



Dave Yost • Auditor of State

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis - For the Year Ended December 31, 2014.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2014	11
Statement of Activities – Cash Basis For the Year Ended December 31, 2014.....	12
Governmental Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis - Governmental Funds - December 31, 2014	13
Statement of Receipts, Disbursements, and Changes in Fund Balances- Cash Basis-Governmental Funds - For the Year Ended December 31, 2014	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund – For the Year Ended December 31, 2014.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis Street Construction Fund – For the Year Ended December 31, 2014.....	16
Statement of Fund Net Position – Cash Basis – Proprietary Funds December 31, 2014.....	17
Statement of Receipts, Disbursements, and Changes in Fund Net Position Cash Basis - For the Year Ended December 31, 2014	18
Notes to the Financial Statements - For the Year Ended December 31, 2014	19
Management's Discussion and Analysis - For the Year Ended December 31, 2013.....	41
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis - December 31, 2013.....	49
Statement of Activities – Cash Basis For the Year Ended December 31, 2013.....	50

VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Governmental Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds - December 31, 2013	51
Statement of Receipts, Disbursements, and Changes in Fund Balances-Cash Basis- Governmental Funds - For the Year Ended December 31, 2013.....	52
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund – For Year Ended December 31, 2013.....	53
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis Street Construction Fund – For the Year Ended December 31, 2013.....	54
Statement of Fund Net Position – Cash Basis – Proprietary Funds December 31, 2013.....	55
Statement of Receipts, Disbursements, and Changes in Fund Net Position Cash Basis - For the Year Ended December 31, 2013	56
Notes to the Financial Statements – For the Year Ended December 31, 2013.....	57
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Schedule of Findings.....	83
Schedule of Prior Year Findings	86



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of New Bremen
Auglaize County
P.O. Box 27
214 N. Washington Street
New Bremen, Ohio 45869

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of New Bremen, Auglaize County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, 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 opinions.

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-type activities, each major fund, and the aggregate remaining fund information of Village of New Bremen, Auglaize County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparisons 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2013, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

Additionally, as described in Note 3, during 2013, the fund balances and net position were restated in the General Fund and the Swimming Pool Enterprise Fund, respectively, for a fund reclassification. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, 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 December 28, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2015

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

This discussion and analysis of the Village of New Bremen's, Auglaize County (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, 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 Village's financial performance.

Highlights

Key highlights for 2014 are as follows:

- Total net position of governmental activities increased \$587,941, which represents a 27.9 percent increase. The fund most affected by the increase in cash and cash equivalents was the General fund which had an increase of \$576,395.
- Net position of business-type activities increased \$10,014 less than 1 percent from fiscal year 2013. The Village's major business-type activities fund is the Electric Fund. Net cash position for the Electric Fund increased in 2014 by \$20,446 or 1.4 percent.
- The Village's general receipts are primarily income taxes, real estate and property taxes for governmental activities. Income tax receipts increased 14.7 percent for 2014 as compared to 2013. Income tax receipts represent 74.2 percent and 67.9 percent for 2014 and 2013, respectively of total governmental activity receipts.
- General cash receipts accounted for \$4,021,668 or 88.5 percent, and \$3,776,331 or 87.3 percent of total government activities cash receipts in 2014 and 2013, respectively. Program specific cash receipts accounted for \$524,446 or 11.5 percent, and \$551,068 or 12.7 percent of total government activities cash receipts for 2014 and 2013, respectively.
- The Village had \$3,779,980 in cash disbursements related to governmental activities; \$524,446 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$4,021,668 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 position 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 non-major 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

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.

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 position and the statement of activities reflect how the Village did financially during 2014 and 2013 within the limitations of cash basis accounting. The statement of net position 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 position 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 activities – The Village has several business-type activities, the provision of electric, water, sewer, 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 YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village 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 non-major 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 2014 and 2013 are the General and Street Construction Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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, 2014 and 2013 there was no cash balance in the agency fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2014 and 2013:

	Net Position					
	Governmental Activities			Business Type Activities		
	2014	2013	Change	2014	2013	Change
Assets:						
Cash and Cash Equivalents	\$2,696,079	\$2,108,138	\$587,941	\$1,908,985	\$1,898,971	\$10,014
Total Assets	<u>\$2,696,079</u>	<u>\$2,108,138</u>	<u>\$587,941</u>	<u>\$1,908,985</u>	<u>\$1,898,971</u>	<u>\$10,014</u>
Net Position:						
Restricted	\$349,066	\$337,520	\$11,546			
Unrestricted	2,347,013	1,770,618	576,395	\$1,908,985	\$1,898,971	\$10,014
Total Net Position	<u>\$2,696,079</u>	<u>\$2,108,138</u>	<u>\$587,941</u>	<u>\$1,908,985</u>	<u>\$1,898,971</u>	<u>\$10,014</u>

As mentioned previously, net position of governmental activities increased \$587,941 or 27.9 percent in 2014.

Net cash position of business-type activities increased \$10,014 in 2014 a less than 1 percent change.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position in 2014 and 2013:

**(Table 2)
Changes in Net Position**

	Governmental		Business-Type Activities		Total Government	
	Activities					
	2014	2013	2014	2013	2014	2013
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$176,463	\$154,486	\$6,964,224	\$6,229,573	\$7,140,687	\$6,384,059
Operating Grants and Contributions	185,711	175,277			185,711	175,277
Capital Grants and Contributions	162,272	221,305			162,272	221,305
Total Program Receipts	524,446	551,068	6,964,224	6,229,573	7,488,670	6,780,641
General Receipts:						
Property and Other Taxes	204,886	199,101			204,886	199,101
Other Local Taxes	260,720	253,335			260,720	253,335
Income Taxes	3,374,412	2,940,501			3,374,412	2,940,501
Grants and Entitlements Not Restricted to Specific Programs	131,395	267,967			131,395	267,967
Sale of Assets	2,862	3,164			2,862	3,164
Loan Proceeds		64,262	93,776	199,151	93,776	263,413
Interest	24,522	25,899			24,522	25,899
Miscellaneous	22,871	22,102			22,871	22,102
Total General Receipts	4,021,668	3,776,331	93,776	199,151	4,115,444	3,975,482
Total Receipts	4,546,114	4,327,399	7,058,000	6,428,724	11,604,114	10,756,123
Disbursements:						
General Government	520,300	516,239			520,300	516,239
Security of Persons and Property:	860,399	870,573			860,399	870,573
Public Health Services	277	178			277	178
Leisure Time Activities	485,074	444,955			485,074	444,955
Transportation	764,809	742,324			764,809	742,324
Capital Outlay	1,080,937	1,390,738	93,776	199,151	1,174,713	1,589,889
Debt Service:						
Principal Retirement	62,704	48,685	19,946	4,946	82,650	53,631
Interest	5,480	7,301	10,556	12,156	16,036	19,457
Electric			6,429,409	5,601,817	6,429,409	5,601,817
Other Enterprise Funds			672,492	650,153	672,492	650,153
Total Disbursements	3,779,980	4,020,993	7,226,179	6,468,223	11,006,159	10,489,216
Changes in Assets before Transfers	766,134	306,406	(168,179)	(39,499)	597,955	266,907
Advances	100,000	100,000	(100,000)	(100,000)		
Transfers	(278,193)	(253,335)	278,193	253,335		
Change in Net Position	587,941	153,071	10,014	113,836	597,955	266,907
Net Position, January 1	2,108,138	1,955,067	1,898,971	1,785,135	4,007,109	3,740,202
Net Assets, December 31	\$2,696,079	\$2,108,138	\$1,908,985	\$1,898,971	\$4,605,064	\$4,007,109

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Governmental Activities Receipts

Program receipts in the governmental activities represent 11.5 and 12.7 percent of total receipts for 2014 and 2013, 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 88.5 and 87.3 percent of the Village's total receipts for 2014 and 2013, respectively. Property and income taxes represent 95.4 and 89.8 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 98.7 and 96 percent of the total receipts in 2014 and 2013, 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 1.3 and 3.1 percent of the Village's total business-type receipts for 2014 and 2013, respectively.

