

**VILLAGE OF NEW BREMEN**

DAYTON REGION, AUGLAIZE COUNTY, OHIO

**REGULAR AUDIT**

FOR THE YEAR ENDED DECEMBER 31, 2007





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of New Bremen  
214 N. Washington  
P.O. Box 27  
New Bremen, Ohio 45869

We have reviewed the *Independent Auditor's Report* of the Village of New Bremen, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Bremen is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 26, 2009



**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC**  
**6105 North Dixie Drive**  
**Dayton, Ohio 45414**

**INDEPENDENT AUDITORS' REPORT**

Members of Council  
Village of New Bremen  
Auglaize County  
Post Office Box 27  
New Bremen, Ohio 45869

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio, (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair funds thereof and for the year then ended in conformity with the basis of accounting Note 2 describes.

Village of New Bremen  
Auglaize County  
Independent Auditor's Report  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC  
Dayton, Ohio

May 29, 2009

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## VILLAGE OF NEW BREMEN, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 UNAUDITED

The management's discussion and analysis of the Village of New Bremen's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

#### **Financial Highlights**

Key financial highlights for 2007 are as follows:

- The total net cash assets of the Village increased \$566,158. Net cash assets of governmental activities increased \$344,287, which represents a 16.28% increase from fiscal year 2006. Net cash assets of business-type activities increased \$221,871 or 11.31% from fiscal year 2006.
- General cash receipts accounted for \$3,354,893 or 93.15% of total governmental activities cash receipts. Program specific cash receipts accounted for \$246,723 or 6.85% of total governmental activities cash receipts.
- The Village had \$3,082,329 in cash disbursements related to governmental activities; \$246,723 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,354,893 were adequate to provide for these programs.
- The Village's major governmental funds are the general fund and the street construction fund. The general fund had cash receipts and other financing receipts of \$3,316,823 in 2007. The cash disbursements and other financing disbursements of the general fund, totaled \$2,909,724 in 2007. The general fund's cash balance increased \$407,099 from 2006 to 2007.
- The street construction fund had cash receipts and other financing receipts of \$387,533 in 2007. The street construction fund had cash disbursements of \$404,652 in 2007. The street construction fund cash balance decreased \$17,119 from 2006 to 2007.
- The Villages major business-type activities fund is the electric fund. Net cash assets for the electric enterprise fund increased in 2007 by \$158,662 or 9.56%.

#### **Using this Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting.

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Village, presenting both an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are two major governmental funds.

## VILLAGE OF NEW BREMEN, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 UNAUDITED

#### **Reporting the Village as a Whole**

##### *Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2007?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, income tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis, the Village is divided into two distinct kinds of activities. Governmental Activities - Most of the Village's programs and services are reported here including security of person and property, public health services, leisure time activities, transportation and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's electric, water, sewer, swimming pool, refuse, utility and library enterprise funds are reported as business activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 14-15 of this report.

#### **Reporting the Village's Most Significant Funds**

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund and Street Construction Fund. The analysis of the Village's major governmental funds begins on page 10.

**VILLAGE OF NEW BREMEN, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

***Governmental Funds***

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and the Street Construction Fund are presented to demonstrate the Village's compliance with annually adopted budgets.

***Proprietary Funds***

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its electric, water, sewer, swimming pool, refuse, utility and library operations.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund. Only the cash held at year end for the agency funds are reported. There was no cash balance in the agency fund at year-end.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**VILLAGE OF NEW BREMEN, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED

**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the Village as a whole.

The table below provides a summary of the Village's net cash assets for 2007 and 2006.

	Net Cash Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2007	2007	2006	2006	2007	2006
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 2,459,584	\$ 2,182,958	\$ 2,115,297	\$ 1,961,087	\$ 4,642,542	\$ 4,076,384
Total assets	2,459,584	2,182,958	2,115,297	1,961,087	4,642,542	4,076,384
<u>Net cash assets</u>						
Restricted	194,852	-	1,953,630	-	194,852	1,953,630
Unrestricted	2,264,732	2,182,958	161,667	1,961,087	4,447,690	2,122,754
Total net cash assets	\$ 2,459,584	\$ 2,182,958	\$ 2,115,297	\$ 1,961,087	\$ 4,642,542	\$ 4,076,384

The total net cash assets of the Village increased \$566,158. Net cash assets of governmental activities increased \$344,287, which represents a 16.28% increase from fiscal year 2006. Net cash assets of business-type activities increased \$221,871 or 11.31% from fiscal year 2006.

