



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF BREMEN  
FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013  
Fiscal Years Audited Under GAGAS: 2014 and 2013

**Village of Bremen**  
**Fairfield County, Ohio**  
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*For the Fiscal Years Ended December 31, 2014 and 2013*

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

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

To the Village Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Bremen, Fairfield County, (the Village), as of and for the years ended December 31, 2014 and 2013.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cashflows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bremen, Fairfield County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the Village's internal control over financial reporting and on 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 Standard* in considering the Village's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
March 31, 2016

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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	\$ 44,797	\$ -	\$ 44,797
Municipal Income Tax	256,314	-	256,314
Intergovernmental	10,609	71,761	82,370
Fines, Licenses, and Permits	7,994	-	7,994
Earnings on Investments	505	109	614
Miscellaneous	11,267	622	11,889
	<u>331,486</u>	<u>72,492</u>	<u>403,978</u>
<b>Total Cash Receipts</b>			
	<u>331,486</u>	<u>72,492</u>	<u>403,978</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	83,529	-	83,529
Leisure Time Activities	55,824	-	55,824
Community Environment	5,425	-	5,425
Transportation	49,000	161,753	210,753
General Government	111,109	-	111,109
	<u>304,887</u>	<u>161,753</u>	<u>466,640</u>
<b>Total Cash Disbursements</b>			
	<u>304,887</u>	<u>161,753</u>	<u>466,640</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	26,599	(89,261)	(62,662)
<b>Other Financing Receipts (Disbursements):</b>			
Transfers-In	-	95,000	95,000
Transfers-Out	(128,000)	-	(128,000)
	<u>(128,000)</u>	<u>95,000</u>	<u>(33,000)</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
	<u>(128,000)</u>	<u>95,000</u>	<u>(33,000)</u>
<i>Net Change in Fund Cash Balances</i>	(101,401)	5,739	(95,662)
Fund Cash Balances, January 1	274,706	97,561	372,267
Restricted	-	103,300	103,300
Unassigned	173,305	-	173,305
	<u>173,305</u>	<u>103,300</u>	<u>276,605</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 173,305</u>	<u>\$ 103,300</u>	<u>\$ 276,605</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 593,849
 Total Operating Cash Receipts	 593,849
<b>Operating Cash Disbursements</b>	
Personal services	204,393
Fringe benefits	50,666
Contractual services	157,522
Supplies and Materials	160,027
Other	1,641
 Total Operating Cash Disbursements	 <u>574,249</u>
<i>Operating Income (Loss)</i>	<i>19,600</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Debt Service:	
Principal	(12,266)
Other Non-operating Receipts	14,765
 Total Non-Operating Receipts (Disbursements)	 <u>2,499</u>
<i>Income (Loss) Before Transfers</i>	<i>22,099</i>
<b>Transfers</b>	
Transfers-In	33,000
 Total Transfers	 <u>33,000</u>
<i>Net Change in Fund Cash Balances</i>	<i>55,099</i>
Fund Cash Balances, January 1	69,386
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 124,485</u></b>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 37,398	\$ -	\$ 37,398
Municipal Income Tax	392,495	-	392,495
Intergovernmental	16,187	77,757	93,944
Fines, Licenses, and Permits	8,085	-	8,085
Earnings on Investments	589	52	641
Miscellaneous	10,885	603	11,488
	<u>465,639</u>	<u>78,412</u>	<u>544,051</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	80,298	-	80,298
Leisure Time Activities	48,878	-	48,878
Community Environment	4,113	-	4,113
Transportation	22,115	135,013	157,128
General Government	138,102	-	138,102
Capital Outlay	-	24,356	24,356
	<u>293,506</u>	<u>159,369</u>	<u>452,875</u>
<b>Total Cash Disbursements</b>			
<i>Excess of Receipts Over (Under) Disbursements</i>	172,133	(80,957)	91,176
<b>Other Financing Receipts (Disbursements):</b>			
Transfers-In	-	110,000	110,000
Transfers-Out	(194,094)	-	(194,094)
	<u>(194,094)</u>	<u>110,000</u>	<u>(84,094)</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
<i>Net Change in Fund Cash Balances</i>	(21,961)	29,043	7,082
Fund Cash Balances, January 1, as restated	<u>296,667</u>	<u>68,518</u>	<u>365,185</u>
Restricted	-	97,561	97,561
Unassigned	274,706	-	274,706
	<u>274,706</u>	<u>97,561</u>	<u>372,267</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 274,706</u>	<u>\$ 97,561</u>	<u>\$ 372,267</u>