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 28.6 and 22.8 percent of all governmental disbursements, in 2014 and 34.6 percent and 21.6 percent in 2013, respectively. Transportation also represents a significant cost, approximately 20.2 and 18.5 percent, for 2014 and 2013, respectively. General government also represents a significant cost, 13.8 and 12.8 percent, for 2014 and 2013, 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

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

Governmental Activities				
	Total Cost Of Services 2014	Net Cost of Services 2014	Total Cost Of Services 2013	Net Cost of Services 2013
General Government	\$520,300	\$512,433	\$516,239	\$506,803
Security of Persons and Property	860,399	800,000	870,573	801,600
Public Health Services	277	277	178	178
Leisure Time Activities	485,074	413,062	444,955	374,611
Transportation	764,809	563,500	742,324	576,078
Capital Outlay	1,080,937	898,078	1,390,738	1,154,669
Debt Service:				
Principal Retirement	62,704	62,704	48,685	48,685
Interest	5,480	5,480	7,301	7,301
Total Expenses	\$3,779,980	\$3,255,534	\$4,020,993	\$3,469,925

The dependence upon tax receipts is apparent approximately 86 percent of governmental activities are supported through these general receipts. This percentage is fairly consistent with 2013.

Business-type Activities

The electric operation is the Village's major enterprise fund. This program had cash receipts of \$6,299,691 and \$5,577,174, disbursements of \$6,439,965 and \$5,613,973, in 2014 and 2013, respectively; and advances out of \$100,000 both years and transfers in of \$260,720 and \$253,335, respectively. Net cash position of the program increased \$20,446, or 1.4 percent, in 2014 and increased \$116,536, or 8.5 percent, in 2013.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$4,546,114 and \$4,327,399 and disbursements of \$3,779,980 and \$4,020,993 for 2014 and 2013, respectively. General Fund receipts were more than disbursements by \$576,395 and \$127,685 in 2014 and 2013, respectively.

Business Type Funds

Total business-type funds had receipts of \$7,058,000 and \$6,428,724 and disbursements of \$7,226,179 and \$6,468,223 for 2014 and 2013, 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 \$4,638,800. Actual revenues and other financing receipts (less advances) for fiscal year 2014 were \$4,083,464. This represents a \$555,336 decrease under budgeted revenues. In 2013, final budgeted receipts for the general fund were \$4,663,100. Actual revenues and other financing receipts (less advances) for fiscal year 2013 were \$3,776,907. This represents a \$886,193 decrease under budgeted revenues.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

General fund original and final appropriations and other disbursements were \$6,309,336. The actual budget basis expenditures and other financing disbursements for fiscal year 2014 totaled \$4,326,770, which is lower than the final budget appropriations by \$1,982,566. In 2013, final budgeted appropriations for the general fund were \$6,305,748. The actual budget basis expenditures and other financing disbursements for fiscal year 2013 totaled \$4,084,732, which is lower than the final budget appropriations by \$2,221,016.

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.

Debt

At December 31, 2014, the Village's outstanding debt totaled \$369,216 consisting of a debt issuance from OPWC for projects for street, water and sewer. In addition the Village has manuscript debt for an electric project. For further information regarding the Village's debt refer to Note 12 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 2014 and 2013. 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 2014 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.

This page intentionally left blank.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,696,079	\$1,908,985	\$4,605,064
Total Assets	<u>2,696,079</u>	<u>1,908,985</u>	<u>4,605,064</u>
Net Assets:			
Restricted for:			
Street Repair	218,138		218,138
State Highway	51,588		51,588
Other Purposes	79,340		79,340
Unrestricted	<u>2,347,013</u>	<u>1,908,985</u>	<u>4,255,998</u>
Total Net Position	<u>\$2,696,079</u>	<u>\$1,908,985</u>	<u>\$4,605,064</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$520,300	\$7,867			(\$512,433)		(512,433)
Security of Persons and Property	860,399	53,924	\$6,475		(800,000)		(800,000)
Public Health Services	277				(277)		(277)
Leisure Time Activities	485,074	59,892	12,120		(413,062)		(413,062)
Transportation	764,809	54,780	146,529		(563,500)		(563,500)
Capital Outlay	1,080,937		20,587	\$162,272	(898,078)		(898,078)
Debt Service:							
Principal Retirement	62,704				(62,704)		(62,704)
Interest	5,480				(5,480)		(5,480)
Total Governmental Activities	<u>3,779,980</u>	<u>176,463</u>	<u>185,711</u>	<u>162,272</u>	<u>(3,255,534)</u>		<u>(3,255,534)</u>
Business Type Activities:							
Electric	6,439,965	6,299,691				(\$140,274)	(140,274)
Other Enterprise	786,214	664,533				(121,681)	(121,681)
Total Business Type Activities	<u>7,226,179</u>	<u>6,964,224</u>				<u>(261,955)</u>	<u>(261,955)</u>
Total Primary Government	<u>\$11,006,159</u>	<u>\$7,140,687</u>	<u>\$185,711</u>	<u>\$162,272</u>	<u>(3,255,534)</u>	<u>(261,955)</u>	<u>(3,517,489)</u>
General Receipts:							
Property Local Taxes Levied for:							
General Purpose					204,886		204,886
Other Local Taxes					260,720		260,720
Income Taxes					3,374,412		3,374,412
Grant and Entitlements not Restricted to Specific Programs					131,395		131,395
Loan Proceeds						93,776	93,776
Sale of Assets					2,862		2,862
Earnings on Investments					24,522		24,522
Miscellaneous					22,871		22,871
Total General Receipts					<u>4,021,668</u>	<u>93,776</u>	<u>4,115,444</u>
Advances					100,000	(100,000)	
Transfers					(278,193)	278,193	
Total General Receipts and Transfers					<u>3,843,475</u>	<u>271,969</u>	<u>4,115,444</u>
Change in Net Position					587,941	10,014	597,955
Net Position Beginning of Year					<u>2,108,138</u>	<u>1,898,971</u>	<u>4,007,109</u>
Net Position End of Year					<u>\$2,696,079</u>	<u>\$1,908,985</u>	<u>\$4,605,064</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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	\$2,347,013	\$218,138	\$130,928	\$2,696,079
Total Assets	<u>2,347,013</u>	<u>218,138</u>	<u>130,928</u>	<u>2,696,079</u>
Fund Balances:				
Non-spendable	1,660			1,660
Restricted		218,138	130,928	349,066
Assigned	1,339,452			1,339,452
Unassigned	1,005,901			1,005,901
Total Fund Balances	<u>\$2,347,013</u>	<u>\$218,138</u>	<u>\$130,928</u>	<u>\$2,696,079</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Municipal Income Taxes	\$3,374,412			\$3,374,412
Property and Local Taxes	394,770		\$70,836	465,606
Intergovernmental	131,395	\$146,529	181,082	459,006
Special Assessments			11,641	11,641
Charges for Services	121,156			121,156
Fines, Licenses and Permits			1,263	1,263
Earnings on Investments	24,194	212	116	24,522
Contributions			45,017	45,017
Miscellaneous	34,675	5,954		40,629
Total Receipts	<u>4,080,602</u>	<u>152,695</u>	<u>309,955</u>	<u>4,543,252</u>
Disbursements:				
Current:				
General Government	520,300			520,300
Security of Persons and Property	784,141		76,258	860,399
Public Health Services	277			277
Leisure Time Activities	485,074			485,074
Transportation	237,353	515,250	12,206	764,809
Capital Outlay	920,188		160,749	1,080,937
Debt Service:				
Principal Retirement	58,919		3,785	62,704
Interest and Fiscal Charges	5,480			5,480
Total Disbursements	<u>3,011,732</u>	<u>515,250</u>	<u>252,998</u>	<u>3,779,980</u>
Excess of Receipts Over (Under) Disbursements	1,068,870	(362,555)	56,957	763,272
Other Financing Sources (Uses):				
Loan Proceeds:				
Sale of Fixed Assets	2,862			2,862
Advance In	107,856			107,856
Advances Out			(7,856)	(7,856)
Transfers In		325,000		325,000
Transfers Out	(603,193)			(603,193)
Total Other Financing Sources (Uses)	<u>(492,475)</u>	<u>325,000</u>	<u>(7,856)</u>	<u>(175,331)</u>
Net Change in Fund Balances	576,395	(37,555)	49,101	587,941
Fund Balances Beginning of Year	<u>1,770,618</u>	<u>255,693</u>	<u>81,827</u>	<u>2,108,138</u>
Fund Balances End of Year	<u>\$2,347,013</u>	<u>\$218,138</u>	<u>\$130,928</u>	<u>\$2,696,079</u>

