

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
Regular Audit  
December 31, 2008 and 2007**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Bremen  
9090 Marietta Road  
Bremen, Ohio 43107

We have reviewed the *Independent Accountants' Report* of the Village of Bremen, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 26, 2009

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VILLAGE OF BREMEN  
FAIRFIELD COUNTY

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***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT**

June 17, 2009

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

To the Village Council:

We have audited the accompanying financial statements of the **Village of Bremen, Fairfield County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Bremen, Fairfield County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 57,906	\$ 3,363	\$ -	\$ 61,269
Municipal Income Tax	430,257	-	-	430,257
Intergovernmental	38,062	75,373	-	113,435
Charges for Services	60	-	-	60
Fines, Licenses, and Permits	4,517	-	-	4,517
Earnings on Investments	11,233	705	-	11,938
Miscellaneous	12,063	-	-	12,063
	<u>554,098</u>	<u>79,441</u>	<u>-</u>	<u>633,539</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	70,388	-	-	70,388
Leisure Time Activities	17,770	-	-	17,770
Transportation	53,237	182,013	-	235,250
General Government	135,743	23,243	-	158,986
Debt Service:				
Redemption of Principal	-	6,818	67,848	74,666
Interest and Fiscal Charges	-	986	15,959	16,945
	<u>277,138</u>	<u>213,060</u>	<u>83,807</u>	<u>574,005</u>
<b>Total Cash Disbursements</b>				
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>276,960</u>	<u>(133,619)</u>	<u>(83,807)</u>	<u>59,534</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfer-In	-	135,757	83,807	219,564
Transfer-Out	<u>(174,657)</u>	<u>-</u>	<u>-</u>	<u>(174,657)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(174,657)</u>	<u>135,757</u>	<u>83,807</u>	<u>44,907</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	102,303	2,138	-	104,441
<b>Fund Cash Balances, January 1</b>	<u>323,234</u>	<u>56,580</u>	<u>-</u>	<u>379,814</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 425,537</u></u>	<u><u>\$ 58,718</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 484,255</u></u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 640,002	\$ -	\$ 640,002
Total Operating Revenues	<u>640,002</u>	<u>-</u>	<u>640,002</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	173,888	-	173,888
Fringe Benefits	38,902	-	38,902
Contractual Services	127,704	-	127,704
Supplies and Materials	106,478	-	106,478
Total Operating Cash Disbursements	<u>446,972</u>	<u>-</u>	<u>446,972</u>
Operating Income (Loss)	<u>193,030</u>	<u>-</u>	<u>193,030</u>
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous	4,816	-	4,816
Total Non-Operating Cash Receipts	<u>4,816</u>	<u>-</u>	<u>4,816</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	24,654	-	24,654
Debt Service:			
Redemption of Principal	14,164	-	14,164
Interest and Fiscal Charges	2,586	-	2,586
Total Nonoperating Expenses	<u>41,404</u>	<u>-</u>	<u>41,404</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	156,442	-	156,442
Transfer-In	38,900	-	38,900
Transfer-Out	<u>(83,807)</u>	<u>-</u>	<u>(83,807)</u>
Net Receipts Over/(Under) Cash Disbursements	111,535	-	111,535
Fund Cash Balances, January 1	<u>255,416</u>	<u>854</u>	<u>256,270</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 366,951</b></u>	<u><b>\$ 854</b></u>	<u><b>\$ 367,805</b></u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 44,917	\$ -	\$ -	\$ 44,917
Municipal Income Tax	231,565	-	-	231,565
Intergovernmental	152,529	69,992	-	222,521
Charges for Services	946	-	-	946
Fines, Licenses, and Permits	10,828	-	-	10,828
Earnings on Investments	21,577	2,816	-	24,393
Miscellaneous	10,009	2,240	-	12,249
	<u>472,371</u>	<u>75,048</u>	<u>-</u>	<u>547,419</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	71,653	-	-	71,653
Public Health Service	1,200	-	-	1,200
Leisure Time Activities	27,448	-	-	27,448
Transportation	37,912	141,681	-	179,593
General Government	83,570	-	-	83,570
Debt Service:				
Redemption of Principal	-	8,436	65,118	73,554
Interest and Fiscal Charges	-	369	19,659	20,028
Capital Outlay	-	44,464	-	44,464
	<u>221,783</u>	<u>194,950</u>	<u>84,777</u>	<u>501,510</u>
<b>Total Cash Disbursements</b>				
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>250,588</u>	<u>(119,902)</u>	<u>(84,777)</u>	<u>45,909</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Note Proceeds	-	28,816	-	28,816
Transfer-In	-	53,830	84,777	138,607
Transfer-Out	(78,830)	-	-	(78,830)
	<u>(78,830)</u>	<u>82,646</u>	<u>84,777</u>	<u>88,593</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	171,758	(37,256)	-	134,502
Fund Cash Balances, January 1	151,476	93,836	-	245,312
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 323,234</u></u>	<u><u>\$ 56,580</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 379,814</u></u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 512,866	\$ -	\$ 512,866
Total Operating Revenues	<u>512,866</u>	<u>-</u>	<u>512,866</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	138,158	-	138,158
Fringe Benefits	31,197	-	31,197
Contractual Services	127,230	-	127,230
Supplies and Materials	104,837	-	104,837
Total Operating Cash Disbursements	<u>401,422</u>	<u>-</u>	<u>401,422</u>
Operating Income (Loss)	<u>111,444</u>	<u>-</u>	<u>111,444</u>
<b>Non-Operating Cash Receipts:</b>			
Loan Proceeds	65,053	-	65,053
Miscellaneous	22,754	-	22,754
Total Non-Operating Cash Receipts	<u>87,807</u>	<u>-</u>	<u>87,807</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	65,053	-	65,053
Debt Service:			
Redemption of Principal	19,625	-	19,625
Interest and Fiscal Charges	141	-	141
Total Nonoperating Expenses	<u>84,819</u>	<u>-</u>	<u>84,819</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	114,432	-	114,432
Transfer-In	25,000	-	25,000
Transfer-Out	<u>(84,777)</u>	<u>-</u>	<u>(84,777)</u>
Net Receipts Over/(Under) Cash Disbursements	54,655	-	54,655
Fund Cash Balances, January 1	<u>200,761</u>	<u>854</u>	<u>201,615</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 255,416</b></u>	<u><b>\$ 854</b></u>	<u><b>\$ 256,270</b></u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

