

VILLAGE OF NEW BREMEN

DAYTON REGION, AUGLAIZE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011



Dave Yost • Auditor of State

Village Council
Village of New Bremen
P.O. Box 247
214 N. Washington Street
New Bremen, Ohio 45869

We have reviewed the *Independent Auditors' Report* of the Village of New Bremen, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2011 through December 31, 2012. 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.

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Dave Yost
Auditor of State

January 22, 2014

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**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

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The logo for Manning & Associates Certified Public Accountants, LLC. It features the company name in a serif font, with 'Manning' in black and '& Associates' in red. Below the name, 'Certified Public Accountants, LLC' is written in a smaller, black serif font. The logo is set against a dark background with a light-colored curved border above and below it.

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business 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 years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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 activities, each major fund, and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011, the Village adopted new accounting guidance in Government Accounting Standards Board Statement no. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion and Analysis* includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Manning & Associates
CPAs, LLC

 Digitally signed by Manning & Associates CPAs, LLC
DN: cn=Manning & Associates CPAs, LLC, o=Manning &
Associates CPAs, LLC, ou=Manning & Associates CPAs, LLC,
email=lschmidt@manningcpallc.com, c=US
Date: 2014.01.22 11:06:20 -05'00'

Manning & Associates CPAs, LLC
Dayton, Ohio

June 24, 2013

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Village of New Bremen
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

This discussion and analysis of the Village of New Bremen's, Auglaize County (the "Village") financial performance provides an overall review of the Government's financial activities for the years ended December 31, 2012 and 2011, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2012 are as follows:

Total net assets of governmental activities increased \$96,452, which represents a 5.1 percent increase. The fund most affected by the increase in cash and cash equivalents was the General fund which had an increase of \$177,081.

Net assets of business-type activities decreased \$367,387 or 16.6 percent from fiscal year 2011. The Village's major business-type activities fund is the Electric Fund. Net cash assets for the Electric Fund decreased in 2012 by \$361,715 or 21 percent.

The Village's general receipts are primarily income taxes, real estate and property taxes for government activities. Income tax receipts increased for 2012 as compared to 2011 as development within the Village increased. Income tax receipts represent 83.7 percent and 84.7 percent for 2012 and 2011, respectively of total receipts.

General cash receipts accounted for \$3,501,840 or 92.0 percent, and \$3,266,180 or 93.1 percent of total government activities cash receipts in 2012 and 2011, respectively. Program specific cash receipts accounted for \$305,676 or 8 percent, and \$240,853 or 6.9 percent of total government activities cash receipts for 2012 and 2011, respectively.

The Village had \$3,536,064 in cash disbursements related to governmental activities; \$305,676 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,501,840 contributed to provide for these programs.

Key highlights for 2011 are as follows:

Total net assets of the Village decreased \$68,188.

Net cash of governmental activities decreased \$223,322, which represents an 11 percent decrease from fiscal year 2010.

Net cash assets of business-type activities increased \$155,134 or 7 percent from fiscal year 2010. The Village's major business-type activities fund is the Electric Fund. Net cash assets for the Electric Fund increased in 2011 by \$36,922 or 2.1 percent.

The Village's general receipts are primarily income taxes, real estate and property taxes for government activities. Income tax receipts increased for 2011 as compared to 2010 as development within the Village increased. Income tax receipts represent 84.7 percent and 79.5 percent for 2011 and 2010, respectively of total receipts.

Village of New Bremen
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Key highlights for 2011 (Continued)

General cash receipts accounted for \$3,266,180 or 93.1 percent, and \$2,829,201 or 82.2 percent of total government activities cash receipts in 2011 and 2010, respectively. Program specific cash receipts accounted for \$240,853 or 6.9 percent, and \$611,074 or 17.8 percent of total government activities cash receipts for 2011 and 2010, respectively.

The Village had \$3,530,355 in cash disbursements related to governmental activities; \$240,853 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$2,766,399 contributed to provide for these programs.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (Major Funds) in separate columns. All other nonmajor funds are presented in total in a single column.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of New Bremen
Auglaize County
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Reporting the Village as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village of New Bremen.

The statement of net assets and the statement of activities reflect how the Village did financially during 2012 and 2011 within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has several business-type activities, the provision of electric, water, sewer swimming pool, refuse, utility, and library operations. Business-type activities are financed by a fees charged to the customers receiving the service.

Village of New Bremen
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
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Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Government as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2012 and 2011 are the General and Street Construction Funds.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major proprietary fund, the Electric Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs. The Village has one fiduciary fund, an agency fund, the Mayors Court fund. At December 31, 2012 and 2011 there was no cash balance in the agency fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2012 and 2011:

(Table 1)
Net Assets

	Governmental Activities				
	2012	2011	Change	2010	Change
Assets					
Cash and Cash Equivalents	1,898,611	1,802,159	96,452	2,025,481	(223,322)
Total Assets	<u>\$1,898,611</u>	<u>\$1,802,159</u>	<u>96,452</u>	<u>\$2,025,481</u>	<u>(\$223,322)</u>
Net Assets					
Restricted	312,134	526,665	(214,531)	510,957	15,708
Unrestricted	1,586,477	1,275,494	310,983	1,514,524	(239,030)
Total Net Assets	<u>\$1,898,611</u>	<u>\$1,802,159</u>	<u>96,452</u>	<u>\$2,025,481</u>	<u>(\$223,322)</u>

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(Table 1)
Net Assets

	Business-Type Activities				
	2012	2011	Change	2010	Change
Assets					
Cash and Cash Equivalents	1,841,591	2,208,978	(367,387)	2,053,844	155,134
Total Assets	<u>\$1,841,591</u>	<u>\$2,208,978</u>	<u>(\$367,387)</u>	<u>\$2,053,844</u>	<u>155,134</u>
Net Assets					
Restricted	0	0	0	0	0
Unrestricted	1,841,591	2,208,978	(367,387)	2,053,844	155,134
Total Net Assets	<u>\$1,841,591</u>	<u>\$2,208,978</u>	<u>(\$367,387)</u>	<u>\$2,053,844</u>	<u>155,134</u>

As mentioned previously, net assets of governmental activities increased \$96,452 in 2012; and decreased \$223,322 in 2011; and decreased \$447,589 in 2010.

Net cash assets of business-type activities decreased \$367,387 in 2012; and increased \$155,134 in 2011 and increased \$352,382 in 2010.

In 2012, the Village's had two major government funds the General Fund and the Street Construction Fund. The General Fund had cash receipts and other financing receipts of \$3,489,985. The cash disbursements and other financing disbursements of the General Fund totaled \$3,312,904. The General Fund's cash balance increased \$177,081 from 2011 to 2012, a significant change.

In 2011, the Village's had two major government funds the General Fund and the Street Construction Fund. The General Fund had cash receipts and other financing receipts of \$3,262,807. The cash disbursements and other financing disbursements of the General Fund totaled \$3,478,363. The General Fund's cash balance decreased \$215,556 from 2010 to 2012.