The balance of government-wide unrestricted net cash assets of \$2,264,732 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF NEW BREMEN, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

**Change in Net Cash Assets**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 76,115	\$ 97,550	\$ 4,817,270	\$ 4,625,539	\$ 4,893,385	\$ 4,723,089
Operating grants and contributions	<u>170,608</u>	<u>199,070</u>	<u>-</u>	<u>-</u>	<u>170,608</u>	<u>199,070</u>
Total program cash receipts	<u>246,723</u>	<u>296,620</u>	<u>4,817,270</u>	<u>4,625,539</u>	<u>5,063,993</u>	<u>4,922,159</u>
General cash receipts:						
Property and other taxes	282,094	259,284	-	-	282,094	259,284
Income tax	2,406,775	2,175,522	-	-	2,406,775	2,175,522
Other local tax	-	-	246,934	236,673	246,934	-
Unrestricted grants	453,161	497,496	-	-	453,161	497,496
Investment earnings	160,064	160,544	-	-	160,064	160,544
Other	<u>52,799</u>	<u>28,282</u>	<u>-</u>	<u>-</u>	<u>52,799</u>	<u>28,282</u>
Total general cash receipts	<u>3,354,893</u>	<u>3,121,128</u>	<u>246,934</u>	<u>236,673</u>	<u>3,601,827</u>	<u>3,357,801</u>
Total cash receipts	<u>3,601,616</u>	<u>3,417,748</u>	<u>5,064,204</u>	<u>4,862,212</u>	<u>8,665,820</u>	<u>8,279,960</u>
<b>Cash Disbursements:</b>						
Current:						
General government	378,535	361,814	-	-	378,535	361,814
Security of persons and property	783,526	808,299	-	-	783,526	808,299
Public health services	15,308	15,312	-	-	15,308	15,312
Leisure time activities	242,755	251,740	-	-	242,755	251,740
Transportation	587,160	509,489	-	-	587,160	509,489
Capital outlay	1,075,045	1,089,635	-	-	1,075,045	1,089,635
Electric	-	-	4,314,607	4,290,049	4,314,607	4,290,049
Other enterprise funds:						
Water	-	-	277,216	250,148	277,216	250,148
Sewer	-	-	157,608	164,435	157,608	164,435
Swimming pool	-	-	131,021	137,477	131,021	137,477
Refuse	-	-	111,617	116,752	111,617	116,752
Utility	-	-	17,570	16,131	17,570	16,131
Library	<u>-</u>	<u>-</u>	<u>7,694</u>	<u>833</u>	<u>7,694</u>	<u>833</u>
Total cash disbursements	<u>3,082,329</u>	<u>3,036,289</u>	<u>5,017,333</u>	<u>4,975,825</u>	<u>8,099,662</u>	<u>8,012,114</u>
Change in net assets before transfers	519,287	381,459	46,871	(113,613)	566,158	267,846
Transfers	<u>(175,000)</u>	<u>(200,000)</u>	<u>175,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Change in net cash assets	344,287	181,459	221,871	86,387	566,158	267,846
Net cash assets at beginning of year	<u>2,115,297</u>	<u>1,933,838</u>	<u>1,961,087</u>	<u>1,874,700</u>	<u>4,076,384</u>	<u>3,808,538</u>
Net cash assets at end of year	<u>\$ 2,459,584</u>	<u>\$ 2,115,297</u>	<u>\$ 2,182,958</u>	<u>\$ 1,961,087</u>	<u>\$ 4,642,542</u>	<u>\$ 4,076,384</u>

**VILLAGE OF NEW BREMEN, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

**Governmental Activities**

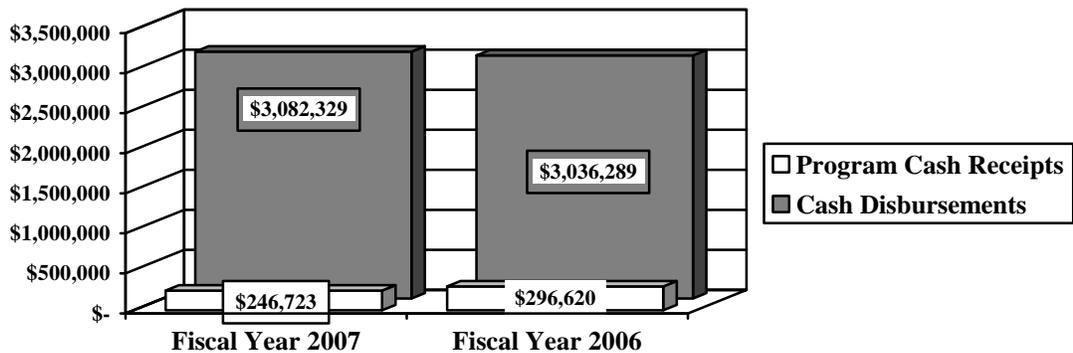
Governmental cash assets increased by \$344,287 in 2007 from 2006.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2007, general government cash disbursements totaled \$378,535, or 12.28% of total governmental cash disbursements. General government programs were supported by \$13,351 in direct charges to users for services.