See Accompanying Notes to the 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, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Municipal Income Taxes	\$3,355,000	\$3,500,000	\$3,374,412	(\$125,588)
Property and Local Taxes	182,000	182,000	394,770	212,770
Intergovernmental	192,250	334,250	131,395	(202,855)
Special Assessments	71,750	71,750		(71,750)
Charges and Services	72,500	134,750	121,156	(13,594)
Fines, Licenses and Permits	25,000	35,000		(35,000)
Earnings on Investment	30,000	30,000	24,194	(5,806)
Miscellaneous	145,800	251,050	34,675	(216,375)
Total receipts	<u>4,074,300</u>	<u>4,538,800</u>	<u>4,080,602</u>	<u>(458,198)</u>
Disbursements:				
Current:				
General Government	947,913	947,913	553,967	393,946
Security of Persons and Property	1,068,999	1,068,999	814,381	254,618
Public Health Services	3,000	3,000	277	2,723
Leisure Time Activities	535,968	660,948	525,929	135,019
Transportation	382,277	484,581	248,035	236,546
Capital Outlay	2,347,971	2,610,895	1,516,589	1,094,306
Debt Service:				
Principal Retirement	33,000	33,000	58,919	(25,919)
Interest and Fiscal Charges			5,480	(5,480)
Total Disbursements	<u>5,319,128</u>	<u>5,809,336</u>	<u>3,723,577</u>	<u>2,085,759</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,244,828)</u>	<u>(1,270,536)</u>	<u>357,025</u>	<u>1,627,561</u>
Other Financing Sources (Uses):				
Sale of Fixed Assets			2,862	2,862
Advance In			107,856	107,856
Transfers Out	(500,000)	(500,000)	(603,193)	(103,193)
Other Financing Sources	100,000	100,000		(100,000)
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(492,475)</u>	<u>(92,475)</u>
Net Change in Fund Balance	(1,644,828)	(1,670,536)	(135,450)	1,535,086
Fund Balance Beginning of Year	1,445,433	1,445,433	1,445,433	
Prior Year Encumbrances Appropriated	325,185	325,185	325,185	
Fund Balance End of Year	<u>\$125,790</u>	<u>\$100,082</u>	<u>\$1,635,168</u>	<u>\$1,535,086</u>

See Accompanying Notes to the 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, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts:				
Intergovernmental	\$150,000	\$150,000	\$146,529	(\$3,471)
Earnings on Investment	200	200	212	12
Miscellaneous	6,000	6,000	5,954	(46)
Total receipts	<u>156,200</u>	<u>156,200</u>	<u>152,695</u>	<u>(3,505)</u>
Disbursements:				
Current:				
Transportation	<u>599,211</u>	<u>599,211</u>	<u>521,925</u>	<u>77,286</u>
Total Disbursements	<u>599,211</u>	<u>599,211</u>	<u>521,925</u>	<u>77,286</u>
Excess of Receipts Over (Under) Disbursements	<u>(443,011)</u>	<u>(443,011)</u>	<u>(369,230)</u>	<u>73,781</u>
Other Financing Sources (Uses):				
Transfers In	<u>193,800</u>	<u>193,800</u>	<u>325,000</u>	<u>131,200</u>
Net Change in Fund Balance	<u>(249,211)</u>	<u>(249,211)</u>	<u>(44,230)</u>	<u>204,981</u>
Fund Balance Beginning of Year	242,762	242,762	242,762	
Prior Year Encumbrances Appropriated	<u>12,931</u>	<u>12,931</u>	<u>12,931</u>	
Fund Balance End of Year	<u><u>\$6,482</u></u>	<u><u>\$6,482</u></u>	<u><u>\$211,463</u></u>	<u><u>\$204,981</u></u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS
PROPREITARY FUNDS
DECEMBER 31, 2014**

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets:			
Equity in Pooled Cash and Cash Equivalentents	\$1,500,694	\$408,291	\$1,908,985
Total Assets	1,500,694	408,291	1,908,985
Net Position:			
Unrestricted	1,500,694	408,291	1,908,985
Total Net Position	\$1,500,694	\$408,291	\$1,908,985

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Major Electric Fund	Other Enterprise Funds	Total Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
Operating Receipts:			
Charges for Services	\$6,251,005	\$660,078	\$6,911,083
Miscellaneous	48,686	4,455	53,141
Total Operating Receipts	<u>6,299,691</u>	<u>664,533</u>	<u>6,964,224</u>
Operating Disbursements:			
Personal Services	416,602	200,252	616,854
Contractual Services	5,411,102	171,290	5,582,392
Supplies and Materials	205,579	214,167	419,746
Other	396,126	86,783	482,909
Total Operating Disbursements	<u>6,429,409</u>	<u>672,492</u>	<u>7,101,901</u>
Operating Income (Loss)	<u>(129,718)</u>	<u>(7,959)</u>	<u>(137,677)</u>
Non-Operating Receipts (Disbursements):			
Loan Proceeds		93,776	93,776
Capital Outlay		(93,776)	(93,776)
Debt Service:			
Principal Payments		(19,946)	(19,946)
Interest and Fiscal Charges	(10,556)		(10,556)
Total Non-Operating Receipts (Disbursements)	<u>(10,556)</u>	<u>(19,946)</u>	<u>(30,502)</u>
Income (Loss) before Transfers and Advances	(140,274)	(27,905)	(168,179)
Advances Out	(100,000)		(100,000)
Transfers In	<u>260,720</u>	<u>17,473</u>	<u>278,193</u>
Change in Net Assets	20,446	(10,432)	10,014
Net Position Beginning of Year	<u>1,480,248</u>	<u>418,723</u>	<u>1,898,971</u>
Net Position End of Year	<u><u>\$1,500,694</u></u>	<u><u>\$408,291</u></u>	<u><u>\$1,908,985</u></u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 and Related Organizations

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 joint venture and one related organization. Note 16 to the financial statements provide additional information for these entities:

Joint Venture and Related Organization:

- 1) Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)
- 2) Western Ohio Rail Authority

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, 2014
(Continued)**

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. The 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.