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Table 2 reflects the changes in net assets in 2012 and 2011:

(Table 2)
Changes in Net Assets

	Governmental Activities				
	2012	2011	Change	2010	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$150,676	\$96,955	\$53,721	\$108,709	(\$11,754)
Operating Grants and Contributions	155,000	143,898	11,102	502,365	(358,467)
Total Program Receipts	<u>305,676</u>	<u>240,853</u>	<u>64,823</u>	<u>611,074</u>	<u>(370,221)</u>
General Receipts:					
Property and Other Taxes	243,485	267,065	(23,580)	316,902	(49,837)
Income Taxes	2,931,085	2,766,399	164,686	2,248,561	517,838
Other Local Taxes	0	0	0	0	0
Grants and Entitlements Not					
Restricted to Specific Programs	121,379	203,805	(82,426)	232,414	(28,609)
Sale of Assets	0	2,896	(2,896)	1,250	1,646
Loan Proceeds	49,771	0	49,771	0	0
Other Financing Sources	100,000	0	100,000	0	0
Interest	28,375	9,705	18,670	10,494	(789)
Miscellaneous	27,745	16,310	11,435	19,580	(3,270)
Total General Receipts	<u>3,501,840</u>	<u>3,266,180</u>	<u>235,660</u>	<u>2,829,201</u>	<u>436,979</u>
Total Receipts	<u>3,807,516</u>	<u>3,507,033</u>	<u>300,483</u>	<u>3,440,275</u>	<u>66,758</u>
Disbursements:					
General Government	602,886	438,122	164,764	454,968	(16,846)
Security of Persons and Property:	827,122	806,655	20,467	798,906	7,749
Public Health Services	277	295	(18)	294	1
Leisure Time Activities	224,015	190,165	33,850	184,910	5,255
Transportation	665,957	583,058	82,899	516,343	66,715
Capital Outlay	1,215,807	1,512,060	(296,253)	1,732,443	(220,383)
Total Disbursements	<u>3,536,064</u>	<u>3,530,355</u>	<u>5,709</u>	<u>3,687,864</u>	<u>(157,509)</u>
Changes in Assets before Transfers	271,452	(23,322)	294,774	(247,589)	224,267
Transfers	(175,000)	(200,000)	25,000	(200,000)	0
Change in Net Assets	96,452	(223,322)	319,774	(447,589)	224,267
Net Assets, January 1	1,802,159	2,025,481	(223,322)	2,473,070	(447,589)
Net Assets, December 31	<u>\$1,898,611</u>	<u>\$1,802,159</u>	<u>\$96,452</u>	<u>\$2,025,481</u>	<u>(\$223,322)</u>

Village of New Bremen
Auglaize County
Management's Discussion and Analysis
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(Table 2)
Changes in Net Assets

	Business Type Activities				
	2012	2011	Change	2010	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$5,712,250	\$5,316,049	\$396,201	\$5,163,362	\$152,687
Total Program Receipts	<u>5,712,250</u>	<u>5,316,049</u>	<u>396,201</u>	<u>5,163,362</u>	<u>152,687</u>
General Receipts:					
Other Local Taxes	255,180	251,086	4,094	234,160	16,926
Loan Proceeds	0	0	0	800,000	(800,000)
Total General Receipts	<u>255,180</u>	<u>251,086</u>	<u>4,094</u>	<u>1,034,160</u>	<u>(783,074)</u>
Total Receipts	<u>5,967,430</u>	<u>5,567,135</u>	<u>400,295</u>	<u>6,197,522</u>	<u>(630,387)</u>
Disbursements:					
Electric Operating	5,704,663	4,917,436	787,227	5,336,197	(418,761)
Other Enterprise Funds	805,154	694,565	110,589	708,943	(14,378)
Total Disbursements	<u>6,509,817</u>	<u>5,612,001</u>	<u>897,816</u>	<u>6,045,140</u>	<u>(433,139)</u>
Changes in Assets before Transfers	(542,387)	(44,866)	(497,521)	152,382	(197,248)
Transfers	<u>175,000</u>	<u>200,000</u>	<u>(25,000)</u>	<u>200,000</u>	<u>0</u>
Change in Net Assets	(367,387)	155,134	(522,521)	352,382	(197,248)
Net Assets, January 1	<u>2,208,978</u>	<u>2,053,844</u>	<u>155,134</u>	<u>1,701,462</u>	<u>352,382</u>
Net Assets, December 31	<u>\$1,841,591</u>	<u>\$2,208,978</u>	<u>(\$367,387)</u>	<u>\$2,053,844</u>	<u>\$155,134</u>

Governmental Activities Receipts

Program receipts in the governmental activities represent 8.0 and 6.9 percent of total receipts for 2012 and 2011, respectively. They are primarily comprised of intergovernmental receipts such as motor vehicle license, gas tax money, and permissive tax and grants.

General receipts in the governmental activities represent 92.0 and 93.1 percent of the Village's total receipts for 2012 and 2011, respectively. Property and income taxes represent 91 and 93 percent of the general receipts. Grants and entitlements make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Business Type Receipts

In the business-type activities program receipts account for 93 and 83.5 percent of the total receipts in 2012 and 2011, respectively. These receipts are comprised of charges for services, i.e. electric, water and sewer charges, and capital grant contributions. General receipts in the business type activities represent 7 and 16.5 percent of the Village's total business-type receipts for 2012 and 2011, respectively.

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Auglaize County
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Governmental Activities Disbursements

Disbursements for General fund represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments. The disbursements for Street Construction Fund are for improving and maintaining Village streets. The remaining non-major governmental type funds are considered special revenue type funds. These funds expend monies to provide for parks and recreation of the Village residents; police protection; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Business Type Disbursements

The disbursements of the Electric fund are for the purpose of maintaining and upgrading equipment necessary to provide electric power to residents; paying wages of the department. Disbursements for the remaining Enterprise funds are for the purpose of maintaining sewer and water lines; treatment of water; disposing of refuse; providing specific services; paying of wages of each department; and debt service.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay and security of persons and property, which account for 34.4 and 24.4 percent of all governmental disbursements, in 2012 and 42.8 percent and 22.8 percent in 2011, respectively. Transportation also represents a significant cost, about 18.8 and 16.5 percent, for 2012 and 2011, respectively. General government also represents a significant cost, about 17 and 12.4 percent, for 2012 and 2011, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2012	2012	2011	2011
General Government	602,886	(544,244)	438,122	(402,128)
Security of Persons and Property	827,122	(797,358)	806,655	(772,706)
Public Health Services	277	(277)	295	(295)
Leisure Time Activities	224,015	(192,784)	190,165	(179,084)
Transportation	665,957	(479,918)	583,058	(423,229)
Capital Outlay	1,215,807	(1,215,807)	1,512,060	(1,512,060)
Total Expenses	3,536,064	(3,230,388)	3,530,355	(3,289,502)

The dependence upon income tax receipts is apparent as over 98.2 percent for 2012 and 92.2 percent for 2011, of governmental activities are supported through these general receipts.

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Unaudited

Business-type Activities

The electric operation is the Village's major enterprise fund. This program had cash receipts of \$5,242,948 and \$5,454,358, disbursements of \$5,704,663 and \$5,517,436, in 2012 and 2011, respectively, and transfers in of \$100,000 both years. Net cash assets of the program decreased \$361,715, or 21 percent, in 2012 and increased \$36,922, or 2.1 percent, in 2011.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$3,807,516 and \$3,507,033 and disbursements of \$3,711,064 and \$3,730,355 for 2012 and 2011, respectively. General Fund receipts were more than disbursements by \$177,081 in 2012, and less than disbursements by \$215,556 in 2011.