The Village program, security of person and property, accounted for \$783,526 or 25.42% of total governmental cash disbursements. These service programs are primarily supported by user fees, and state and federal grants. The Village program, transportation, accounted for \$587,160 or 19.05% of total governmental cash disbursements. The transportation service programs are primarily supported by user fees, and state and federal grants.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements**



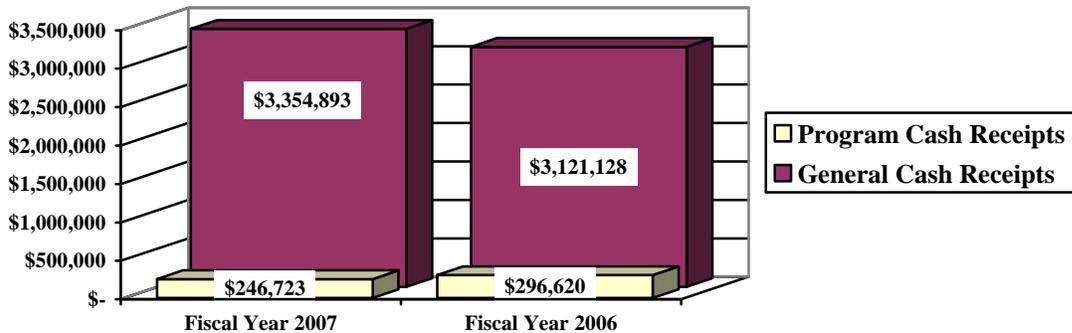
**VILLAGE OF NEW BREMEN, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Cash disbursements:				
Current:				
General government	\$ 378,535	\$ 365,184	\$ 361,814	\$ 346,191
Security of persons and property	783,526	746,595	808,299	758,228
Public health services	15,308	15,308	15,312	15,312
Leisure time activities	242,755	229,216	251,740	207,258
Transportation	587,160	404,258	509,489	323,045
Capital outlay	<u>1,075,045</u>	<u>1,075,045</u>	<u>1,089,635</u>	<u>1,089,635</u>
Total	<u>\$ 3,082,329</u>	<u>\$ 2,835,606</u>	<u>\$ 3,036,289</u>	<u>\$ 2,739,669</u>

The dependence upon general cash receipts for governmental activities is apparent; with 92% of cash disbursements supported through taxes and other general cash receipts during 2007.

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The electric fund is the Village's major enterprise fund. This program had cash receipts of \$4,373,269, cash disbursements of \$4,314,607, and transfers in of \$100,000 for fiscal year 2007. The net cash assets of the programs increased \$158,662 or 9.56% from 2006.

**Financial Analysis of the Government's Funds**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**VILLAGE OF NEW BREMEN, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED

***Governmental Funds***

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$2,459,584, which is \$344,287 above last year's total of \$2,115,297. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and December 31, 2006, for all major and non-major governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,264,732	\$ 1,857,633	\$ 407,099
Street Construction	34,547	51,666	(17,119)
Other Nonmajor Governmental Funds	<u>160,305</u>	<u>205,998</u>	<u>(45,693)</u>
Total	<u>\$ 2,459,584</u>	<u>\$ 2,115,297</u>	<u>\$ 344,287</u>

***General Fund***

The general fund, the Village's largest major fund, had cash receipts and other receipts of \$3,316,823 in 2007. The cash disbursements and other financing disbursements of the general fund, totaled \$2,909,724 in 2007. The general fund's cash balance increased \$407,099 from 2006 to 2007.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Local taxes	\$ 2,588,792	\$ 2,341,527	10.56 %
Intergovernmental	444,065	490,914	(9.54) %
Special assessments	25,833	39,889	(35.24) %
Charges for services	36,931	41,828	(11.71) %
Fines, licenses and permits	11,947	13,517	(11.62) %
Investment income	160,064	159,839	0.14 %
Other	<u>48,691</u>	<u>24,779</u>	96.50 %
Total	<u>\$ 3,316,323</u>	<u>\$ 3,112,293</u>	6.56 %

Investment income cash receipts increased due to higher interest rates on investments. All other variances were primarily due to differences in the way that transactions were classified in 2007 versus 2006.

**VILLAGE OF NEW BREMEN, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
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The table that follows assists in illustrating the expenditures of the general fund.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
General government	\$ 378,535	\$ 361,814	4.62 %
Security of persons and property	684,876	699,979	(2.16) %
Public health service	15,308	15,312	(0.03) %
Leisure time activity	18,838	15,955	18.07 %
Transportation	162,122	160,164	1.22 %
Capital outlay	<u>1,075,045</u>	<u>1,089,635</u>	(1.34) %
Total	<u>\$ 2,334,724</u>	<u>\$ 2,342,859</u>	(0.35) %

Overall, cash disbursements decreased \$8,135 from 2006. The increase is a directly related to the overall decrease in expenditures made by the general fund during 2007.

***Street Construction Fund***

The street construction fund, a Village major fund, had cash receipts and other receipts of \$387,553 in 2007. The income tax fund had cash disbursements of \$404,652 in 2007.

***Budgeting Highlights - General Fund***

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2007, the Village amended its general fund budget several times. For the general fund, original budgeted revenues and other financing receipts were \$4,951,300 and final budgeted revenues and other financing receipts were \$5,730,450. Actual revenues and other financing receipts for fiscal year 2007 was \$3,316,823. This represents a \$1,634,477 decrease under original budgeted revenues.