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 general governmental services, including water and sewer utilities and park operations (leisure time activities). The Village contracts with the Fairfield County sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash

The Village has one demand deposit account and no investments.

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:

*General Fund:*

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

*Special Revenue Funds:*

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant special revenue funds:

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

*Debt Service Funds:*

These funds are used to accumulate resources to pay principal and interest on long-term debt. The Village has the following significant debt service funds.

Water and Sewer Debt Service Funds – These funds are used to account for resources the Village accumulates to pay debt related to water and sewer.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

*Proprietary Funds:*

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The Village's proprietary funds are classified as either enterprise or internal service. Enterprise funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The internal service fund accounts for the financing of services provided by one department to other departments on a cost reimbursement basis. The Village has the following significant proprietary 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.

E. Budgetary Process.

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are closed out, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
Continued**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 852,060	\$ 636,084

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 was as follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 352,500	\$ 554,098	\$ 201,598
Special Revenue	198,900	215,198	16,298
Debt Service	83,807	83,807	-
Enterprise	567,098	683,718	116,620
Total	\$ 1,202,305	\$ 1,536,821	\$ 334,516

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 550,480	\$ 451,795	\$ 98,685
Special Revenue	255,480	213,060	42,420
Debt Service	83,807	83,807	-
Enterprise	822,512	572,183	250,329
Total	\$ 1,712,279	\$ 1,320,845	\$ 391,434

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
Continued**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 488,851	\$ 472,371	\$ (16,480)
Special Revenue	204,800	157,694	(47,106)
Debt Service	84,777	84,777	-
Enterprise	628,700	625,673	(3,027)
Total	<u>\$ 1,407,128</u>	<u>\$ 1,340,515</u>	<u>\$ (66,613)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 514,211	\$ 300,613	\$ 213,598
Special Revenue	298,636	194,950	103,686
Debt Service	84,777	84,777	-
Enterprise	829,461	571,018	258,443
Total	<u>\$ 1,727,085</u>	<u>\$ 1,151,358</u>	<u>\$ 575,727</u>

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 43% of expenditures tested during 2008 and 80% of expenditures testing during 2007.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which Village Council adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half 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 on the property owners, who must file a list of such property to the County by April 30.

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



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
Continued**

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - 2000	\$ 89,258	0.00%
Ohio Public Works Commission Loan - 2006	82,075	0.00%
Ohio Water Development Authority Loan - 1987	169,988	9.78%
Ohio Water Development Authority Loan - 2006	46,840	4.75%
2008 Ford Truck	19,698	5.10%
2006 Backhoe	<u>38,967</u>	5.00%
Total	<u>\$ 446,826</u>	

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

The Ohio Water Development Authority (OWDA) loan for 2006 relates to water tower engineering. The loan is to be repaid in 5 years with the entire principal and interest amount due at maturity. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2008 Ford Truck was purchased in 2007 for the Street department for \$28,816. The loan will be repaid in quarterly payments of \$2,601, including interest, over three years.

The 2006 Backhoe was purchased in 2007 for the Sewer Department in the amount of \$65,053. The loan will be repaid in yearly payments of \$14,335, including interest, over 4 years with the first payment due at closing.