Business Type Funds

Total business-type funds had receipts of \$6,142,430 and \$6,367,135 and disbursements of \$6,509,817 and \$6,212,001 for 2012 and 2011, respectively.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues and other financing receipts were \$4,855,200. Actual revenues and other financing receipts for fiscal year 2012 were \$3,489,985. This represents a \$1,365,215 decrease under budgeted revenues. In, 2011 final budgeted receipts for the general fund were \$5,450,000. Actual revenues and other financing receipts for fiscal year 2011 were \$3,262,807. This represents a \$2,187,193 decrease under budgeted revenues.

General fund original and final appropriations and other disbursements were \$5,993,398. The actual budget basis expenditures and other financing disbursements for fiscal year 2012 totaled \$3,776,007, which is lower than the final budget appropriations by \$2,217,391. In 2011, final budgeted appropriations for the general fund were \$6,829,193. The actual budget basis expenditures and other financing disbursements for fiscal year 2011 totaled \$3,551,386, which is lower than the final budget appropriations by \$3,277,807.

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.

Village of New Bremen
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2012 and 2011
Unaudited

Debt

At December 31, 2012, the Village's outstanding debt totaled \$98,923.20 consisting of a debt issuance for business-type activities for electric projects. For further information regarding the Village's debt refer to Note 13 to the basic financial statements.

Current Issues

The Village of New Bremen's major source of revenue is income tax. 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.

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

These factors were considered in preparing the Village's budget for fiscal years 2012 and 2011. During 2012 the operating budget was nearly \$20 million. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years. The Village will monitor income tax receipts for each quarter to see which capital projects can precede in 2013 and beyond.

Contacting the Government'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 reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Diane Gast, Fiscal Officer, Village of New Bremen, 214 N. Washington Street, PO Box 27, New Bremen, Ohio 45869-0027.

**Village of New Bremen
Auglaize County**

Statement of Net Assets - Cash Basis
December 31, 2012

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,898,611	\$ 1,841,591	\$ 3,740,202
<i>Total Assets</i>	<u>\$ 1,898,611</u>	<u>\$ 1,841,591</u>	<u>\$ 3,740,202</u>
Net Assets			
Restricted for:			
Street Repair	\$ 246,141	\$ 0	\$ 246,141
State Highway	46,119	0	46,119
Other Purposes	19,874	0	19,874
Unrestricted	<u>1,586,477</u>	<u>1,841,591</u>	<u>3,428,068</u>
<i>Total Net Assets</i>	<u>\$ 1,898,611</u>	<u>\$ 1,841,591</u>	<u>\$ 3,740,202</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, 2012

	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	
Governmental Activities						
General Government	\$ 602,886	\$ 58,642	\$ 0	\$ (544,244)	\$ 0	\$ (544,244)
Security of Persons and Property	827,122	26,764	3,000	(797,358)	0	(797,358)
Public Health Services	277	0	0	(277)	0	(277)
Leisure Time Activities	224,015	23,311	7,920	(192,784)	0	(192,784)
Transportation	665,957	41,959	144,080	(479,918)	0	(479,918)
Capital Outlay	1,215,807	0	0	(1,215,807)	0	(1,215,807)
<i>Total Governmental Activities</i>	<u>\$ 3,536,064</u>	<u>\$ 150,676</u>	<u>\$ 155,000</u>	<u>\$ (3,230,388)</u>	<u>\$ 0</u>	<u>\$ (3,230,388)</u>
Business Type Activities						
Electric	\$ 5,704,663	\$ 4,987,768	\$ 0	\$ 0	\$ (716,895)	\$ (716,895)
Other Enterprise	805,154	724,482	0	0	(80,672)	(80,672)
<i>Total Business Type Activities</i>	<u>6,509,817</u>	<u>5,712,250</u>	<u>0</u>	<u>0</u>	<u>(797,567)</u>	<u>(797,567)</u>
<i>Total Primary Government</i>	<u>\$ 10,045,881</u>	<u>\$ 5,862,926</u>	<u>\$ 155,000</u>	<u>\$ (3,230,388)</u>	<u>\$ (797,567)</u>	<u>\$ (4,027,955)</u>
General Receipts						
Property Local Taxes Levied for:						
General Purpose				\$ 243,485	\$ 0	\$ 243,485
Income Taxes				2,931,085	0	2,931,085
Other Local Taxes				0	255,180	255,180
Grant and Entitlements not Restricted to Specific Programs				121,379	0	121,379
Loan Proceeds				49,771	0	49,771
Other Financing Sources				100,000	0	100,000
Earnings on Investments				28,375	0	28,375
Miscellaneous				27,745	0	27,745
Total General Receipts				<u>3,501,840</u>	<u>255,180</u>	<u>3,757,020</u>
Transfers				<u>(175,000)</u>	<u>175,000</u>	<u>0</u>
Total General Receipts and Transfers				<u>3,326,840</u>	<u>430,180</u>	<u>3,757,020</u>
Change in Net Assets				96,452	(367,387)	(270,935)
Net Assets Beginning of Year				<u>1,802,159</u>	<u>2,208,978</u>	<u>4,011,137</u>
Net Assets End of Year				<u>\$ 1,898,611</u>	<u>\$ 1,841,591</u>	<u>\$ 3,740,202</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, 2012

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,586,477	\$ 246,141	\$ 65,993	\$ 1,898,611
<i>Total Assets</i>	<u>\$ 1,586,477</u>	<u>\$ 246,141</u>	<u>\$ 65,993</u>	<u>\$ 1,898,611</u>
Fund Balances				
Restricted	\$ 0	\$ 246,141	\$ 65,993	\$ 312,134
Assigned	131,381			131,381
Unassigned	<u>1,455,096</u>			<u>1,455,096</u>
<i>Total Fund Balances</i>	<u>\$ 1,586,477</u>	<u>\$ 246,141</u>	<u>\$ 65,993</u>	<u>\$ 1,898,611</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, 2012