1. Government-Wide Financial Statements

The statement of net position 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 position 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.

2. 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, 2014
(Continued)**

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.

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major funds for 2014 were the General 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.

2. 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 five non-major enterprise funds that are used to account for water, sewer, refuse, utility deposits, and library operations.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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, 2014.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

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:

Non-spendable – The non-spendable 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 interfund 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.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014, the Village invested in STAR Ohio Plus, 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, 2014.

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 2014 was \$24,194.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 10 and 11, 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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position 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 resources are available.

N. 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 non-operating 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.

3. COMPLIANCE

Contrary to Ohio law, appropriation authority exceeded actual resources in the General fund by \$439,299 for the year ended December 31, 2014.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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 – Budget 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 2014 (budgetary basis) for the General Fund amounted to \$711,845 and \$6,675 for the Street Construction fund.

5. DEPOSITS AND INVESTMENTS

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

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

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;

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

At year-ended December 31, 2014, the carrying amount of the Village's deposits was \$4,605,064 and the bank balance was \$4,618,384. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$2,600,791 was exposed to custodial risk as discussed below, while \$2,017,593 was covered by federal depository Insurance Corporation for 2014.

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.

6. 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 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

6. PROPERTY TAXES (Continued)

Public utility property tax receipts received in 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2012, were levied after October 1, 2013, 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 2013 property tax receipts were based are as follows:

	2014
Real Property Tax	\$72,216,130
Public Utility Personal Property	341,290
Total Assessed Value	<u>\$72,557,420</u>

7. INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2014, consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

	2014
Transfers to:	
Electric Fund	\$260,720
Other Enterprise funds	17,473
Street Construction	325,000
Total	<u>\$603,193</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.

8. LOCAL INCOME TAXES

The Village levies a 1.50 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2014, the Village collected \$3,374,412.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

9. RISK MANAGEMENT

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual

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

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

A. Casualty Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

B. 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	<u>(12,363,257)</u>	<u>(12,760,194)</u>
Retained Earnings	<u>\$23,038,920</u>	<u>\$21,651,689</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$56,000.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

9. RISK MANAGEMENT (Continued)

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

Contributions	
2013	2014
\$83,111	\$85,526

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.

10. 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The Village's contribution rate for 2014 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2014 was 13.00%. The Village's contribution rate for pension benefits for members in the Combined Plan for 2014 was 12.00%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$150,452 \$156,546, and \$86,838, respectively; 100% has been contributed for 2014, 2013 and 2012.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund

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

Funding Policy – From January 1, 2014 through December 31, 2014, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2014, the Village was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2014, the portion of the Village's contributions to fund pension obligations was 16.65% for January 1, 2014 through December 31, 2014 for police officers and fire fighters. The Village's required contributions for pension obligations to OP&F for police officers and fire fighters was \$73,791 for the year ended December 31, 2014, \$ 72,565 for the year ended December 31, 2013, and \$56,731, for the year ended December 31, 2012. The full amount has been contributed for 2014, 2013 and 2012.

11. POST-EMPLOYMENT 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 to fund postretirement 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5061 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employees to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed 18.10 percent. These are the 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 administrated in accordance with, Internal Revenue Code 401(h). Each year, the 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 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013, and 2012 were \$25,075, \$12,042, and \$62,342, respectively. These obligations are paid on a cash basis with 100 percent contributed for the years 2014, 2013 and 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan – 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 the 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

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.

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. That report is also available on OP&F's website at www.op-f.org.

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. The portion of employer contributions allocated to health care was 2.85 percent of covered payroll from January 1, 2014 thru December 31, 2014. 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 Section 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.

B. Ohio Police and Fire Pension Fund

The Village's contributions to OP&F for police and firefighters to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013, and 2012, were \$12,248, \$16,755 and \$8,801, respectively. These obligations are paid on a cash basis with 100 percent contributed for the years 2014, 2013 and 2012.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

12. DEBT

The Village's long-term debt activity for the year ended December 31, 2014 was as follows:

	Balance 12/31/2013	Additions	Reduction	Balance 12/31/2014	Due Within One Year
Governmental Activities:					
Ohio Public Works	\$64,262		\$12,852	\$51,410	\$6,426
Total Governmental	<u>64,262</u>		<u>12,852</u>	<u>51,410</u>	<u>6,426</u>
Business Activities:					
Ohio Public Works	243,976	\$93,776	19,946	317,806	13,099
Total	<u>\$308,238</u>	<u>\$93,776</u>	<u>\$32,798</u>	<u>\$369,216</u>	<u>\$19,525</u>

The Village has four loans outstanding to Ohio Public Works for various projects:

Loan CM12Q for Walnut Street resurfacing project. Payments are due semi-annually of \$6,426 are due for a term of 5 years at zero interest rate. Balance of \$51,410.

Loan CM17P for Franklin Street sanitary sewer project. Payments are due semi-annually of \$2,473 are due for a term of 20 years at zero interest rate. Balance of \$89,031.

Loan CT61P for Circle Drive sanitary sewer project. Payments are due semi-annually of \$7,500 are due for a term of 10 years at zero interest rate. Balance of \$134,999.

Loan CM14R for Cherry Street water main replacement project. Payments are due semi-annually of \$1,563 are due for term of 30 years at zero interest rate. Balance \$93,776

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

Year	OPWC	
	Principal	Interest
2015	\$19,525	
2016	35,924	
2017	35,924	
2018	35,924	
2019	29,499	
2020-2024	107,859	
2025-2029	40,360	
2030-2034	32,945	
2035-2039	15,630	
2040-2044	15,626	
Total	<u>369,216</u>	0%

A. Manuscript Debt

In 2011, the Village Council authorized the issuance of \$600,000 in manuscript debt by the Village's general fund to finance the early retirement of the electric fund's note with Minster Bank. The manuscript debt shall mature in equal annual installments of \$100,000 each year from 2012 to 2017 and carry interest at 3.25 percent interest per year for six years in semi-annual payments.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

12. DEBT (Continued)

<u>Village of New Bremen General Fund</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$100,000	\$8,937
2016	100,000	5,688
2017	100,000	2,437
	<u>\$300,000</u>	<u>\$17,062</u>

13. INTERFUND ACTIVITY

The Village reports advances-in and advances-out for interfund loan activity. The accompanying financial statements do not report these items as assets or liabilities. Repayment is expected to be made in a reasonable period of time.

