



Dave Yost • Auditor of State



VILLAGE OF BREMEN  
FAIRFIELD COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Bremen, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bremen, Fairfield County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Village of Bremen adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 3, 2013

**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, 2012**

	<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	\$ 43,534	\$ -	\$ 43,534
Municipal Income Tax	393,381	-	393,381
Intergovernmental	23,591	112,551	136,142
Charges for Services	47	-	47
Fines, Licenses and Permits	8,577	-	8,577
Earnings on Investments	712	9	721
Miscellaneous	16,669	252	16,921
	<u>486,511</u>	<u>112,812</u>	<u>599,323</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	77,791	-	77,791
Leisure Time Activities	30,403	-	30,403
Community Environment	3,617	-	3,617
Transportation	35,044	139,266	174,310
General Government	122,546	-	122,546
Capital Outlay	-	50,373	50,373
	<u>269,401</u>	<u>189,639</u>	<u>459,040</u>
Total Receipts (Under) Disbursements	<u>217,110</u>	<u>(76,827)</u>	<u>140,283</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	-	84,471	84,471
Transfers-Out	(103,000)	(6,471)	(109,471)
	<u>(103,000)</u>	<u>78,000</u>	<u>(25,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(103,000)</u>	<u>78,000</u>	<u>(25,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	114,110	1,173	115,283
Fund Cash Balances, January 1	<u>173,459</u>	<u>74,147</u>	<u>247,606</u>
<b>Fund Cash Balance, December 31</b>			
Restricted	-	75,320	75,320
Unassigned	287,569	-	287,569
	<u>287,569</u>	<u>75,320</u>	<u>362,889</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 287,569</u>	<u>\$ 75,320</u>	<u>\$ 362,889</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, 2012**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 540,292
Miscellaneous	755
	541,047
Total Operating Cash Receipts	541,047
<b>Operating Cash Disbursements:</b>	
Personal Services	209,735
Employee Fringe Benefits	33,286
Contractual Services	160,583
Supplies and Materials	237,575
Other	315
	641,494
Total Operating Cash Disbursements	641,494
Operating Loss	(100,447)
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	83,494
Redemption of Principal	12,266
	95,760
Total Non-Operating Cash Disbursements	95,760
Excess of Receipts Over Disbursements Before Interfund Transfers	(196,207)
Transfers-In	25,000
Net Receipts Over Disbursements	(171,207)
Fund Cash Balances, January 1	172,222
Fund Cash Balances, December 31	\$ 1,015

*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, 2011**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 42,772	\$ -	\$ 42,772
Municipal Income Tax	222,236	-	222,236
Intergovernmental	49,696	72,753	122,449
Charges for Services	174	-	174
Fines, Licenses and Permits	10,183	-	10,183
Earnings on Investments	1,376	137	1,513
Miscellaneous	4,575	253	4,828
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	331,012	73,143	404,155
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	94,054	-	94,054
Leisure Time Activities	35,851	-	35,851
Community Environment	517	-	517
Transportation	53,713	148,067	201,780
General Government	126,267	-	126,267
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	310,402	148,067	458,469
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	20,610	(74,924)	(54,314)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	-	75,000	75,000
Transfers-Out	(98,500)	-	(98,500)
Other Financing Uses	-	(34)	(34)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(98,500)	74,966	(23,534)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(77,890)	42	(77,848)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	251,349	74,105	325,454
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balance, December 31</b>			
Restricted	-	74,147	74,147
Unassigned	173,459	-	173,459
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balance, December 31</i>	<u>\$ 173,459</u>	<u>\$ 74,147</u>	<u>\$ 247,606</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, 2011**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 553,580
Total Operating Cash Receipts	553,580
<b>Operating Cash Disbursements:</b>	
Personal Services	201,892
Employee Fringe Benefits	31,440
Contractual Services	147,448
Supplies and Materials	168,553
Total Operating Cash Disbursements	549,333
Operating Income	4,247
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	302,409
Total Non-Operating Cash Receipts	302,409
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	471,268
Redemption of Principal	112,795
Interest and Other Fiscal Charges	3,276
Other Non-Operating Cash Disbursements	66
Total Non-Operating Cash Disbursements	587,405
Excess of Receipts (Under) Disbursements Before Interfund Transfers	(280,749)
Transfers-In	23,500
Net Receipts (Under) Disbursements	(257,249)
Fund Cash Balances, January 1	429,471
Fund Cash Balances, December 31	\$ 172,222