	General	Street Construction	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$ 2,931,085	\$ 0	\$ 0	\$ 2,931,085
Property and Local Taxes	164,706	0	78,779	243,485
Intergovernmental	121,379	144,080	41,959	307,418
Special Assessments	41,963	0	0	41,963
Charges for Services	50,075	0	0	50,075
Fines, Licenses and Permits	14,912	0	1,767	16,679
Earnings on Investments	27,992	265	118	28,375
Miscellaneous	37,343	792	0	38,135
<i>Total Receipts</i>	<u>\$ 3,389,455</u>	<u>\$ 145,137</u>	<u>\$ 122,623</u>	<u>\$ 3,657,215</u>
Disbursements				
Current:				
General Government	\$ 602,886	\$ 0	\$ 0	\$ 602,886
Security of Persons and Property	750,114	0	77,008	827,122
Public Health Services	277	0	0	277
Leisure Time Activities	224,015	0	0	224,015
Transportation	144,576	430,381	91,000	665,957
Capital Outlay	1,166,036	0	49,771	1,215,807
<i>Total Disbursements</i>	<u>\$ 2,887,904</u>	<u>\$ 430,381</u>	<u>\$ 217,779</u>	<u>\$ 3,536,064</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	501,551	(285,244)	(95,156)	121,151
Other Financing Sources (Uses)				
Loan Proceeds	0	0	49,771	49,771
Sale of Fixed Assets	530	0	0	530
Transfers In	0	250,000	0	250,000
Transfers Out	(425,000)	0	0	(425,000)
Other Financing Sources	100,000	0	0	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>(324,470)</u>	<u>250,000</u>	<u>49,771</u>	<u>(24,699)</u>
<i>Net Change in Fund Balances</i>	177,081	(35,244)	(45,385)	96,452
<i>Fund Balances Beginning of Year</i>	<u>1,409,396</u>	<u>281,385</u>	<u>111,378</u>	<u>1,802,159</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,586,477</u>	<u>\$ 246,141</u>	<u>\$ 65,993</u>	<u>\$ 1,898,611</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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 3,398,000	\$ 3,398,000	\$ 2,931,085	\$ (466,915)
Property and Local Taxes	213,200	213,200	164,706	(48,494)
Intergovernmental	336,000	336,000	121,379	(214,621)
Special Assessments	71,400	71,400	41,963	(29,437)
Charges and Services	84,000	84,000	50,075	(33,925)
Fines, Licenses and Permits	16,000	16,000	14,912	(1,088)
Earnings on Investment	27,100	27,100	27,992	892
Miscellaneous	109,500	109,500	37,343	(72,157)
<i>Total receipts</i>	<u>\$ 4,255,200</u>	<u>\$ 4,255,200</u>	<u>\$ 3,389,455</u>	<u>\$ (865,745)</u>
Disbursements				
Current:				
General Government	\$ 831,744	\$ 831,744	\$ 636,891	\$ 194,853
Security of Persons and Property	1,403,986	1,403,986	761,448	642,538
Public Health Services	1,000	1,000	277	723
Leisure Time Activities	445,080	445,080	240,207	204,873
Transportation	442,614	442,614	146,527	296,087
Capital Outlay	2,323,974	2,323,974	1,565,657	758,317
<i>Total Disbursements</i>	<u>\$ 5,448,398</u>	<u>\$ 5,448,398</u>	<u>\$ 3,351,007</u>	<u>\$ 2,097,391</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,193,198)</u>	<u>(1,193,198)</u>	<u>38,448</u>	<u>1,231,646</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 530	\$ 530
Transfers In	600,000	600,000	0	(600,000)
Transfers Out	(545,000)	(545,000)	(425,000)	120,000
Other Financing Sources	0	0	100,000	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>55,000</u>	<u>55,000</u>	<u>(324,470)</u>	<u>(379,470)</u>
<i>Net Change in Fund Balance</i>	(1,138,198)	(1,138,198)	(286,022)	852,176
<i>Fund Balance Beginning of Year</i>	1,336,373	1,336,373	1,336,373	0
<i>Prior Year Encumbrances Appropriated</i>	<u>73,023</u>	<u>73,023</u>	<u>73,023</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 271,198</u>	<u>\$ 271,198</u>	<u>\$ 1,123,374</u>	<u>\$ 852,176</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
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 200,000	177,600	\$ 144,080	\$ (33,520)
Earnings on Investment	0	1,000	265	(735)
Miscellaneous	0	21,400	792	(20,608)
<i>Total receipts</i>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 145,137</u>	<u>\$ (54,863)</u>
Disbursements				
Current:				
Transportation	<u>728,623</u>	<u>728,623</u>	<u>438,881</u>	<u>289,742</u>
<i>Total Disbursements</i>	<u>\$ 728,623</u>	<u>\$ 728,623</u>	<u>\$ 438,881</u>	<u>\$ 289,742</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(528,623)</u>	<u>(528,623)</u>	<u>(293,744)</u>	<u>234,879</u>
Other Financing Sources (Uses)				
Transfers In	250,000	250,000	250,000	0
<i>Net Change in Fund Balance</i>	(278,623)	(278,623)	(43,744)	234,879
<i>Fund Balance Beginning of Year</i>	275,078	275,078	275,078	0
<i>Prior Year Encumbrances Appropriated</i>	<u>6,307</u>	<u>6,307</u>	<u>6,307</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,762</u>	<u>\$ 2,762</u>	<u>\$ 237,641</u>	<u>\$ 234,879</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, 2012

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,363,712</u>	\$ <u>477,879</u>	\$ <u>1,841,591</u>
<i>Total Assets</i>	\$ <u><u>1,363,712</u></u>	\$ <u><u>477,879</u></u>	\$ <u><u>1,841,591</u></u>
Net Assets:			
Unrestricted	\$ <u>1,363,712</u>	\$ <u>477,879</u>	\$ <u>1,841,591</u>
<i>Total Net Assets</i>	\$ <u><u>1,363,712</u></u>	\$ <u><u>477,879</u></u>	\$ <u><u>1,841,591</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, 2012

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 4,987,768	\$ 724,482	\$ 5,712,250
<i>Total Operating Receipts</i>	<u>4,987,768</u>	<u>724,482</u>	<u>5,712,250</u>
Operating Disbursements			
Personal Services	\$ 419,088	\$ 304,398	\$ 723,486
Contractual Services	4,525,933	176,164	4,702,097
Supplies and Materials	171,057	305,127	476,184
Other	214,041	19,465	233,506
<i>Total Operating Disbursements</i>	<u>\$ 5,330,119</u>	<u>\$ 805,154</u>	<u>\$ 6,135,273</u>
<i>Operating Income (Loss)</i>	<u>(342,351)</u>	<u>(80,672)</u>	<u>(423,023)</u>
Non-Operating Receipts (Disbursements)			
Other Local Tax	\$ 255,180	\$ 0	\$ 255,180
Excise Tax	(255,180)	0	(255,180)
Debt Service:			
Principal Payments	(100,000)	0	(100,000)
Interest and Fiscal Charges	(19,364)	0	(19,364)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(119,364)</u>	<u>0</u>	<u>(119,364)</u>
<i>Transfers In</i>	100,000	75,000	175,000
<i>Change in Net Assets</i>	(361,715)	(5,672)	(367,387)
<i>Net Assets Beginning of Year</i>	<u>1,725,427</u>	<u>483,551</u>	<u>2,208,978</u>
<i>Net Assets End of Year</i>	<u>\$ 1,363,712</u>	<u>\$ 477,879</u>	<u>\$ 1,841,591</u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