General fund original appropriations and other disbursements were \$7,543,841 and final appropriations and other financing disbursements were \$7,543,841. The actual budget basis expenditures and other financing disbursements for fiscal year 2007 totaled \$3,316,659, which is lower than the final budget appropriations by \$4,227,182.

**Capital Assets and Debt Administration**

***Capital Assets***

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$1,075,045 during fiscal year 2007.

**VILLAGE OF NEW BREMEN, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

***Debt Administration***

The Village had the following long-term obligations outstanding at December 31, 2007 and 2006:

	Business-Type Activities <u>2007</u>	Business-Type Activities <u>2006</u>
First National Bank Loan	\$ 400,000	\$ 500,000
Total long-term obligations	<u>\$ 400,000</u>	<u>\$ 500,000</u>

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2007:

The Village of New Bremen's major source of revenue is income tax. Approximately 1.5 percent of revenue is derived from this source. The Village continues to strive for ways and means to make optimum utilization of available resources. The Village continues to apply for grants and Issue II funding. We finished the Rehabilitation of Lock One Project, for which we received a grant of \$270,000.

The challenge for our Village is to provide quality services to the residents of our community while staying within the restrictions imposed by limited funding. The Village relies heavily on local taxes and intergovernmental revenues to provide safe and secure neighborhoods through our Police Department and trained and qualified volunteer firemen for our Fire Department.

These factors were considered in preparing the Village's budget for fiscal year 2007. During 2007, the operating budget was approximately \$19 million. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Diane Gast, Fiscal Officer, Village of New Bremen, 214 N. Washington St, P.O. Box 27, New Bremen, Ohio 45869-0027.

**Village of New Bremen  
Auglaize County**

Statement of Net Assets - Cash Basis  
For the Year Ended December 31, 2007

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,459,584	\$ 2,182,958	\$ 4,642,542
<i>Total Assets</i>	<u>\$ 2,459,584</u>	<u>\$ 2,182,958</u>	<u>\$ 4,642,542</u>
<b>Net Assets</b>			
Restricted for:			
Street Construction	\$ 34,547	\$ 0	\$ 34,547
State Highway	19,679	0	19,679
Parks and Recreation	46,056	0	46,056
Permissive Tax	57,556	0	57,556
Other Purposes	37,014	0	37,014
Unrestricted	<u>2,264,732</u>	<u>2,182,958</u>	<u>4,447,690</u>
<i>Total Net Assets</i>	<u>\$ 2,459,584</u>	<u>\$ 2,182,958</u>	<u>\$ 4,642,542</u>

See accompanying notes to the basic financial statements

**Village of New Bremen  
Auglaize County**

Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges	Operating	Governmental	Business-Type	Total
	Disbursements	for Services and Sales	Grants and Contributions	Activities	Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 378,535	\$ 13,351	\$ 0	\$ (365,184)	\$ 0	\$ (365,184)
Security of Persons and Property	783,526	36,931	0	(746,595)	0	(746,595)
Public Health Services	15,308	0	0	(15,308)	0	(15,308)
Leisure Time Activities	242,755	0	13,539	(229,216)	0	(229,216)
Transportation	587,160	25,833	157,069	(404,258)	0	(404,258)
Capital Outlay	1,075,045	0	0	(1,075,045)	0	(1,075,045)
<i>Total Governmental Activities</i>	<u>\$ 3,082,329</u>	<u>\$ 76,115</u>	<u>\$ 170,608</u>	<u>\$ (2,835,606)</u>	<u>\$ 0</u>	<u>\$ (2,835,606)</u>
<b>Business Type Activities</b>						
Electric	\$ 4,314,607	\$ 4,107,401	\$ 0	\$ 0	\$ (207,206)	\$ (207,206)
Other Enterprise						
Water	277,216	309,845	0	0	32,629	32,629
Sewer	157,608	176,007	0	0	18,399	18,399
Swimming Pool	131,021	71,435	0	0	(59,586)	(59,586)
Refuse	111,617	106,598	0	0	(5,019)	(5,019)
Utility	17,570	22,250	0	0	4,680	4,680
Library	7,694	4,800	0	0	(2,894)	(2,894)
<i>Total Business Type Activities</i>	<u>5,017,333</u>	<u>4,798,336</u>	<u>0</u>	<u>0</u>	<u>(218,997)</u>	<u>(218,997)</u>
<i>Total Primary Government</i>	<u>\$ 8,099,662</u>	<u>\$ 4,874,451</u>	<u>\$ 170,608</u>	<u>\$ (2,835,606)</u>	<u>\$ (218,997)</u>	<u>\$ (3,054,603)</u>
<b>General Receipts</b>						
Property Local Taxes Levied for:						
General Purpose			\$ 182,017	\$ 0	\$ 182,017	
Special Revenue			100,077	0	100,077	
Income Taxes			2,406,775	0	2,406,775	
Other Local Taxes			0	246,934	246,934	
Grant and Entitlements not Restricted to Specific Programs			453,161	0	453,161	
Sale of Fixed Assets			0	18,934	18,934	
Earnings on Investments			160,064	0	160,064	
Miscellaneous			52,799	0	52,799	
Total General Receipts			3,354,893	265,868	3,620,761	
Transfers			(175,000)	175,000	(166,198)	
Total General Receipts and Transfers			<u>3,179,893</u>	<u>440,868</u>	<u>3,454,563</u>	
Change in Net Assets			344,287	221,871	566,158	
Net Assets Beginning of Year			<u>2,115,297</u>	<u>1,961,087</u>	<u>4,076,384</u>	
Net Assets End of Year			<u>\$ 2,459,584</u>	<u>\$ 2,182,958</u>	<u>\$ 4,642,542</u>	

