



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2010-2009**



**Dave Yost • Auditor of State**



VILLAGE OF BREMEN  
FAIRFIELD COUNTY

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# Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

August 17, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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, 2010 and 2009. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years 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, 2010 and 2009, 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 August 17, 2011, 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.



**Dave Yost**  
Auditor of State

August 17, 2011



**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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 48,152	\$ -	\$ 48,152
Municipal Income Tax	240,721	-	240,721
Intergovernmental	21,604	316,796	338,400
Fines, Licenses and Permits	8,255	-	8,255
Earnings on Investments	4,188	127	4,315
Miscellaneous	4,180	1,999	6,179
	<u>327,100</u>	<u>318,922</u>	<u>646,022</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	82,427	-	82,427
Leisure Time Activities	34,887	-	34,887
Transportation	17,500	169,784	187,284
General Government	204,156	-	204,156
Debt Service:			
Redemption of Principal	-	5,519	5,519
Interest and Fiscal Charges	-	117	117
Capital Outlay	70,400	244,578	314,978
	<u>409,370</u>	<u>419,998</u>	<u>829,368</u>
<b>Total Cash Disbursements</b>			
Total Receipts (Under) Disbursements	<u>(82,270)</u>	<u>(101,076)</u>	<u>(183,346)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Proceeds from Sale of Public Debt:			
Transfers-In	-	105,700	105,700
Transfers-Out	(125,700)	-	(125,700)
Other Financing Sources	325	-	325
	<u>(125,375)</u>	<u>105,700</u>	<u>(19,675)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(207,645)	4,624	(203,021)
Fund Cash Balances, January 1	<u>458,994</u>	<u>69,481</u>	<u>528,475</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 251,349</b></u>	<u><b>\$ 74,105</b></u>	<u><b>\$ 325,454</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 PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 706,605
Total Operating Cash Receipts	706,605
<b>Operating Cash Disbursements:</b>	
Personal Services	194,477
Employee Fringe Benefits	30,089
Contractual Services	142,412
Supplies and Materials	129,917
Other	308
Total Operating Cash Disbursements	497,203
Operating Income	209,402
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous Receipts	53
Total Non-Operating Cash Receipts	53
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	96,436
Interest and Other Fiscal Charges	7,444
Other Non-Operating Cash Disbursements	1,474
Total Non-Operating Cash Disbursements	105,354
Excess of Receipts Over Disbursements Before Interfund Transfers	104,101
Transfers-In	123,051
Transfers-Out	(103,051)
Net Receipts Over Disbursements	124,101
Fund Cash Balances, January 1	305,370
<b>Fund Cash Balances, December 31</b>	<b>\$ 429,471</b>

*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, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 32,294	\$ 3,108	\$ 35,402
Municipal Income Tax	276,064	-	276,064
Intergovernmental	36,127	72,196	108,323
Charges for Services	27	-	27
Fines, Licenses and Permits	8,221	-	8,221
Earnings on Investments	4,784	258	5,042
Miscellaneous	23,347	-	23,347
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	380,864	75,562	456,426
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	54,212	-	54,212
Leisure Time Activities	40,684	-	40,684
Transportation	600	156,494	157,094
General Government	128,284	-	128,284
Debt Service:			
Redemption of Principal	-	12,269	12,269
Interest and Fiscal Charges	-	737	737
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	223,780	169,500	393,280
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	157,084	(93,938)	63,146
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	-	103,847	103,847
Transfers-Out	(120,347)	-	(120,347)
Other Financing Uses	(3,280)	-	(3,280)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(123,627)	103,847	(19,780)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	33,457	9,909	43,366
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, ,Restated - See Note 11	425,537	59,572	485,109
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 458,994</u></b>	<b><u>\$ 69,481</u></b>	<b><u>\$ 528,475</u></b>

*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, 2009**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 620,099
Total Operating Cash Receipts	620,099
<b>Operating Cash Disbursements:</b>	
Personal Services	192,259
Employee Fringe Benefits	30,121
Contractual Services	148,812
Supplies and Materials	180,721
Other	23,375
Total Operating Cash Disbursements	575,288
Operating Income	44,811
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	20,751
Redemption of Principal	90,242
Interest and Other Fiscal Charges	11,899
Total Non-Operating Cash Disbursements	122,892
Excess of Receipts (Under) Disbursements Before Interfund Transfers	(78,081)
Transfers-In	118,641
Transfers-Out	(102,141)
Net Receipts (Under) Disbursements	(61,581)
Fund Cash Balances, January 1	366,951
<b>Fund Cash Balances, December 31</b>	<b>\$ 305,370</b>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bremen, Fairfield County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and park operations. 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 present all activities for which the Village is financially accountable.

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**G. 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.

**2. Equity in Pooled Deposits and Investments**

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

	2010	2009
Demand deposits	\$728,344	\$708,495
Certificates of deposit	26,581	125,350
Total deposits	\$754,925	\$833,845

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$782,281	\$327,425	(\$454,856)
Special Revenue	592,430	424,622	(167,808)
Enterprise	1,104,363	829,709	(274,654)
Total	\$2,479,074	\$1,581,756	(\$897,318)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$694,171	\$535,070	\$159,101
Special Revenue	447,340	419,998	27,342
Enterprise	1,019,825	705,608	314,217
Total	\$2,161,336	\$1,660,676	\$500,660