The Village has advanced from general fund for sidewalk and curb projects to be repaid with special assessment revenue. The projects were from years 2003 through 2012. The manuscript debt will mature over a ten year period and carry an interest rate at 8%. During 2014, \$14,341 in interest and \$7,856 was repaid to the general fund through advances.

Remaining balances as follows:

2005 Pearl Street Improvements, original \$14,644.68, maturity 2015. Principal balance at December 31, 2013 \$1,465.

2008 N. Franklin Reconstruction, original \$4,572, maturity 2017. Principal balance at December 31, 2013 \$1,372.

2008 Front Street and Deer Drive., original \$20,663, maturity 2018. Principal balance at December 31, 2013 \$8,265.

2009 Front Street and Elk Street., original \$15,964, maturity 2019. Principal balance at December 31, 2013 \$7,982.

2009 Canal Street Parking Lot, original \$2,424, maturity 2019. Principal balance at December 31, 2013 \$1,212.

2010 Elk Drive Improvements, original \$6,228, maturity 2020. Principal balance at December 31, 2013 \$3,737.

2011 Bear Drive Improvements, original \$13,794, maturity 2021. Principal balance at December 31, 2013 \$9,656.

In 2013, the Village advanced funds for the Miami Erie Trail in the amount of \$34,445 in manuscript debt. The project at December 31, 2014 has not been completed. The advance has not been repaid.

	<u>Advance In</u>	<u>Advance Out</u>
General Fund	\$107,856	
Other Governmental Funds		\$7,856
Electric Fund		100,000
	<u>\$107,856</u>	<u>\$107,856</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

14. LEASE

The Village entered into a five year lease agreement for \$240,980 with Leasing 2, Inc. for the acquisition of a fire truck with annual payments beginning July 1, 2013 through 2017 in the amount of \$51,547 including interest at 2.85%.

Future lease payments for the above leases are as follows:

Year Ending December 31:	Amount
2015	\$51,547
2016	51,547
2017	51,547
Total Minimum Lease Payments	\$154,641
Less amount representing interest	8,413
Present value of minimum lease payments	\$146,228

15. 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.

16. JOINT VENTURE AND RELATED ORGANIZATIONS

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, 2014 New Bremen has met their debt coverage obligation.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

16. JOINT VENTURE AND RELATED ORGANIZATIONS

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

OMEGA JV5 is managed by AMP, 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 \$71,112 at December 31, 2014. 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.

Western Ohio Rail Authority

The Village is a member of the Western Ohio Rail Authority (WORA). The Authority is comprised of three (3) volunteer Village of New Bremen representatives as well as three members from the Village of Minster and the City of St. Marys. The Port Authority was organized:

- To own, manage, and maintain a 10 mile railroad track that serves Minster, New Bremen and St Mary's.

Financial Information may be obtained from the Western Ohio Rail Authority, P.O. Box 183, New Bremen, Ohio 45869.

17. CONTINGENT LIABILITIES

A. American Municipal Power Generating Station Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 7,442 kilowatts of a total 771,281 kilowatts, giving the Village a 0.96 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

17. CONTINGENT LIABILITIES (Continued)

costs is \$1,293,756. The Village received a credit of \$247,163 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$336,563 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$710,030. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. During 2014 the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate at December 31, 2014 was \$718,775.

B. 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, and Village management.

18. FUND BALANCE

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

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Non-spendable:				
Unclaimed Monies	\$1,660			\$1,660
Total Non-spendable	<u>1,660</u>			<u>1,660</u>
Restricted for:				
Street Construction and Maint.		\$218,138	\$98,769	316,907
Drug Law Enforcement			6,856	6,856
EMS Services			6,702	6,702
Permanent Improvements			11,623	11,623
Computerization – Courts			6,978	6,978
Total Restricted		<u>218,138</u>	<u>130,928</u>	<u>349,066</u>
Assigned to:				
General Government	9,192			9,192
Security of Persons & Property	26,253			26,253
Leisure Time Activities	226,955			226,955
Capital Outlay	589,958			589,958
Subsequent Year Budget	487,094			487,094
Total Assigned	<u>1,339,452</u>			<u>1,339,452</u>
Unassigned	<u>1,005,901</u>			<u>1,005,901</u>
 Total Fund Balance	 <u>\$2,347,013</u>	 <u>\$218,138</u>	 <u>\$130,928</u>	 <u>\$2,696,079</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

19. SUBSEQUENT EVENTS

On April 20, 2015, the Village Council approved a bid of \$491,914 for the Washington and Front Street repair projects. On May 26, 2015, the Village Council approved a bid of \$768,889 for the Komminsk Park project. On June 22, 2015, Council approved a bid of \$504,182 for the Komminsk Park restroom project. On August 24, 2015, the Village Council approved architect fees for a police/EMS building, a parks department building, and a public works building in approximate amounts of \$115,188, \$25,058, and \$123,600 respectively.

This page intentionally left blank.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

This discussion and analysis of the Village of New Bremen's, Auglaize County (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, 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 Village's financial performance.

Highlights

Key highlights for 2013 are as follows:

- Total net position of governmental activities increased \$153,071, which represents a 7.8 percent increase. The fund most affected by the increase in cash and cash equivalents was the General fund which had an increase of \$127,685.
- Net position of business-type activities increased \$113,836, which represents a 6.4 percent increase from fiscal year 2012. The Village's major business-type activities fund is the Electric Fund. Net cash position for the Electric Fund increased in 2013 by \$116,536, or 8.5 percent.
- The Village's general receipts are primarily income taxes, real estate and property taxes for governmental activities. Income tax receipts increased slightly 2013 as compared to 2012. Income tax receipts represent 67.9 percent and 72.9 percent for 2013 and 2012, respectively of total governmental activity receipts.
- General cash receipts accounted for \$3,776,331 or 87.3 percent, and \$3,657,020 or 90.9 percent of total government activities cash receipts in 2013 and 2012, respectively. Program specific cash receipts accounted for \$551,068 or 12.7 percent, and \$362,506 or 9.1 percent of total government activities cash receipts for 2013 and 2012, respectively.
- The Village had \$4,020,993 in cash disbursements related to governmental activities; \$551,068 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,776,331 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 position 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 non-major 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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.

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 position and the statement of activities reflect how the Village did financially during 2013 and 2012 within the limitations of cash basis accounting. The statement of net position 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 position 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 activities – The Village has several business-type activities, the provision of electric, water, sewer, 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 YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village 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 non-major 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 2013 and 2012 are the General and Street Construction Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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 Village's programs. The Village has one fiduciary fund, an agency fund, the Mayors Court fund. At December 31, 2013 and 2012 there was no cash balance in the agency fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2013 and 2012:

	Net Position					
	Governmental Activities			Business Type Activities		
	2013	2012	Change	2013	2012	Change
Assets:						
Cash and Cash Equivalents	\$2,108,138	\$1,955,067	\$153,071	\$1,898,971	\$1,785,135	\$113,836
Total Assets	<u>\$2,108,138</u>	<u>\$1,955,067</u>	<u>\$153,071</u>	<u>\$1,898,971</u>	<u>\$1,785,135</u>	<u>\$113,836</u>
Net Position:						
Restricted	\$337,520	\$312,134	\$25,386			
Unrestricted	1,770,618	1,642,933	127,685	1,898,971	1,785,135	113,836
Total Net Position, restated	<u>\$2,108,138</u>	<u>\$1,955,067</u>	<u>\$153,071</u>	<u>\$1,898,971</u>	<u>\$1,785,135</u>	<u>\$113,836</u>

As mentioned previously, net position of governmental activities increased \$153,071 or 7.8 percent in 2013.