Statement of Net Assets - Cash Basis
December 31, 2011

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,802,159	\$ 2,208,978	\$ 4,011,137
<i>Total Assets</i>	<u>\$ 1,802,159</u>	<u>\$ 2,208,978</u>	<u>\$ 4,011,137</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 526,665	\$ 0	\$ 526,665
Unrestricted	<u>1,275,494</u>	<u>2,208,978</u>	<u>3,484,472</u>
<i>Total Net Assets</i>	<u>\$ 1,802,159</u>	<u>\$ 2,208,978</u>	<u>\$ 4,011,137</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, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 438,122	\$ 35,994	\$ 0	\$ (402,128)	\$ 0	\$ (402,128)
Security of Persons and Property	806,655	30,949	3,000	(772,706)	0	(772,706)
Public Health Services	295	0	0	(295)	0	(295)
Leisure Time Activities	190,165	9,916	1,165	(179,084)	0	(179,084)
Transportation	583,058	20,096	139,733	(423,229)	0	(423,229)
Capital Outlay	1,512,060	0	0	(1,512,060)	0	(1,512,060)
<i>Total Governmental Activities</i>	<u>\$ 3,530,355</u>	<u>\$ 96,955</u>	<u>\$ 143,898</u>	<u>\$ (3,289,502)</u>	<u>\$ 0</u>	<u>\$ (3,289,502)</u>
Business Type Activities						
Electric	\$ 4,917,436	\$ 4,603,272	\$ 0	\$ 0	\$ (314,164)	\$ (314,164)
Other Enterprise	694,565	712,777	0	0	18,212	18,212
<i>Total Business Type Activities</i>	<u>5,612,001</u>	<u>5,316,049</u>	<u>0</u>	<u>0</u>	<u>(295,952)</u>	<u>(295,952)</u>
<i>Total Primary Government</i>	<u>\$ 9,142,356</u>	<u>\$ 5,413,004</u>	<u>\$ 143,898</u>	<u>\$ (3,289,502)</u>	<u>\$ (295,952)</u>	<u>\$ (3,585,454)</u>
General Receipts						
Property Local Taxes Levied for:						
General Purpose				\$ 267,065	\$ 0	\$ 267,065
Income Taxes				2,766,399	0	2,766,399
Other Local Taxes				0	251,086	251,086
Grant and Entitlements not Restricted to Specific Programs				203,805	0	203,805
Sale of Fixed Assets				2,896	0	2,896
Earnings on Investments				9,705	0	9,705
Miscellaneous				16,310	0	16,310
Total General Receipts				3,266,180	251,086	3,517,266
Transfers				(200,000)	200,000	0
Total General Receipts and Transfers				<u>3,066,180</u>	<u>451,086</u>	<u>3,517,266</u>
Change in Net Assets				(223,322)	155,134	(68,188)
Net Assets Beginning of Year				<u>2,025,481</u>	<u>2,053,844</u>	<u>4,079,325</u>
Net Assets End of Year				<u>\$ 1,802,159</u>	<u>\$ 2,208,978</u>	<u>\$ 4,011,137</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, 2011

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,409,396	\$ 281,385	\$ 111,378	\$ 1,802,159
<i>Total Assets</i>	<u>\$ 1,409,396</u>	<u>\$ 281,385</u>	<u>\$ 111,378</u>	<u>\$ 1,802,159</u>
Fund Balances				
Nonspendable	\$	\$	\$	\$ 0
Restricted		281,385	111,378	392,763
Committed				0
Assigned	206,925			206,925
Unassigned	<u>1,202,471</u>			<u>1,202,471</u>
<i>Total Fund Balances</i>	<u>\$ 1,409,396</u>	<u>\$ 281,385</u>	<u>\$ 111,378</u>	<u>\$ 1,802,159</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, 2011

	General	Street Construction	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$ 2,766,399	\$ 0	\$ 0	\$ 2,766,399
Property and Local Taxes	184,956	0	82,109	267,065
Intergovernmental	203,805	139,733	20,096	363,634
Special Assessments	19,723	0	0	19,723
Charges for Services	44,393	0	0	44,393
Fines, Licenses and Permits	11,471	0	1,272	12,743
Earnings on Investments	9,243	324	138	9,705
Miscellaneous	19,921	554	0	20,475
<i>Total Receipts</i>	<u>\$ 3,259,911</u>	<u>\$ 140,611</u>	<u>\$ 103,615</u>	<u>\$ 3,504,137</u>
Disbursements				
Current:				
General Government	\$ 438,122	\$ 0	\$ 0	\$ 438,122
Security of Persons and Property	709,273	0	97,382	806,655
Public Health Services	295	0	0	295
Leisure Time Activities	190,165	0	0	190,165
Transportation	189,448	373,920	19,690	583,058
Capital Outlay	912,060	0	0	912,060
<i>Total Disbursements</i>	<u>\$ 2,439,363</u>	<u>\$ 373,920</u>	<u>\$ 117,072</u>	<u>\$ 2,930,355</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	820,548	(233,309)	(13,457)	573,782
Other Financing Sources (Uses)				
Sale of Fixed Assets	2,896	0	0	2,896
Other Financing Uses	(600,000)	0	0	(600,000)
Transfers In	0	225,000	14,000	239,000
Transfers Out	(439,000)	0	0	(439,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,036,104)</u>	<u>225,000</u>	<u>14,000</u>	<u>(797,104)</u>
<i>Net Change in Fund Balances</i>	(215,556)	(8,309)	543	(223,322)
<i>Fund Balances Beginning of Year, restated</i>	<u>1,624,952</u>	<u>289,694</u>	<u>110,835</u>	<u>2,025,481</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,409,396</u>	<u>\$ 281,385</u>	<u>\$ 111,378</u>	<u>\$ 1,802,159</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 3,500,000	\$ 3,500,000	\$ 2,766,399	\$ (733,601)
Property and Local Taxes	262,200	262,200	184,956	(77,244)
Intergovernmental	1,309,300	1,309,300	203,805	(1,105,495)
Special Assessments	71,400	71,400	19,723	(51,677)
Charges and Services	70,000	70,000	44,393	(25,607)
Fines, Licenses and Permits	16,000	16,000	11,471	(4,529)
Earnings on Investment	51,000	51,000	9,243	(41,757)
Miscellaneous	89,500	89,500	19,921	(69,579)
<i>Total receipts</i>	<u>\$ 5,369,400</u>	<u>\$ 5,369,400</u>	<u>\$ 3,259,911</u>	<u>\$ (2,109,489)</u>
Disbursements				
Current:				
General Government	\$ 933,330	\$ 933,330	\$ 469,203	\$ 464,127
Security of Persons and Property	1,403,078	1,403,078	734,131	668,947
Public Health Services	2,000	2,000	295	1,705
Leisure Time Activities	334,921	334,921	203,338	131,583
Transportation	408,686	408,686	193,359	215,327
Capital Outlay	2,447,178	2,447,178	912,060	1,535,118
<i>Total Disbursements</i>	<u>\$ 5,529,193</u>	<u>\$ 5,529,193</u>	<u>\$ 2,512,386</u>	<u>\$ 3,016,807</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(159,793)</u>	<u>(159,793)</u>	<u>747,525</u>	<u>907,318</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 2,896	\$ 2,896
Other Financing Uses	(600,000)	(600,000)	(600,000)	0
Transfers In	80,600	80,600	0	(80,600)
Transfers Out	(700,000)	(700,000)	(439,000)	261,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,219,400)</u>	<u>(1,219,400)</u>	<u>(1,036,104)</u>	<u>183,296</u>
<i>Net Change in Fund Balance</i>	(1,379,193)	(1,379,193)	(288,579)	1,090,614
<i>Fund Balance Beginning of Year, restated</i>	1,489,058	1,489,058	1,489,058	0
<i>Prior Year Encumbrances Appropriated</i>	<u>135,894</u>	<u>135,894</u>	<u>135,894</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 245,759</u>	<u>\$ 245,759</u>	<u>\$ 1,336,373</u>	<u>\$ 1,090,614</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
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 200,000	177,600	\$ 139,733	\$ (37,867)
Earnings on Investment	0	1,000	324	(676)
Miscellaneous	0	21,400	554	(20,846)
<i>Total receipts</i>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 140,611</u>	<u>\$ (59,389)</u>
Disbursements				
Current:				
Transportation	<u>737,082</u>	<u>737,082</u>	<u>380,227</u>	<u>356,855</u>
<i>Total Disbursements</i>	<u>\$ 737,082</u>	<u>\$ 737,082</u>	<u>\$ 380,227</u>	<u>\$ 356,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(537,082)</u>	<u>(537,082)</u>	<u>(239,616)</u>	<u>297,466</u>
Other Financing Sources (Uses)				
Transfers In	250,000	250,000	225,000	(25,000)
<i>Net Change in Fund Balance</i>	(287,082)	(287,082)	(14,616)	272,466
<i>Fund Balance Beginning of Year</i>	287,083	287,083	287,083	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,611</u>	<u>2,611</u>	<u>2,611</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,612</u>	<u>\$ 2,612</u>	<u>\$ 275,078</u>	<u>\$ 272,466</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, 2011