The Village paid off the 2004 Ford Truck that was originally issued in the amount of \$35,135.

The Village paid off the Clarifier design project that was refinanced through First Bremen Bank in the amount of \$30,000.

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**Continued**

5. DEBT (Continued)

Year Ending December 31:	OPWC Loan - 2000	OPWC Loan - 2006	OWDA Loan - 1987	OWDA Loan 2006	2008 Ford Truck	2006 Backhoe
2009	\$ 7,438	\$ 4,828	80,994	\$ -	\$ 7,804	\$ 14,335
2010	7,438	4,828	80,184	61,770	7,804	14,335
2011	7,438	4,828	40,092	-	5,202	14,335
2012	7,438	4,828	-	-	-	-
2013	7,438	4,828	-	-	-	-
Thereafter	52,068	57,935	-	-	-	-
Total	\$ 89,258	\$ 82,075	\$ 201,270	\$ 61,770	\$ 20,810	\$ 43,005

6. CAPITAL LEASES

During 2003, the Village entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The lease was paid off during 2008.

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 10% and 9.5%, respectively, of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries in 2008 and 13.85% in 2007. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
Continued**

8. RISK MANAGEMENT (Continued)

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 retained earnings at December 31, 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	(4,273,553)	(3,329,620)
Member's Equity	\$ 6,862,902	\$ 6,290,528

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

9. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors 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.

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 17, 2009

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

To the Village Council:

We have audited the financial statements of the **Village of Bremen, Fairfield County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 17, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-005.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2008-003 described above is a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matter that we must report under *Government Auditing Standard* which is described in the accompanying schedule of findings as item 2008-005.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-001**

**Significant Deficiency**

**Monitoring of Delinquent Income Tax Accounts**

Upon our review of the Village's Income Tax Department, we could find no evidence the Village monitors delinquent income tax accounts nor could we find a formal policy for the collection of delinquent income taxes due the Village. Council is responsible for monitoring income tax collections of the Village. They receive financial information from the Village Clerk at their monthly meetings, however, a list of delinquent income tax accounts is not provided. As a result of not reviewing and addressing delinquent accounts, the Village may be losing revenues due to them.

We recommend the Village Income Tax Director provide to Village Council a complete listing of all delinquent accounts at least quarterly. We also recommend the Village establish a formal policy detailing the procedures to be utilized for collecting on delinquent income tax accounts.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-002**

**Significant Deficiency**

**Monitoring of Utility Adjustments**

The Council was not presented with and did not review any adjustment reports relating to customer billing. This could result in an increased risk of the Village not receiving monies owed for water and sewer utilities. Also, inappropriate adjustments are more likely to occur without proper approval from the Council prior to an adjustment being made.

We recommend the Council review and approve bill adjustment reports on a quarterly basis.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-003**

**Significant Deficiency/Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-003 (Continued)**

**Accounting for Receipts and Expenditures (Continued)**

The Fiscal Officer did not accurately post all receipts and expenditures to the Village's accounting ledgers. The following posting errors were noted:

- Property Tax Rollback revenues were improperly posted to property and other local taxes rather than intergovernmental receipts.
- Debt payments were improperly posted to capital outlay rather than redemption of principal and interest and other fiscal charges.
- Note Proceeds and subsequent capital outlay were not properly recorded

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Clerk refer to the Village Handbook for guidance to determine the proper classification of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-004**

**Significant Deficiency**

**Posting Estimated Revenues and Appropriations**

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-005**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 43% and 80% of the expenditures tested during 2008 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-005 (Continued)**

**Ohio Revised Code § 5705.41(D) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Payroll Schedule – Annual Payment schedule for all employees	Yes	N/A
2006-002	Monitoring of Delinquent Income Tax – Village did not monitor a complete listing of all delinquent income tax accounts	No	Not Corrected, Repeated as part of finding 2008-001
2006-003	Income Tax Collection – Village did not verify all individuals required to pay income tax were paying.	Yes	N/A
2006-004	Delinquent Utility Accounts – Village did not monitor delinquent utility accounts	Yes	N/A
2006-005	Monitoring of Utility Adjustments – Council was not presented with an adjustment report	No	Not Corrected, Repeated as part of finding 2008-002
2006-006	Posting Revenues and Expenditures – Improper posting of receipts and expenditures	No	Not Corrected, Repeated as part of finding 2008-003
2006-007	Posting Estimated Revenues and Appropriations – Didn't post correct amounts to the Villages system	No	Not Corrected, Repeated as part of finding 2008-004
2006-008	ORC 5705.41(D) – Expenditures were improperly encumbered	No	Not Corrected, Repeated as part of finding 2008-005



Mary Taylor, CPA  
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  
JULY 14, 2009**