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	541,227
Total Operating Cash Receipts	541,227
<b>Operating Cash Disbursements</b>	
Personal services	205,298
Fringe benefits	31,202
Contractual services	142,302
Supplies and Materials	169,087
Other	1,172
Total Operating Cash Disbursements	549,061
<i>Operating Income (Loss)</i>	(7,834)
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(3,135)
Debt Service:	
Principal	(12,266)
Other Non-operating Receipts	7,512
Total Non-Operating Receipts (Disbursements)	(7,889)
<i>Income (Loss) Before Transfers and Advances</i>	(15,723)
<b>Transfers and Advances</b>	
Transfers-In	84,094
Total Transfers and Advances	84,094
<i>Net Change in Fund Cash Balances</i>	68,371
Fund Cash Balances, January 1	1,015
<b>Fund Cash Balances, December 31</b>	<b>\$ 69,386</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, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bremen, Fairfield County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, waste removal services, park operations (leisure time activities). The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. Fire protection services are provided by Rushcreek Township.

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

Jointly Governed Organizations:

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

Public Entity Risk Pool:

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

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting**

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

**1. General Fund:**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds:**

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

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

**3. Enterprise Funds:**

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

*Water Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

VILLAGE OF BREMEN  
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

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

A summary of 2014 and 2013 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, 2014 AND 2013**

**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**

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

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$401,090</u>	<u>\$441,653</u>
Total deposits:	<u>\$401,090</u>	<u>\$441,653</u>

**Deposits:**

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

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and December 31, 2013, was as follows:

**2014 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$388,200	\$331,486	\$56,714
Special Revenue	193,400	72,492	120,908
Enterprise	<u>555,271</u>	<u>593,849</u>	<u>(\$38,578)</u>
Total	<u>\$1,136,871</u>	<u>\$997,827</u>	<u>\$139,044</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$575,774	\$304,887	\$270,887
Special Revenue	227,047	161,753	65,294
Enterprise	<u>629,470</u>	<u>574,249</u>	<u>55,221</u>
Total	<u>\$1,432,291</u>	<u>\$1,040,889</u>	<u>\$391,402</u>

**2013 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$461,162	\$465,639	(\$4,477)
Special Revenue	191,500	78,412	113,088
Enterprise	<u>608,254</u>	<u>541,227</u>	<u>67,027</u>
Total	<u>\$1,260,916</u>	<u>\$1,085,284</u>	<u>\$175,638</u>

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. BUDGETARY ACTIVITY (Continued)**

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$601,340	\$293,506	\$307,834
Special Revenue	266,025	159,369	106,656
Enterprise	<u>596,107</u>	<u>549,061</u>	<u>47,046</u>
Total	<u>\$1,423,472</u>	<u>\$1,001,936</u>	<u>\$461,536</u>

**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, 2014 AND 2013**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan 2000	\$44,628	0%
Ohio Public Works Commission Loan 2006	53,108	0%
Total	\$97,736	

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

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

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

	OPWC 2000	OPWC 2006
Year Ending December 31:		
2015	\$7,438	\$4,828
2016	7,438	4,828
2017	7,438	4,828
2018	7,438	4,828
2019	7,438	4,828
2020-2024	7,438	24,140
2025-2025	0	4,828
Totals	\$44,628	\$53,108

