are properly designed;
- Ensure adequate security of assets and records;
- Plan for adequate segregation of duties or compensating controls;
- Perform analytical procedures to determine the reasonableness of financial data;
- Ensure the collection and compilation of that data needed for the timely preparing of financial statements

**Village of Bremen
Fairfield County
Schedule of Findings
December 31, 2020 and 2019**

FINDING NUMBER 2020-003 (Continued)

Significant Deficiency – *Internal Controls related to Payroll Disbursements*

During audit procedures it was noted that for the year ended December 31, 2020 elected official received over payments which resulted in official's compensation exceeding the amount in the Village's established resolution. This was not detected in a timely manner by the Village's control structure and represents a significant deficiency in the control environment. We have referred this matter to the Auditor of State for further review.

To ensure monies are used for the purposes for which they were raised, management should perform a more detailed review of payroll expenditures before they are made. Professional services should be advised if management is unsure of a financial decision.

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

**Village of Bremen
Fairfield County
Schedule of Prior Audit Findings
December 31, 2020 and 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2020-001
2018-002	Material Weakness – Bank Reconciliations	Yes	
2018-003	Material Noncompliance – ORC 5705.41(D)	No	Reissued as Finding 2020-002
2018-004	Material Noncompliance – ORC 5705.41(B)	Yes	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BREMEN

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/7/2021

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

This report is a matter of public record and is available online at
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