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,725,427</u>	\$ <u>483,551</u>	\$ <u>2,208,978</u>
<i>Total Assets</i>	\$ <u><u>1,725,427</u></u>	\$ <u><u>483,551</u></u>	\$ <u><u>2,208,978</u></u>
Net Assets:			
Unrestricted	\$ <u>1,725,427</u>	\$ <u>483,551</u>	\$ <u>2,208,978</u>
<i>Total Net Assets</i>	\$ <u><u>1,725,427</u></u>	\$ <u><u>483,551</u></u>	\$ <u><u>2,208,978</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, 2011

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 4,603,272	\$ 712,777	\$ 5,316,049
<i>Total Operating Receipts</i>	<u>4,603,272</u>	<u>712,777</u>	<u>5,316,049</u>
Operating Disbursements			
Personal Services	\$ 391,673	\$ 278,708	\$ 670,381
Contractual Services	3,600,539	184,165	3,784,704
Supplies and Materials	212,480	231,092	443,572
Other	128,995	600	129,595
<i>Total Operating Disbursements</i>	<u>\$ 4,333,687</u>	<u>\$ 694,565</u>	<u>\$ 5,028,252</u>
<i>Operating Income (Loss)</i>	<u>269,585</u>	<u>18,212</u>	<u>287,797</u>
Non-Operating Receipts (Disbursements)			
Other Local Tax	\$ 251,086	\$ 0	\$ 251,086
Excise Tax	(251,086)	0	(251,086)
Loan Proceeds	600,000	0	600,000
Debt Service:			
Principal Payments	(900,000)	0	(900,000)
Interest and Fiscal Charges	(32,663)	0	(32,663)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(332,663)</u>	<u>0</u>	<u>(332,663)</u>
<i>Transfers In</i>	100,000	100,000	200,000
<i>Change in Net Assets</i>	36,922	118,212	155,134
<i>Net Assets Beginning of Year</i>	<u>1,688,505</u>	<u>365,339</u>	<u>2,053,844</u>
<i>Net Assets End of Year</i>	<u>\$ 1,725,427</u>	<u>\$ 483,551</u>	<u>\$ 2,208,978</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 1 – REPORTING ENTITY

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

The Village 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 primary government of the Village of New Bremen provides general government services, electric, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially 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 15 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 Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, 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). Generally accepted accounting principles include 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 the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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 display 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

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. The Village's major funds for 2012 were the General and Street Construction funds. The Village's major funds for 2011 were the General fund and Street Construction 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 Fund – This fund accounts for all transactions relating to maintaining and repairing streets.

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

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village had one 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.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and agency funds. Trust funds account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's programs. 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 cash assets to report at December 31, 2012 or 2011.

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

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Fund Balance

During 2011, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of ninterfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

F. 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”.

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 2012 and 2011, the Village invested in STAR Ohio, a certificate of deposit, 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, 2012 and 2011.

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 2012 and 2011 was \$27,992 and \$9,243, respectively.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts restricted for other purposes represent special revenue funds restricted to a specific use.

H. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. 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.

J. Accumulated Leave

In some circumstances, 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and the principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

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 Year Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. 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: CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCE

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General Fund	Other Governmental Funds
Fund Balance at:		
December 31, 2010	\$ 1,514,523	\$ 221,264
GASB 54 Change in		
Fund Structure	110,429	(110,429)
Adjusted Fund Balance at:		
December 31, 2010	\$ 1,624,952	\$ 110,835

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

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 Fund and Street Construction Fund 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 2012 (budgetary basis) for the General Fund amounted to \$463,103 and \$8,500 for the Street Construction fund. The encumbrances outstanding at year end 2011 (budgetary basis) for the General Fund amounted to \$73,023 and \$6,307 for the Street Construction Fund.

NOTE 5 – COMPLIANCE

Ohio Rev. Code Section 5705.36 requires all subdivisions to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2012 in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Lockkeepers Hse, Computer Mayor, Future Grants, EMS Fund, Issue II Grants, Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse, Library, and Income Tax Funds by \$838,689, \$54,863, \$38,267, \$51,653, \$4,825, \$40,200, \$576, \$200,000, \$46,221, \$480,000, \$150,229, \$165,202, \$131,916, \$1,157,052, \$118,169, \$15,600, \$54,430, \$20,200, and \$905,292, respectively. In 2011, estimated receipts were noted exceeding actual receipts in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Lockkeepers Hse, Computer Clerk, Computer Mayor, Future Grants, EMS, Issue II Grants, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse, Library and Income Tax Funds by \$845,891, \$84,389, \$38,613, \$13,554, \$4,900, \$81,153, \$35,150, \$100, \$728, \$200,000, \$28,891, \$480,000, \$180,251, \$143,707, \$1,545,642, \$88,988, \$1,000, \$3,077, \$20,200, and \$1,231,511, respectively.

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund shall not exceed the total resources. Contrary to Ohio Law, the Village's appropriations exceeded actual resources in 2012 in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Lockkeepers Hse, Computer Mayor, EMS, Issue II Grants, Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse, Library, and Income Tax Funds by \$838,689, \$54,863, \$38,267, \$51,653, \$4,825, \$40,200, \$576, \$46,221, \$680,000, \$150,229, \$165,202, \$131,916, \$1,157,052, \$118,169, \$15,600, \$54,430, \$20,200, and \$905,292, respectively. In 2011, appropriations exceeded actual resources in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Lockkeepers Hse, Computer Clerk, Computer Mayor, EMS, Issue II, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse, Library and Income tax Funds by \$845,891, \$84,389, \$38,613, \$13,554, \$4,900, \$81,153, \$35,150, \$100, \$728, \$28,891, \$680,000, \$180,251, \$143,707, \$1,545,642, \$88,988, \$1,000, \$3,077, \$20,200, and \$1,231,511, respectively.