Net cash position of business-type activities increased \$113,836 in 2013, or 6.4 percent change.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position in 2013 and 2012:

	(Table 2) Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$154,486	\$207,506	\$6,229,573	\$5,655,420	\$6,384,059	\$5,862,926
Operating Grants and Contributions	175,277	155,000			175,277	155,000
Capital Grants and Contributions	221,305				221,305	
Total Program Receipts	551,068	362,506	6,229,573	5,655,420	6,780,641	6,017,926
General Receipts:						
Property and Other Taxes	199,101	243,485			199,101	243,485
Other Local Taxes	253,335	255,180			253,335	255,180
Income Taxes	2,940,501	2,931,085			2,940,501	2,931,085
Grants and Entitlements Not Restricted to Specific Programs	267,967	121,379			267,967	121,379
Sale of Assets	3,164				3,164	
Loan Proceeds	64,262	49,771	199,151		263,413	49,771
Interest	25,899	28,375			25,899	28,375
Miscellaneous	22,102	27,745			22,102	27,745
Total General Receipts	3,776,331	3,657,020	199,151		3,975,482	3,657,020
Total Receipts	4,327,399	4,019,526	6,428,724	5,655,420	10,756,123	9,674,946
Disbursements:						
General Government	516,239	602,886			516,239	602,886
Security of Persons and Property	870,573	827,122			870,573	827,122
Public Health Services	178	277			178	277
Leisure Time Activities	444,955	376,507			444,955	376,507
Transportation	742,324	665,957			742,324	665,957
Capital Outlay	1,390,738	1,215,807	199,151		1,589,889	1,215,807
Debt Service:						
Principal Retirement	48,685		4,946		53,631	
Interest	7,301		12,156		19,457	
Electric			5,601,817	5,604,663	5,601,817	5,604,663
Other Enterprise Funds			650,153	652,662	650,153	652,662
Total Disbursements	4,020,993	3,688,556	6,468,223	6,257,325	10,489,216	9,945,881
Changes in Net Position before Transfers	306,406	330,970	(39,499)	(601,905)	266,907	(270,935)
Advances	100,000	100,000	(100,000)	(100,000)		
Transfers	(253,335)	(355,180)	253,335	355,180		
Change in Net Position	153,071	75,790	113,836	(346,725)	266,907	(270,935)
Net Position, January 1, restated	1,955,067	1,879,277	1,785,135	2,131,860	3,740,202	4,011,137
Net Assets, December 31	\$2,108,138	\$1,955,067	\$1,898,971	\$1,785,135	\$4,007,109	\$3,740,202

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Governmental Activities Receipts

Program receipts in the governmental activities represent 12.7 and 9.1 percent of total receipts for 2013 and 2012, 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 87.3 and 90.9 percent of the Village's total receipts for 2013 and 2012, respectively. Property and income taxes represent 89.8 and 93.7 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 96 and 100 percent of the total receipts in 2013 and 2012, 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 4 and 0 percent of the Village's total business-type receipts for 2013 and 2012, respectively.

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 34.6 and 21.6 percent of all governmental disbursements, in 2013 and 32.9 percent and 22.4 percent in 2012, respectively. Transportation also represents a significant cost, approximately 18.5 and 18.1 percent, for 2013 and 2012, respectively. General government also represents a significant cost, 12.8 and 16.3 percent, for 2013 and 2012, 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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

Governmental Activities				
	Total Cost Of Services 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
General Government	\$516,239	\$506,803	\$602,886	\$544,244
Security of Persons and Property	870,573	801,600	827,122	797,358
Public Health Services	178	178	277	277
Leisure Time Activities	444,955	374,611	376,507	135,954
Transportation	742,324	576,078	665,957	479,918
Capital Outlay	1,390,738	1,154,669	1,215,807	1,215,807
Debt Service:				
Principal Retirement	48,685	48,685		
Interest	7,301	7,301		
Total Expenses	<u>\$4,020,993</u>	<u>\$3,469,925</u>	<u>\$3,688,556</u>	<u>\$3,173,558</u>

The dependence upon tax receipts is apparent approximately 86 percent of governmental activities are supported through these general receipts. This percentage is fairly consistent with 2012.

Business-type Activities

The electric operation is the Village's major enterprise fund. This program had cash receipts of \$5,577,174 and \$4,987,768, disbursements of \$5,613,973 and \$5,604,663, in 2013 and 2012, respectively; and advances out of \$100,000 both years and transfers in of \$253,335 and \$255,180, respectively. Net cash position of the program increased \$116,536, or 8.5 percent, in 2013 and decreased \$361,715, or 21 percent, in 2012.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$4,327,399 and \$4,019,526 and disbursements of \$4,020,993 and \$3,688,556 for 2013 and 2012, respectively. General Fund receipts were more than disbursements by \$127,685 and \$177,081 in 2013 and 2012, respectively.

Business Type Funds

Total business-type funds had receipts of \$6,428,724 and \$5,655,420 and disbursements of \$6,468,223 and \$6,257,325 for 2013 and 2012, 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 \$4,663,100. Actual revenues and other financing receipts (less advances) for fiscal year 2013 were \$3,776,907. This represents a \$886,193 decrease under budgeted revenues. In 2012, final budgeted receipts for the general fund 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

General fund original and final appropriations and other disbursements were \$6,305,748. The actual budget basis expenditures and other financing disbursements for fiscal year 2013 totaled \$4,084,732, which is lower than the final budget appropriations by \$2,221,016. In 2012, final budgeted appropriations for the general fund 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.

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.

Debt

At December 31, 2013, the Village's outstanding debt totaled \$308,238 consisting of a debt issuance from OPWC for projects for street, water and sewer. In addition the Village has manuscript debt for an electric project. For further information regarding the Village's debt refer to Note 12 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 2013 and 2012. 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.