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**8. RISK MANAGEMENT**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	2013	2014
Assets	<u>\$13,774,304</u>	<u>\$14,830,185</u>
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members'		
Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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



**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the governmental funds are presented below:

2014 Fund Balances	General	Special Revenue	Total Governmental Funds
<b>Restricted for</b>			
Bridge & Street	\$ -	\$ 28,464	\$ 28,464
Parks	-	2,286	2,286
Public Safety	-	4,997	4,997
Permissive Tax	-	67,553	67,553
Total Restricted	-	103,300	103,300
<b>Unassigned (Deficit)</b>	173,305	-	173,305
Total Fund Balances	\$ 173,305	\$ 103,300	\$ 276,605

2013 Fund Balances	General	Special Revenue	Total Governmental Funds
<b>Restricted for</b>			
Bridge & Street	\$ -	\$ 28,837	\$ 28,837
Public Safety	-	4,997	4,997
Permissive Tax	-	63,727	63,727
Total Restricted	-	97,561	97,561
<b>Unassigned (Deficit)</b>	274,706	-	274,706
Total Fund Balances	\$ 274,706	\$ 97,561	\$ 372,267

**VILLAGE OF BREMEN  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**11. INTERFUND ACTIVITY**

Transfers were made during 2014 from the General fund of \$95,000 to the Special Revenue funds and \$33,000 to the Enterprise funds. In 2013 transfers were made from the General fund to the Special Revenue Funds of 110,000 and to the Enterprise funds of \$84,094. All transfers were made to meet ongoing obligations of the Village funds. These transfers were approved by Village Council and made in accordance with the Ohio Revised Code.

**12. RESTATEMENT OF FUND BALANCES**

The Village's financial statements in the governmental funds as of December 31, 2012 as previously presented contained errors due to mispostings of the Village and old reconciling items being carried on the bank reconciliation. The beginning balances of the aforementioned funds were restated at January 1, 2013 as shown below:

General Fund as reported previously	\$287,569
Adjustments	<u>9,098</u>
General Fund balance as restated	<u>\$296,667</u>
Special Revenue funds as reported previously	\$ 75,320
Adjustments	<u>-6,802</u>
Special Revenue funds as restated	<u>\$ 68,518</u>



## 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 the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Bremen, Fairfield County, (the Village) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated March 31, 2016, wherein we noted the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-001 and 2014-002 to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing*.

### **Entity's Response to Findings**

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

### **Purpose of this Report**

This report only describes the scope of our internal control testing 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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.

Piketon, Ohio

March 31, 2016

**Village of Bremen  
Fairfield County  
Schedule of Findings  
December 31, 2014 and 2013**

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

<b>FINDING NUMBER</b>	<b>2014-001</b>
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**MATERIAL WEAKNESS**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax revenues,
- Intergovernmental revenues,
- Charges for Services revenues,
- Fines, License and Permits revenues,
- Miscellaneous revenues,
- Debt Payments

All of the above noted adjustments have been posted to the financial statements and to the Village's UAN accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Client Response:** The Fiscal Officer will be more aware of proper posting of revenues and expenditures.

**Village of Bremen  
Fairfield County  
Schedule of Findings (Continued)  
December 31, 2014 and 2013**

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

<b>FINDING NUMBER</b>	<b>2014-002</b>
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**MATERIAL WEAKNESS**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. The bank reconciliation did not correctly detail the Village's bank balance throughout 2013 and 2014. Furthermore, adjustments to the amount of outstanding checks as of December 31, 2014 were required. The lack of proper reconciliations among the bank statements, cashbook and ledgers could result in numerous errors.

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

Management's Response – The Village has addressed all of the above issues by hiring a consultant to assist in the bank reconciliations.

**Village of Bremen  
Fairfield County  
Schedule of Prior Audit Findings  
December 31, 2014 and 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-01	Material Weakness for Audit Adjustments	No	Reissued as 2014-001