NOTE 6 – DEPOSITS AND INVESTMENTS

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

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

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.

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 Year Ended December 31, 2012 and 2011

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

At year-ended December 31, 2012 and 2011, the carrying amount of the Village’s deposits was \$3,740,202 and \$4,011,139, and the bank balance was \$1,724,770 and \$1,819,998, respectively. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$1,453,457 was exposed to custodial risk as discussed below, while \$271,314 was covered by federal depository Insurance Corporation for 2012. For 2011, \$1,552,562 was exposed to custodial risk as discussed below, while \$267,435 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, 2012 and 2011, the Village had the following investments and maturities:

	2012 Carrying Value	2011 Carrying Value	Maturity
STAR Ohio 18671	\$ 200,000	\$ 1,700,000	Average
First National Bank – CD	\$ 503,720	\$ 502,076	3/26/13
STAR PLUS 104790896567	\$ 1,500,801		Average

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 AAAM 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.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

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 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2011, 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 (other than public utility property) were entirely phased out in 2010. 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 2012 property tax receipts were based are as follows:

	2012	2011
Real Property Tax	\$70,782,670	\$73,662,060
Public Utility Personal Property	285,180	259,980
Total Assessed Value	\$71,077,050	\$73,992,040

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2012 and 2011 , consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

		2012
Transfers to:		
Electric Fund	\$	100,000
Other Enterprise funds		75,000
Street Construction		250,000
Total	\$	425,000

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 8 – INTERFUND TRANSFERS (Continued)

	2011
Transfers to:	
Electric Fund	\$ 100,000
Other Enterprise funds	100,000
Street Construction	225,000
Nonmajor governmental funds	<u>14,000</u>
Total	<u>\$ 439,000</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.

NOTE 9 – 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 2012 and 2011, the Village collected \$2,931,085 and \$2,766,399, respectively.

NOTE 10 – 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

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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.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 10 – RISK MANAGEMENT (Continued)

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 increased to \$300,000 in 2008. For 2009, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to 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 2009, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit.

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.

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, 2011 and 2010 (the latest information available) :

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Retained Earnings	<u>\$19,175,131</u>	<u>\$20,631,198</u>

Additional financial information may be obtained at www.pepohio.org.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 10 – RISK MANAGEMENT (Continued)

At December 31, 2011 and 2010 (the latest information available), respectively, casualty coverage liabilities noted above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment

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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Village contributes to the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Traditional Pension 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 percent 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested Parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2011, member and employer contribution rates were consistent across all three plans discussed above. Separate divisions for law enforcement and public safety divisions exist only within the Traditional Plan. The 2012 and 2011 member contribution rates were 10.0 percent of their annual salary for members in state and local classifications. Public Safety and law enforcement members contributed 11.5 and 12.1 percent in 2012 and 11.0 and 11.6 percent in 2011. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.0 and 12.6 percent, respectively.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The Village was required to contribute 14.0 percent of covered payroll for 2012 and 2011 for employees and 18.1 percent of covered payroll in 2012 and 2011 for those plan members in law enforcement and public safety. The Village's required contributions for the years' pension obligations to the traditional pension and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$86,838, \$92,956, and \$94,887, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

B. Ohio Police and Fire Pension Fund

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 information 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.

The Ohio Revised Code provides statutory authority for employee and employer contributions. In 2012 and 2011, 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, respectively for police officers and firefighters. The Village's required contributions to the Fund for the years ended December 31, 2012, 2011 and 2010 were \$56,731, \$54,822, and \$40,380, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—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 defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and 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 healthcare 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 by Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, state and local government employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was for 4.0 percent for 2012 and 2011. The portion of employer contributions allocated to the health care for Members in the Combined Plan was 6.05 percent for 2012 and 2011. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2012, 2011, and 2010 were \$62,342, \$66,735, and \$63,257, respectively; 100 percent has been contributed for 2012, 2011, and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides health care 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 health care 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 health care 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.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent 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.

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 years ended December 31, 2012 and 2011, 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 actual contributions to OP&F to fund postemployment healthcare benefits police officers for the years ended December 31, 2012, 2011, and 2010 were \$8,801, \$8,504, and \$21,363, respectively; 100 percent has been contributed for 2012, 2011, and 2010.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 13 – DEBT

The Village’s long-term debt activity for the year ended December 31, 2012 and 2011 was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Amount due in One Year
Village of New Bremen					
General Fund to Electric Fund	\$ 600,000	\$ 0	\$ 100,000	\$ 500,000	\$ 100,000
Ohio Public Works	0	98,923	0	98,923	2,473
Total	\$ 600,000	\$ 98,923	\$ 100,000	\$ 598,923	\$ 102,473

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Amount due in One Year
Fifth Third Bank	\$ 100,000	\$ 0	\$ 100,000	\$ 0	\$ 0
Minster Bank	800,000		800,000	0	0
Village of New Bremen					
General Fund to Electric Fund	0	600,000	0	600,000	100,000
Total	\$ 900,000	\$ 600,000	\$ 900,000	\$ 600,000	\$ 100,000

The Village has paid off two outstanding loans. The Fifth Third loan in was paid off in 2011 and the Minster bank loan was refinanced by the Village of New Bremen General Fund. The Village electric fund is to repay the general fund \$100,000 principal, plus 3.25 percent interest per year for six years. A new loan originated on 7/1/12 from the Ohio Public Works. The Ohio Public Works loan requires 40 semi-annual payments with no interest rate. The first payment is due on July 1, 2013.

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

Ohio Public Works					
Year	Principal	Interest	Year	Principal	Interest
2013	\$ 2,473	\$ 0	2024	\$ 4,946	\$ 0
2014	4,946	0	2025	4,946	0
2015	4,946	0	2026	4,946	0
2016	4,946	0	2027	4,946	0
2017	4,946	0	2028	4,946	0
2018	4,946	0	2029	4,946	0
2019	4,946	0	2030	4,946	0
2020	4,946	0	2031	4,946	0
2021	4,946	0	2032	4,946	0
2022	4,946	0	2033	2,473	0
2023	\$ 4,946	\$ 0	Total	\$ 98,923	\$ 0

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 13 – DEBT (Continued)

Village of New Bremen General Fund			
Year		Principal	Interest
2013	\$	100,000	\$ 15,438
2014		100,000	12,188
2015		100,000	8,937
2016		100,000	5,688
2017		100,000	2,437
	\$	<u>500,000</u>	\$ <u>44,688</u>

NOTE 14 – ECONOMIC DEPENDENCE

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

NOTE 15 – JOINT VENTURE

The Village of New Bremen is a Financing Participant with an ownership percentage of 2.38 percent, 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.

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, 2012 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

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 15 – JOINT VENTURE (Continued)

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, 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.

The Village's net investment to date in OMEGA JV5 was \$232,573 at December 31, 2012. 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.

NOTE 16 – CONTINGENT LIABILITIES

American Municipal Power Generating Station Project

The Village of New Bremen is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of generating asset has not been determined.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 16 – CONTINGENT LIABILITIES (Continued)

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2012 AMP has a regulatory asset of \$96,544,650 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to New Bremen of 7,442 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2012 the Village of New Bremen has a potential stranded cost obligation of \$1,272,500 for the AMPGS Project. The Village of New Bremen does not have any payments on deposit with AMP at December 31, 2012.