This page intentionally left blank.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,108,138	\$1,898,971	\$4,007,109
Total Assets	<u>2,108,138</u>	<u>1,898,971</u>	<u>4,007,109</u>
Net Assets:			
Restricted for:			
Street Repair	255,693		255,693
State Highway	41,499		41,499
Other Purposes	40,328		40,328
Unrestricted	<u>1,770,618</u>	<u>1,898,971</u>	<u>3,669,589</u>
Total Net Position	<u>\$2,108,138</u>	<u>\$1,898,971</u>	<u>\$4,007,109</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$516,239	\$9,436			(\$506,803)		(\$506,803)
Security of Persons and Property	870,573	45,291	\$23,682		(801,600)		(801,600)
Public Health Services	178				(178)		(178)
Leisure Time Activities	444,955	65,344	5,000		(374,611)		(374,611)
Transportation	742,324	19,651	146,595		(576,078)		(576,078)
Capital Outlay	1,390,738	14,764		\$221,305	(1,154,669)		(1,154,669)
Debt Service:							
Principal Retirement	48,685				(48,685)		(48,685)
Interest	7,301				(7,301)		(7,301)
Total Governmental Activities	<u>4,020,993</u>	<u>154,486</u>	<u>175,277</u>	<u>221,305</u>	<u>(3,469,925)</u>		<u>(3,469,925)</u>
Business Type Activities:							
Electric	5,613,973	5,577,174				(\$36,799)	(36,799)
Other Enterprise	854,250	652,399				(201,851)	(201,851)
Total Business Type Activities	<u>6,468,223</u>	<u>6,229,573</u>				<u>(238,650)</u>	<u>(238,650)</u>
Total Primary Government	<u>\$10,489,216</u>	<u>\$6,384,059</u>	<u>\$175,277</u>	<u>\$221,305</u>	<u>(3,469,925)</u>	<u>(238,650)</u>	<u>(3,708,575)</u>
General Receipts:							
Property Local Taxes Levied for:							
General Purpose					199,101		199,101
Other Local Taxes					253,335		253,335
Income Taxes					2,940,501		2,940,501
Grant and Entitlements not Restricted to Specific Programs					267,967		267,967
Loan Proceeds					64,262	199,151	263,413
Sale of Assets					3,164		3,164
Earnings on Investments					25,899		25,899
Miscellaneous					22,102		22,102
Total General Receipts					<u>3,776,331</u>	<u>199,151</u>	<u>3,975,482</u>
Advances					100,000	(100,000)	
Transfers					(253,335)	253,335	
Total General Receipts and Transfers					<u>3,622,996</u>	<u>352,486</u>	<u>3,975,482</u>
Change in Net Position					153,071	113,836	266,907
Net Position Beginning of Year					<u>1,955,067</u>	<u>1,785,135</u>	<u>3,740,202</u>
Net Position End of Year					<u>\$2,108,138</u>	<u>\$1,898,971</u>	<u>\$4,007,109</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$1,770,618	\$255,693	\$81,827	\$2,108,138
Total Assets	<u>1,770,618</u>	<u>255,693</u>	<u>81,827</u>	<u>2,108,138</u>
Fund Balances:				
Non-spendable	1,524			1,524
Restricted		255,693	81,827	337,520
Assigned	1,141,132			1,141,132
Unassigned	627,962			627,962
Total Fund Balances	<u>\$1,770,618</u>	<u>\$255,693</u>	<u>\$81,827</u>	<u>\$2,108,138</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Municipal Income Taxes	\$2,940,501			\$2,940,501
Property and Local Taxes	383,209		\$69,227	452,436
Intergovernmental	276,088	\$146,595	222,633	645,316
Special Assessments			14,764	14,764
Charges for Services	116,578			116,578
Fines, Licenses and Permits	2,177		1,316	3,493
Contributions			27,305	27,305
Earnings on Investments	25,675	161	63	25,899
Miscellaneous	29,515	4,166		33,681
Total Receipts	<u>3,773,743</u>	<u>150,922</u>	<u>335,308</u>	<u>4,259,973</u>
Disbursements				
Current:				
General Government	516,212		27	516,239
Security of Persons and Property	793,483		77,090	870,573
Public Health Services	178			178
Leisure Time Activities	444,955			444,955
Transportation	209,665	516,370	16,289	742,324
Capital Outlay	1,070,727		320,011	1,390,738
Debt Service:				
Principal Retirement	48,685			48,685
Interest and Fiscal Charges	2,862		4,439	7,301
Total Disbursements	<u>3,086,767</u>	<u>516,370</u>	<u>417,856</u>	<u>4,020,993</u>
Excess of Receipts Over (Under) Disbursements	686,976	(365,448)	(82,548)	238,980
Other Financing Sources (Uses):				
Loan Proceeds			64,262	64,262
Sale of Fixed Assets	3,164			3,164
Advance In	110,325		34,445	144,770
Advance Out	(34,445)		(10,325)	(44,770)
Transfers In		375,000	10,000	385,000
Transfers Out	(638,335)			(638,335)
Total Other Financing Sources (Uses)	<u>(559,291)</u>	<u>375,000</u>	<u>98,382</u>	<u>(85,909)</u>
Net Change in Fund Balances	127,685	9,552	15,834	153,071
Fund Balances Beginning of Year - Restated	<u>1,642,933</u>	<u>246,141</u>	<u>65,993</u>	<u>1,955,067</u>
Fund Balances End of Year	<u>\$1,770,618</u>	<u>\$255,693</u>	<u>\$81,827</u>	<u>\$2,108,138</u>

See Accompanying Notes to the 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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts:				
Municipal Income Taxes	\$3,500,000	\$3,500,000	\$2,940,501	(\$559,499)
Property and Local Taxes	221,000	221,000	383,209	162,209
Intergovernmental	192,200	192,200	276,088	83,888
Special Assessments	71,400	71,400		(71,400)
Charges and Services	224,000	224,000	116,578	(107,422)
Fines, Licenses and Permits	21,000	21,000	2,177	(18,823)
Earnings on Investment	35,000	35,000	25,675	(9,325)
Miscellaneous	278,500	278,500	29,515	(248,985)
Total receipts	<u>4,543,100</u>	<u>4,543,100</u>	<u>3,773,743</u>	<u>(769,357)</u>
Disbursements:				
Current:				
General Government	1,007,744	1,007,744	546,006	461,738
Security of Persons and Property	1,091,333	1,091,333	814,968	276,365
Public Health Services	2,000	2,000	178	1,822
Leisure Time Activities	648,053	648,053	466,359	181,694
Transportation	367,752	367,752	210,682	157,070
Capital Outlay	2,563,866	2,563,866	1,322,212	1,241,654
Debt Service:				
Principal Retirement			48,685	(48,685)
Interest and Fiscal Charges			2,862	(2,862)
Total Disbursements	<u>5,680,748</u>	<u>5,680,748</u>	<u>3,411,952</u>	<u>2,268,796</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,137,648)</u>	<u>(1,137,648)</u>	<u>361,791</u>	<u>1,499,439</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			3,164	3,164
Advance In			110,325	110,325
Advance Out			(34,445)	(34,445)
Transfers In	20,000	20,000		(20,000)
Transfers Out	(625,000)	(625,000)	(638,335)	(13,335)
Other Financing Sources	100,000	100,000		(100,000)
Total Other Financing Sources (Uses)	<u>(505,000)</u>	<u>(505,000)</u>	<u>(559,291)</u>	<u>(54,291)</u>
Net Change in Fund Balance	(1,642,648)	(1,642,648)	(197,500)	1,445,148
Fund Balance Beginning of Year	1,179,830	1,179,830	1,179,830	
Prior Year Encumbrances Appropriated	463,103	463,103	463,103	
Fund Balance End of Year	<u>\$285</u>	<u>\$285</u>	<u>\$1,445,433</u>	<u>\$1,445,148</u>