*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, 2012 AND 2011**

**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. Fire protection services are provided by Rushcreek Township.

The Village participates in one jointly governed organization and the Ohio Plan Risk Management public entity risk pool. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

*Fairfield Regional Planning Commission:* The Village appoints a member of Council to represent the Village on the 48 member board of the Fairfield Regional Planning Commission.

Public Entity Risk Pool:

*Ohio Plan Risk Management (OPRM):* The Village participates in Ohio Plan Risk Management, which provides cost-effective, quality healthcare benefit options for employees and their families and offers group medical, prescription drug, dental and vision plans. The program was designed for rate stability and cost savings achieved through the strength of the collective membership of the Ohio Plan.

The Village'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.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**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.

**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.

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	<u>\$363,904</u>	<u>\$419,828</u>
Total deposits	<u>363,904</u>	<u>419,828</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$500,859	\$486,511	(\$14,348)
Special Revenue	227,632	197,283	(30,349)
Enterprise	810,316	566,047	(244,269)
Total	\$1,538,807	\$1,249,841	(\$288,966)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$500,859	\$372,401	\$128,458
Special Revenue	227,632	196,110	31,522
Enterprise	810,315	737,254	73,061
Total	\$1,538,806	\$1,305,765	\$233,041

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$581,886	\$331,012	(\$250,874)
Special Revenue	233,191	148,143	(85,048)
Capital Projects	350,000	0	(350,000)
Enterprise	1,222,963	879,489	(343,474)
Total	\$2,388,040	\$1,358,644	(\$1,029,396)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$581,780	\$408,902	\$172,878
Special Revenue	226,720	148,101	78,619
Enterprise	1,219,463	1,136,738	82,725
Total	\$2,027,963	\$1,693,741	\$334,222

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**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 one 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.

**6. Debt**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - 2000	\$59,506	0%
Ohio Public Works Commission Loan - 2006	\$62,763	0%
Total	<u>\$122,269</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.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	<u>OPWC 2000</u>	<u>OPWC 2006</u>
2013	\$7,438	\$4,828
2014	7,438	4,828
2015	7,438	4,828
2016	7,438	4,828
2017	7,438	4,828
2018-2022	22,316	24,140
2023-2025	0	14,483
Total	<u>\$59,506</u>	<u>\$62,763</u>

**7. Retirement Systems**

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

**8. Risk Management**

**Risk Pool Membership**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

8. Risk Management (Continued)

Risk Pool Membership (Continued)

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: 2011 and 2010 (the latest information available).

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	\$7,172,519	\$7,191,485

You can read the complete audited financial statements for OPRM 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 48 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village. In 2012, the Village's membership amount was \$356. There is no ongoing financial responsibility by the Village.



# Dave Yost • Auditor of State

## 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  
Bremen, Ohio 43107

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Bremen, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2013, wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. We also noted during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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 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 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 2012-01 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, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 3, 2013

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2012-01**

**Material Weakness**

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

The Clerk-Treasurer did not always accurately post receipts and disbursements to the Village's accounting system.

The following posting error was noted for the year ended December 31, 2012:

- The Village recorded grant monies received from OPWC totaling \$37,924 as FEMA monies.

The following posting errors were noted for the year ended December 31, 2011:

- The Village remitted an extra payment to OWDA in the amount of \$39,094, when the money was returned to the Village it was posted as charges for services in the Sewer Operating Fund.
- 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 and Water Debt Service funds activity was adjusted from the Debt Service fund type to the Enterprise fund type (\$104,149 Transfers-in, \$101,735 Expenditures, and \$2,414 Fund Cash Balance).

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.

We recommend the Village's Clerk-Treasurer 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.

**Official's Response:** No official response was received.

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011

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>
2010-01	Financial Statement Adjustments	No	Not Corrected; Re-issued as Finding 2012-01



# 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  
AUGUST 8, 2013**