See accompanying notes to the basic financial statements

**Village of New Bremen**  
**Auglaize County**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007

	General	Street Construction, Maint., & Repair	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,264,732	\$ 34,547	\$ 160,305	\$ 2,459,584
<i>Total Assets</i>	<u>\$ 2,264,732</u>	<u>\$ 34,547</u>	<u>\$ 160,305</u>	<u>\$ 2,459,584</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 406,935	\$ 1,222	\$ 6,776	\$ 414,933
Unreserved, Undesignated, Reported in:				
General Fund	1,857,797	0	0	1,857,797
Special Revenue Funds	<u>0</u>	<u>33,325</u>	<u>153,529</u>	<u>186,854</u>
<i>Total Fund Balances</i>	<u>\$ 2,264,732</u>	<u>\$ 34,547</u>	<u>\$ 160,305</u>	<u>\$ 2,459,584</u>

See accompanying notes to the basic financial statements

**Village of New Bremen**  
**Auglaize County**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007

	General	Street Construction Maint., & Repair	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Local Taxes	\$ 2,588,792	\$ 0	\$ 100,077	\$ 2,688,869
Intergovernmental	444,065	136,663	28,583	609,311
Special Assessments	25,833	0	0	25,833
Charges for Services	36,931	0	0	36,931
Fines, Licenses and Permits	11,947	0	1,404	13,351
Earnings on Investments	160,064	587	332	160,983
Contributions and Donations	0	0	13,539	13,539
Miscellaneous	34,807	283	3,325	38,415
<i>Total Receipts</i>	<u>\$ 3,302,439</u>	<u>\$ 137,533</u>	<u>\$ 147,260</u>	<u>\$ 3,587,232</u>
<b>Disbursements</b>				
Current:				
General Government	\$ 378,535	\$ 0	\$ 0	\$ 378,535
Security of Persons and Property	684,876	0	98,650	783,526
Public Health Services	15,308	0	0	15,308
Leisure Time Activities	18,838	0	223,917	242,755
Transportation	162,122	404,652	20,386	587,160
Capital Outlay	1,075,045	0	0	1,075,045
<i>Total Disbursements</i>	<u>\$ 2,334,724</u>	<u>\$ 404,652</u>	<u>\$ 342,953</u>	<u>\$ 3,082,329</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	967,715	(267,119)	(195,693)	504,903
Other Financing Sources (Uses)				
Sale of Fixed Assets	14,384	0	0	14,384
Transfers In	0	250,000	150,000	400,000
Transfers Out	(575,000)	0	0	(575,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(560,616)</u>	<u>250,000</u>	<u>150,000</u>	<u>(160,616)</u>
<i>Net Change in Fund Balances</i>	407,099	(17,119)	(45,693)	344,287
<i>Fund Balances Beginning of Year</i>	<u>1,857,633</u>	<u>51,666</u>	<u>205,998</u>	<u>2,115,297</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,264,732</u>	<u>\$ 34,547</u>	<u>\$ 160,305</u>	<u>\$ 2,459,584</u>

See accompanying notes to the basic financial statements

**Village of New Bremen  
Auglaize County**

Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Local Taxes	\$ 2,762,000	\$ 3,196,636	\$ 2,588,792	\$ (607,844)
Intergovernmental	312,300	361,444	444,065	82,621
Special Assessments	71,400	82,636	25,833	(56,803)
Charges and Services	70,000	81,015	36,931	(44,084)
Fines, Licenses and Permits	30,900	35,763	11,947	(23,816)
Earnings on Investment	184,500	213,533	160,064	(53,469)
Contributions and Donations	500	579	0	(579)
Miscellaneous	387,000	447,899	34,807	(413,092)
<i>Total receipts</i>	<u>\$ 3,818,600</u>	<u>\$ 4,419,505</u>	<u>\$ 3,302,439</u>	<u>\$ (1,117,066)</u>
<b>Disbursements</b>				
Current:				
General Government	\$ 644,637	\$ 644,637	\$ 402,064	\$ 242,573
Security of Persons and Property	1,513,005	1,513,005	695,952	817,053
Public Health Services	16,081	16,081	15,556	525
Leisure Time Activities	25,126	25,126	19,143	5,983
Transportation	544,754	544,754	164,744	380,010
Capital Outlay	3,152,053	3,152,053	1,444,200	1,707,853
<i>Total Disbursements</i>	<u>\$ 5,895,656</u>	<u>\$ 5,895,656</u>	<u>\$ 2,741,659</u>	<u>\$ 3,153,997</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,077,056)</u>	<u>(1,476,151)</u>	<u>560,780</u>	<u>2,036,931</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	\$ 2,100	\$ 2,430	\$ 14,384	\$ 11,954
Transfers In	1,130,600	1,308,515	0	(1,308,515)
Transfers Out	(913,277)	(1,648,185)	(575,000)	1,073,185
<i>Total Other Financing Sources (Uses)</i>	<u>219,423</u>	<u>(337,240)</u>	<u>(560,616)</u>	<u>(223,376)</u>
<i>Net Change in Fund Balance</i>	(1,857,633)	(1,813,391)	164	1,813,555
<i>Fund Balance Beginning of Year</i>	1,306,239	1,306,239	1,306,239	0
<i>Prior Year Encumbrances Appropriated</i>	551,394	551,394	551,394	0
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 44,242</u>	<u>\$ 1,857,797</u>	<u>\$ 1,813,555</u>