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity - (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$902,042	\$380,864	(\$521,178)
Special Revenue	271,071	179,409	(91,662)
Enterprise	1,065,612	738,740	(326,872)
Total	\$2,238,725	\$1,299,013	(\$939,712)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$620,233	\$347,407	\$272,826
Special Revenue	236,112	169,500	66,612
Enterprise	880,377	800,321	80,056
Total	\$1,736,722	\$1,317,228	\$419,494

**4. Property Tax**

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

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

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

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

**5. Local Income Tax**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - 2000	\$74,382	0.00%
Ohio Public Works Commission Loan - 2006	72,419	0.00%
Ohio Water Development Authority Loan - 1987	36,522	9.78%
Ohio Water Development Authority Loan - 2006	50,375	4.75%
2006 Backhoe Loan	13,460	5.00%
Total	<u><u>\$100,357</u></u>	

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

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

The 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 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 2008 Ford Truck, purchased in 2007, was paid off as of December 31, 2010.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Debt – (Continued)**

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

Year ending December 31:	OPWC 2000	OPWC 2006	OWDA 1987	OWDA 2006	2006 Backhoe
2011	7,438	\$4,828	\$39,094	\$61,770	\$14,336
2012	7,438	4,828	0	0	0
2013	7,438	4,828	0	0	0
2014	7,438	4,828	0	0	0
2015	7,438	4,828	0	0	0
2016-2020	37,192	24,140	0	0	0
2021-2025	0	24,140	0	0	0
Total	<u>\$74,382</u>	<u>\$72,419</u>	<u>\$39,094</u>	<u>\$61,770</u>	<u>\$14,336</u>

**7. Retirement Systems**

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**8. Risk Management**

**Risk Pool Membership**

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. Risk Management - (Continued)**

**Risk Pool Membership - (Continued)**

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009, and include amounts for both OPRM and OPHC:.

	<b>2010</b>		<b>2009</b>	
	<b>OPRM</b>	<b>OPHC</b>	<b>OPRM</b>	<b>OPHC</b>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

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

**9. Jointly Governed Organizations**

*Fairfield Regional Planning Commission:* The Village appoints a member of Council to represent the Village on the 47 member board of the Fairfield Regional Planning Commission. 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.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**10. Subsequent Events**

The Village was awarded a grant in the amount of \$350,000 in February, 2011, for a storm sewer project in the Village.

**11. Restatement**

The Revolving funds were improperly reported in the Internal Service Fund in the 2008 financial statements. The activity for the Revolving funds should have been reported in the Special Revenue Fund.

Properly reporting this activity had the following effect on cash balances on January 1, 2009:

	Special Revenue Fund	Internal Service Fund
Cash fund balance as of January 1, 2009	\$ 58,718	\$ 854
Restatement to properly report Revolving funds	\$ 854	\$ (854)
Restated cash fund balance as of January 1, 2009	\$ 59,572	\$ -



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of Village of Bremen, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated August 17, 2011, 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 also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 17, 2011.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

August 17, 2011

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-01**

**Material Weakness**

**Financial Statement Adjustments**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system.

The following posting errors were noted for the year ended December 31, 2010:

- Intergovernmental receipts were understated and capital outlay disbursements were understated \$201,203 in the Special Revenue fund due to an Ohio Department of Transportation (ODOT) project not being recorded,
- Intergovernmental receipts were understated and capital outlay disbursements were understated \$38,700 in the Special Revenue fund due to an Community Development Block Grant (CDBG) project not being recorded,
- Transfers out were overstated and principal and interest disbursements were understated \$5,636 in the Special Revenue fund, and
- Other financing sources were overstated and transportation disbursements were understated \$9,464 in the Special Revenue fund,
- Transfers out were overstated and capital outlay disbursements were understated \$70,400 in the General fund,
- Other financing uses were overstated and security of persons and property disbursements and general government disbursements were understated \$72,206 in the General fund, and
- The Village classified the Sewer Debt Service and Water Debt Service funds as a Debt Service fund instead of an Enterprise fund to account for debt retirement. The Sewer Debt Service, Street Debt and Water Debt Service funds activity was adjusted from the Debt Service fund type to the Enterprise fund type (\$103,051 Transfers-in, \$103,880 Expenditures, \$829 Fund Cash Balance).

The following posting errors were noted for the year ended December 31, 2009:

- Capital outlay and general government disbursements were overstated and principal and interest disbursements were understated \$13,006 in the Special Revenue fund, and
- The Village classified the Sewer Debt Service and Water Debt Service funds as a Debt Service fund instead of an Enterprise fund to account for debt retirement. The Sewer Debt Service, Street Debt and Water Debt Service funds activity was adjusted from the Debt Service fund type to the Enterprise fund type (\$102,141 Transfers-in, \$102,141 Expenditures).

Not posting receipts and disbursements accurately to the ledgers resulted in materially misstated financial statements requiring numerous audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-01 (Continued)**

**Material Weakness (Continued)**

**Financial Statement Adjustments (Continued)**

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year. In addition, the Village should establish financial recording and reporting control procedures, including review of the ledgers and financial reports by management or council.

The Village's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect the proper line item and fund classification.

We did not receive Official responses to the findings reported above.



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Monitoring of Delinquent Income Tax Accounts	Yes	
2008-002	Monitoring of Utility Adjustments	Yes	
2008-003	Accounting for Receipts and Expenditures	No	Re-issued as Finding Number 2010-01
2008-004	Posting Estimated Revenues and Appropriations	Yes	
2008-005	Ohio Revised Code 5705.41(D)	No	Partially corrected, reissued in management letter

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# Dave Yost • Auditor of State

VILLAGE OF BREMEN

FAIRFIELD COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 18, 2011