AMP Fremont Energy Center (AFEC) Development Fee –

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board (please see attached Amended Minutes of May 3, 2011). The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE 16 – CONTINGENT LIABILITIES (Continued)

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$240,801 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 2,300 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2012.

Recording of Stranded Costs-

The Village has not recorded stranded costs for the AMPGS Project. The Village of New Bremen has not requested an invoice from AMP for the potential stranded costs. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized. Had the Village chosen to expense the potential stranded costs the Village believes it would have violated its covenant obligations for its Electric Fund bonds and/or its debt covenant obligation with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5/6/2. In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon its Village Solicitor and the Village Administrator, information provided by AMP and its legal counsel with respect to the data, as well as the Village's audit team and Village management.

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business 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 years ended December 31, 2012 and 2011, and the related notes to the financial statements which collectively comprise the Government's basic financial statements and have issued our report thereon dated June 24, 2013, wherein we noted the Village followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider a material weakness. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2012-001, 2012-002 and 2012-003.

Entity's Response to Findings

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

Purpose of the Report

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

Manning & Associates CPAs,
LLC

Digitally signed by Manning & Associates CPAs, LLC
DN: cn=Manning & Associates CPAs, LLC, o=Manning & Associates
CPAs, LLC, ou=Manning & Associates CPAs, LLC,
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Date: 2014.01.22 11:05:48 -05'00'

Manning & Associates CPAs, LLC
Dayton, Ohio

June 24, 2013

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-001

Material Weakness

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>
2012			
General Fund	2,500,000	\$1,661,311	(\$838,689)
Street Construction	450,000	395,137	(54,863)
State Highway	50,000	11,733	(38,267)
Parks & Rec.	250,000	198,347	(51,653)
Drug Law Enf.	5,000	175	(4,825)
Lockkeepers Hse	50,000	9,800	(40,200)
Computer Mayor	1,000	424	(576)
Future Grants	200,000	0	(200,000)
EMS	125,000	78,779	(46,221)
Issue II - Grants	480,000	0	(480,000)
Issue II - Projects	200,000	49,771	(150,229)
Water	500,000	334,798	(165,202)
Sewer	350,000	218,084	(131,916)
Electric	6,500,000	5,342,948	(1,157,052)
Pool	250,000	131,831	(118,169)
Utility Deposits	30,000	14,400	(15,600)
Refuse	150,000	95,570	(54,430)
Library	25,000	4,800	(20,200)
Income Tax	4,000,000	3,094,708	(905,292)

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-001, (Continued)

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2011			
General Fund	\$2,500,000	\$1,654,109	(\$845,891)
Street Construction	450,000	365,611	(84,389)
State Highway	50,000	11,387	(38,613)
Parks & Rec.	200,000	186,446	(13,554)
Drug Law Enf.	5,000	100	(4,900)
Permissive MVL	90,000	8,847	(81,153)
Lockkeepers Hse	50,000	14,850	(35,150)
Computer - Clerk	1,000	900	(100)
Computer - Mayor	1,000	272	(728)
Future grants	200,000	0	(200,000)
EMS	125,000	96,109	(28,891)
Issue II - Grants	480,000	0	(480,000)
Water	500,000	319,749	(180,251)
Sewer	350,000	206,293	(143,707)
Electric	6,500,000	4,954,358	(1,545,642)
Pool	250,000	161,012	(88,988)
Utility Deposits	25,000	24,000	(1,000)
Refuse	100,000	96,923	(3,077)
Library	25,000	4,800	(20,200)
Income Tax	4,000,000	2,768,489	(1,231,511)

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-002

Material Weakness

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Contrary to Ohio Law, the Village's appropriations exceeded actual resources in the following funds:

Fund	Actual Resources Available	Appropriations	Variance
2012			
General Fund	\$2,121,782	\$2,960,471	(\$838,689)
Street Construction	670,215	725,078	(54,863)
State Highway	46,119	84,386	(38,267)
Parks & Rec.	303,421	355,074	(51,653)
Drug Law Enf.	6,596	11,421	(4,825)
Lockkeepers Hse	24,306	64,506	(40,200)
Computer - Mayor	1,161	1,737	(576)
EMS	79,066	125,287	(46,221)
Issue II - Grants	0	680,000	(680,000)
Issue II - Projects	49,771	200,000	(150,229)
Water	458,389	623,591	(165,202)
Sewer	349,542	481,458	(131,916)
Electric	6,889,640	8,046,692	(1,157,052)
Pool	207,477	325,646	(118,169)
Utility Deposits	62,011	71,761	(15,600)
Refuse	127,719	140,941	(54,430)
Library	34,855	55,055	(20,200)
Income Tax	3,268,733	4,174,025	(905,292)

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-002, (Continued)

Fund	Actual Resources Available	Appropriations	Variance
2011			
General Fund	\$2,080,510	\$2,926,401	(\$845,891)
Street Construction	652,694	737,083	(84,389)
State Highway	54,076	92,689	(38,613)
Parks & Rec.	286,868	300,422	(13,554)
Drug Law Enf.	6,421	11,321	(4,900)
Permissive MVL	67,190	148,343	(81,153)
Lockkeepers Hse	20,670	55,820	(35,150)
Computer - Clerk	2,357	2,457	(100)
Computer - Mayor	736	1,464	(728)
EMS	97,668	126,559	(28,891)
Issue II	0	680,000	(680,000)
Water	389,667	569,918	(180,251)
Sewer	305,631	449,338	(143,707)
Electric	6,497,250	8,042,892	(1,545,642)
Pool	226,613	315,601	(88,988)
Utility Deposits	67,772	68,772	(1,000)
Refuse	144,002	147,079	(3,077)
Library	32,579	52,779	(20,200)
Income Tax	3,720,718	4,952,229	(1,231,511)

To comply with this section and improve budgetary controls the Village should file their appropriation measures with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: The Village will monitor budgetary compliance more closely in the future.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011

FINDING NUMBER 2012-003

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

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

The Village did not properly certify the availability of funds prior to purchase commitment for 9.8 percent and 9.4 percent of expenditures chosen for review in both 2012 and 2011, respectively; and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

FINDING NUMBER 2012-003 (Continued)

To improve controls over disbursements and to help reduce the possibility that Village funds will exceed budgetary spending limitations, we recommend that the Village certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, and the expenditure meets the criteria noted above, “then and now” certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Village will review ORC Section 5705.41 (D) for proper certification of funds.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2010-001	Ohio Rev. Code Section 5705.36 - Estimated Receipts exceeded actual receipts in numerous funds.	No	Reissued as Finding 2012-001
2010-002	Ohio Rev. Code Section 5705.39 - Appropriations exceeded actual resources available in numerous funds.	No	Reissued as Finding 2012-002
2010-003	Auditor of State Bulletins 2000-008 and 2002-004 - On-behalf payments were not properly recorded.	Yes	Corrected
2010-004	Ohio Rev. Code Section 5705.41(D) - Then and Now certificates were not properly certified and attached.	No	Reissued as Finding 2012-003

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Dave Yost • 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
FEBRUARY 4, 2014**