See accompanying notes to the basic financial statements

**Village of New Bremen  
Auglaize County**

Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maint., & Repair Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 219,300	\$ 248,245	\$ 136,663	\$ (111,582)
Earnings on Investment	1,000	1,132	587	(545)
Miscellaneous	21,400	24,225	283	(23,942)
<i>Total receipts</i>	<u>\$ 241,700</u>	<u>\$ 273,602</u>	<u>\$ 137,533</u>	<u>\$ (136,069)</u>
<b>Disbursements</b>				
Current:				
Transportation	\$ 493,366	\$ 546,375	\$ 405,874	\$ 140,501
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Disbursements</i>	<u>\$ 493,366</u>	<u>\$ 546,375</u>	<u>\$ 405,874</u>	<u>\$ 140,501</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(251,666)	(272,773)	(268,341)	4,432
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ 200,000	\$ 226,398	\$ 250,000	\$ 23,602
<i>Total Other Financing Sources (Uses)</i>	<u>200,000</u>	<u>226,398</u>	<u>250,000</u>	<u>23,602</u>
<i>Net Change in Fund Balance</i>	(51,666)	(46,375)	(18,341)	28,034
<i>Fund Balance Beginning of Year</i>	50,646	50,646	50,646	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,020</u>	<u>1,020</u>	<u>1,020</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 5,291</u></u>	<u><u>\$ 33,325</u></u>	<u><u>\$ 28,034</u></u>

See accompanying notes to the basic financial statements

**Village of New Bremen**  
**Auglaize County**

Statement of Cash Basis Assets and Fund Balances  
Proprietary Funds  
For the Year Ended December 31, 2007

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	<u>Electric Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,817,852</u>	\$ <u>365,106</u>	\$ <u>2,182,958</u>
<i>Total Assets</i>	\$ <u><u>1,817,852</u></u>	\$ <u><u>365,106</u></u>	\$ <u><u>2,182,958</u></u>
<b>Net Assets:</b>			
Unrestricted	\$ <u>1,817,852</u>	\$ <u>365,106</u>	\$ <u>2,182,958</u>
<i>Total Net Assets</i>	\$ <u><u>1,817,852</u></u>	\$ <u><u>365,106</u></u>	\$ <u><u>2,182,958</u></u>

See accompanying notes to the basic financial statements

**Village of New Bremen  
Auglaize County**

Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2007

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$ 4,107,401	\$ 690,935	\$ 4,798,336
<i>Total Operating Receipts</i>	<u>\$ 4,107,401</u>	<u>\$ 690,935</u>	<u>\$ 4,798,336</u>
<b>Operating Disbursements</b>			
Personal Services	\$ 348,649	\$ 245,044	\$ 593,693
Contractual Services	3,143,463	209,080	3,352,543
Supplies and Materials	200,864	212,614	413,478
Capital Outlay	254,495	35,988	290,483
<i>Total Operating Disbursements</i>	<u>\$ 3,947,471</u>	<u>\$ 702,726</u>	<u>\$ 4,650,197</u>
<i>Operating Income (Loss)</i>	<u>159,930</u>	<u>(11,791)</u>	<u>148,139</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Local Tax	\$ 246,934	\$ 0	\$ 246,934
Excise Tax	(246,934)	0	(246,934)
Sale of Fixed Assets	18,934	0	18,934
Debt Service:			
Principal Payments	(100,000)	0	(100,000)
Interest and Fiscal Charges	(20,202)	0	(20,202)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(101,268)</u>	<u>0</u>	<u>(101,268)</u>
<i>Transfers In</i>	100,000	75,000	175,000
<i>Change in Net Assets</i>	158,662	63,209	221,871
<i>Net Assets Beginning of Year</i>	<u>1,659,190</u>	<u>301,897</u>	<u>1,961,087</u>
<i>Net Assets End of Year</i>	<u><u>\$ 1,817,852</u></u>	<u><u>\$ 365,106</u></u>	<u><u>\$ 2,182,958</u></u>

See accompanying notes to the basic financial statements

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 1 – REPORTING ENTITY**

The Village of New Bremen (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water, sewer and electric utility services, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, electric, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any Component Units.

**C. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village participates in one (1) jointly governed organization. Note 14 to the financial statements provide additional information for this entity.

Joint Venture Organization:

- 1). Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

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

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Village's accounting policies:

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self financing on the cash basis or draws from the general receipts of the Village.

**Fund Financial Statements**

Fund financial statements report detailed information about the Village. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the Village's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the Ohio laws.

Street Construction, Maintenance and Repair Fund – This fund accounts for all transactions relating to maintaining and repairing streets.

General and the Street Construction, Maintenance and Repair Funds were the Village's major governmental funds.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

**Proprietary Funds**

These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following is the Village's major enterprise fund:

Electric Fund – This fund accounts for the user charges and expense of providing electricity.

The Village has six nonmajor enterprise funds that are used to account for water, sewer, refuse, utility deposits, swimming pool and library operations.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court. The agency fund did not have any net cash assets to report at December 31, 2007.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance; both are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. Although the Auglaize County Budget Commission waived the required tax budget, the Village submitted the financial data they required in order to assess the need. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

Investments of the cash management pool with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007, the Village invested in STAR Ohio and interest bearing checking accounts. . STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during was \$160,064 which includes \$83,950 assigned from other Village funds in 2007.

**F. Capital Assets**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

**H. Long-Term Obligations**

These cash basis financial statements do not report liabilities for bonds or other long-term obligations. These financial statements report proceeds of debt are reported when the cash is received and debt service disbursements for debt principal payments are paid.

**I. Net Assets**

These statements report restricted net assets when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**NOTE 3 – ACCOUNTABILITY AND COMPLIANCE**

**Compliance**

Contrary to Ohio law, estimated receipts exceeded actual receipts in 2007, in the General, Special Revenue funds: street construction & repair, state highway, park and recreation, drug law enf., permissive, computer, and grants funds; Capital Projects funds: Issue II, misc. capital projects; Enterprise funds: water, sewer, electric, pool, refuse, library, and deposit funds by \$2,743,783, \$112,467, \$53,358, \$187,136, \$5,000, \$91,356, \$2,696, \$234,000, \$194,000, \$150,000, \$290,155, \$273,993, \$2,026,731, \$103,565, \$53,402, \$25,200, and \$2,750, respectively.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis, presented for the General and Street Construction, Maintenance Funds, are prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (cash basis). The encumbrances outstanding at year end 2007 (budgetary basis) for the General Fund amounted to \$406,935, and \$1,222 for street construction maint. & repair fund.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

**Deposits**

At year-ended December 31, 2007, the carrying amount of the Village's deposits was \$1,631,014, and the bank balance was \$1,777,053. Of the bank balance \$1,646,103 was exposed to custodial risk as discussed below, while \$130,950 was covered by federal depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of December 31, 2007, the Village had the following investments and maturities:

	Carrying Value	<u>Maturity</u>
	<u>2007</u>	6 months <u>Or less</u>
STAR Ohio	\$ <u>3,011,528</u>	\$ <u>3,011,528</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Credit Risk – the Money Market Fund carries a rating of AAA by Standard and Poor's and AAA by Moody's. The Village's Investment Policy is limited to requiring compliance with state statutes. Ohio law requires at least one nationally recognized standard rating service.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Village’s name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.” Concentration of credit risk - is the risk of loss attributed to the amount of a government’s investment in any single issuer. The Village has no investment policy limiting the amount that may be invested in any one issuer.

Reconciliation of Cash and its Investment to the Statement of Net Assets

The following is a reconciliation of cash and investment to the Statement of Net Assets at December 31:

	<u>2007</u>
Investment (summarized above)	\$ 3,011,528
Carrying amount of Village’s deposits	<u>1,631,014</u>
Equity in Pooled Cash and Cash Equivalents	<u><u>\$ 4,642,542</u></u>

**NOTE 6 – INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

	<u>2007</u>
<b>Transfers to:</b>	
Electric Fund	\$ 100,000
Street Construction	250,000
Other Enterprise funds	75,000
Nonmajor governmental funds	<u>150,000</u>
Total	<u><u>\$ 575,000</u></u>

Transfers are used to; move revenues from the fund required to collect them to the fund required to expend them, to move receipts restricted to debt service from the funds collecting them to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 7 – PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	<u>2007</u>
Real Property Tax	\$ 69,942,219
Public Utility Tangible Personal Property	240,440
Total Assessed Value	<u>\$ 70,182,659</u>

**NOTE 8 – LOCAL INCOME TAXES**

The Village levies a 1.50 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2007 the Village collected \$2,406,775.

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 9 – RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or before January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in the amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. The Village can elect up to \$10,000,000 in additional coverage, with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount is increased to up \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate stop loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate stop loss payment. Travelers provided aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective village.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 9 – RISK MANAGEMENT** (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Retained Earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

Additional financial information may be obtained at [www.pepohio.org](http://www.pepohio.org).

At December 31, 2007 and 2006 (the latest information available), respectively, casualty coverage liabilities noted above include approximately \$15.3 million and \$14.4 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$15.3 million and \$14.4 million of unpaid claims to be billed to approximately 443 member political subdivisions in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$165,790. This payable includes the subsequent year's contribution due if it terminates participation, as described in the last paragraph below.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions</u>	
2008	\$81,309
2007	\$76,141
2006	\$71,892

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 10 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2007, member contribution rate was 9.5 percent, for members in State and local classifications. Public Safety and law enforcement members contributed 9.75 percent.

The Village's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the Village contribution was 17.17, percent, of covered payroll. For period January 1, 2007 through June 30, 2007, a portion equal to 5.0 percent of covered payroll was allocated to fund the post-employment health care plan; for period July 1 through December 31, 2007 this amount was 6 percent. State statute sets a maximum rate of the Village at 14 percent.

The Village's required contributions for the years pension obligations to the Tradition Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$110,226, \$92,439, and \$132,022, respectively; 100 percent has been contributed for 2007, 2006, and 2005.

**Village of New Bremen  
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Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 10 - PENSION PLANS** (continued)

**B. Ohio Police and Fire Pension Fund**

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, while the Village is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. Contribution rates are established by state statute. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2007, 2006 and 2005 were \$41,367, \$34,256, and \$56,187, respectively; 100 percent has been contributed for 2007, 2006, and 2005.

**NOTE 11 – POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan; and the Combined Plan- a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pensions and the Combined Plans. Members of the Member Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2007, state and local employers contributed at a rate of 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was, for period January 1, 2007 through June 30, 2007, a portion equal to 5.0 percent; for period July 1 through December 31, 2007 this amount was 6 percent.

**Village of New Bremen**  
**Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)**

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions allocated to fund post-retirement health care benefits for the years ended December 31, 2007, 2006 and 2005 were \$61,069, \$45,222, and \$38,973, 100 percent has been contributed for 2007, 2006 and 2005.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**Village of New Bremen  
Auglaize County**

Notes to the Financial Statements  
For the Years Ended December 31, 2007

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**NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2007, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F to fund postemployment healthcare benefits police officers for the years ended December 31, 2007, 2006, and 2005 were \$21,885, \$22,554, and \$22,331, respectively; 100 percent has been contributed for 2007, 2006, and 2005.

**NOTE 12 - ECONOMIC DEPENDENCE**

The Village receives approximately 60% of its electric, water and sewer revenue from a local manufacturer. The same manufacturer also accounts for approximately 60% of the Village's income tax receipts through payroll withholdings and the manufacturer's corporate tax.

**NOTE 13 - DEBT**

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
Fifth Third Bank	4.25 %	\$ 500,000		\$ 100,000	\$ 400,000

Activity of the loan payable is accounted for in the electric fund. The loan requires semi-annual payments and carries a fixed interest rate of 4.25 percent, with the final payment due in 2011.

The following is a summary of the Village's future annual debt service requirements:

	First National Bank	
	Principal	Interest
2008	\$100,000	\$15,987
2009	100,000	11,696
2010	100,000	7,446
2011	100,000	3,196
Totals	\$400,000	\$38,325

**Village of New Bremen**  
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Notes to the Financial Statements  
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**NOTE 14 – JOINT VENTURE**

The Village of New Bremen is a Financing Participant with an ownership percentage of 2.38%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 New Bremen has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

On an unaudited basis, The Village's net investment to date in OMEGA JV5 was \$213,222 at December 31, 2008. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**MANNING & ASSOCIATES CPAS, LLC**  
**6105 North Dixie Drive**  
**Dayton, Ohio 45414**

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

Members of Council  
Village of New Bremen  
Auglaize County  
Post Office Box 27  
New Bremen, Ohio 45869

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 29, 2009, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above

We noted certain matters that we reported to the Village's management in a separate letter dated May 29, 2009.

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 29, 2009.

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

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.

Manning & Associates CPAs, LLC  
Dayton, Ohio

May 29, 2009

**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Ohio Rev. Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation. The following funds were determined to have estimated receipts significantly in excess of actual receipts:

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<b>2007</b>			
General Fund	\$ 5,730,450	\$3,316,823	\$2,743,783
Street Construction	500,000	387,533	112,467
State Highway	65,000	11,642	53,358
Park & Rec	354,000	166,864	187,136
Drug Law Enf	5,000	0	5,000
Permissive	100,000	8,644	91,356
Computer	4,100	1,404	2,696
Grants	234,000	0	234,000
Issue II	194,000	0	194,000
Capital Projects	150,000	0	150,000
Water	600,000	309,845	290,155
Sewer	450,000	176,007	273,993
Electric	6,500,000	4,473,269	2,026,731
Pool	250,000	146,435	103,565
Refuse	160,000	106,598	53,402
Library	30,000	4,800	25,200
Deposit	25,000	22,250	2,750

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. Village management should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make any corresponding amendments to its appropriations and disbursements. No negative fund balances noted.

Response: Fiscal Officer and Council will monitor budgetary compliance more closely in the future.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW BREMEN**

**AUGLAIZE 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  
SEPTEMBER 8, 2009**