See Accompanying Notes to the 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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$160,000	\$160,000	\$146,595	(\$13,405)
Earnings on Investment	1,000	1,000	161	(839)
Miscellaneous	5,000	5,000	4,166	(834)
Total receipts	<u>166,000</u>	<u>166,000</u>	<u>150,922</u>	<u>(15,078)</u>
Disbursements:				
Current:				
Transportation	682,141	682,141	529,301	152,840
Total Disbursements	<u>682,141</u>	<u>682,141</u>	<u>529,301</u>	<u>152,840</u>
Excess of Receipts Over (Under) Disbursements	<u>(516,141)</u>	<u>(516,141)</u>	<u>(378,379)</u>	<u>137,762</u>
Other Financing Sources (Uses):				
Transfers In	<u>270,000</u>	<u>270,000</u>	<u>375,000</u>	<u>105,000</u>
Net Change in Fund Balance	(246,141)	(246,141)	(3,379)	242,762
Fund Balance Beginning of Year	237,641	237,641	237,641	
Prior Year Encumbrances Appropriated	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$242,762</u></u>	<u><u>\$242,762</u></u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,480,248	\$418,723	\$1,898,971
Total Assets	1,480,248	418,723	1,898,971
Net Position:			
Unrestricted	1,480,248	418,723	1,898,971
Total Net Position	\$1,480,248	\$418,723	\$1,898,971

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Major Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts:			
Charges for Services	\$5,524,768	\$646,798	\$6,171,566
Miscellaneous	52,406	5,601	58,007
Total Operating Receipts	<u>5,577,174</u>	<u>652,399</u>	<u>6,229,573</u>
Operating Disbursements:			
Personal Services	436,250	202,772	639,022
Contractual Services	4,637,330	169,929	4,807,259
Supplies and Materials	173,161	264,216	437,377
Other	355,076	13,236	368,312
Total Operating Disbursements	<u>5,601,817</u>	<u>650,153</u>	<u>6,251,970</u>
Operating Income (Loss)	<u>(24,643)</u>	<u>2,246</u>	<u>(22,397)</u>
Non-Operating Receipts (Disbursements):			
Loan Proceeds		199,151	199,151
Capital Outlay		(199,151)	(199,151)
Debt Service:			
Principal Payments		(4,946)	(4,946)
Interest and Fiscal Charges	(12,156)		(12,156)
Total Non-Operating Receipts (Disbursements)	<u>(12,156)</u>	<u>(4,946)</u>	<u>(17,102)</u>
Income (Loss) before Transfers and Advances	(36,799)	(2,700)	(39,499)
Advance Out	(100,000)		(100,000)
Transfers In	253,335		253,335
Change in Net Assets	116,536	(2,700)	113,836
Net Position Beginning of Year -Restated	<u>1,363,712</u>	<u>421,423</u>	<u>1,785,135</u>
Net Position End of Year	<u>\$1,480,248</u>	<u>\$418,723</u>	<u>\$1,898,971</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 and Related Organizations

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 joint venture and one related organization. Note 16 to the financial statements provide additional information for these entities:

Joint Venture and Related Organization:

- 1) Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)
- 2) Western Ohio Rail Authority

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, 2013
(Continued)**

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. The 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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position 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 position 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.

2. 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, 2013
(Continued)**

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.

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major funds for 2013 were the General 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.

2. 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 five non-major enterprise funds that are used to account for water, sewer, refuse, utility deposits, and library operations.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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, 2013.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance

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:

Non-spendable – The non-spendable 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 interfund 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.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2013, the Village invested in STAR Ohio Plus, 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, 2013.

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 2013 was \$25,675.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 10 and 11, 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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position 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 resources are available.

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 non-operating 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

3. RESTATEMENT OF FUND BALANCE, CHANGE IN ACCOUNTING PRINCIPLE, AND COMPLIANCE

A. For the year ended December 31, 2013, the Village has combined the Swimming Pool Fund with the General Fund. The reclassification of this fund had the following effect on fund balance and net position as previously reported at December 31, 2012:

	General Fund	Other Enterprise Funds
Fund Balance at December 31, 2012	\$1,586,477	\$477,879
GASB 54 Change in fund structure	56,456	(56,456)
Adjusted Fund Balance/Net Position At December 31, 2012	<u>\$1,642,933</u>	<u>\$421,423</u>

B. Change in Accounting Principle

For 2012, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

C. Compliance

Contrary to Ohio law, appropriation authority exceeded actual resources in the General fund by \$248,134 for the year ended December 31, 2013.

4. DEPOSITS AND INVESTMENTS

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

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

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

At year-ended December 31, 2013, the carrying amount of the Village's deposits was \$4,007,109 and the bank balance was \$4,038,578. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$2,035,860 was exposed to custodial risk as discussed below, while \$2,002,718 was covered by federal depository Insurance Corporation for 2013.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

5. 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 – Budget 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 2013 (budgetary basis) for the General Fund amounted to \$325,185 and \$12,931 for the Street Construction fund.

6. 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 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2011, were levied after October 1, 2012, 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed values of real property, public utility property, and tangible personal property upon which 2012 property tax receipts were based are as follows:

	2013
Real Property Tax	\$71,902,160
Public Utility Personal Property	310,810
Total Assessed Value	\$72,212,970

7. INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2013, consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

	2013
Transfers to:	
Electric Fund	\$253,335
Street Construction	375,000
Other Governmental	10,000
Total	\$638,335

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.

8. 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

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

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. RISK MANAGEMENT (Continued)

A. Casualty Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

B. 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, 2013 and 2012 (the latest information available):

	2012	2013
Assets	\$34,389,569	\$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Retained Earnings	\$20,181,216	\$21,651,689

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$58,000.

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

Contributions	
2012	2013
\$95,333	\$83,111

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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 2013, the Village collected \$2,940,501.

10. 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The Village's contribution rate for 2013 was 14.00% of covered payroll.

The Village's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The Village's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$156,546, \$86,838, and \$92,956, respectively; 100% has been contributed for 2013, 2012 and 2011.

B. Ohio Police and Fire Pension Fund

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the Village was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the Village's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers and fire fighters. The Village's required contributions for pension obligations to OP&F for police officers and fire fighters was \$72,565 for the year ended December 31, 2013, \$ 56,731 for the year ended December 31, 2012, and \$54,822, for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

11. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – 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 to fund postretirement 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5061 or 1-800-222-7377.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed 18.10 percent. These are the 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 administrated in accordance with, Internal Revenue Code 401(h). Each year, the 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 1.0 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012, and 2011 were \$12,042, \$62,342, and \$66,735, respectively. These obligations are paid on a cash basis with 100 percent contributed for the years 2013, 2012 and 2011.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

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 the 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

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.

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. That report is also available on OP&F's website at www.op-f.org.

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. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. 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 Section 115 and 401(h).

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

The Village's contributions to OP&F for police and firefighters to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012, and 2011, were \$16,755, \$8,801 and \$8,504, respectively. These obligations are paid on a cash basis with 100 percent contributed for the years 2013, 2012 and 2011.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

12. DEBT

The Village's long-term debt activity for the year ended December 31, 2013 was as follows:

	Balance			Balance	Due Within
Governmental Activities	<u>12/31/2012</u>	<u>Additions</u>	<u>Reduction</u>	<u>12/31/2013</u>	<u>One Year</u>
Ohio Public Works		\$64,262		\$64,262	\$6,426
Total Governmental		64,262		64,262	6,426
Business Activities					
Ohio Public Works	\$49,771	199,151	\$4,946	243,976	26,372
Total	<u>\$49,771</u>	<u>\$263,412</u>	<u>\$4,946</u>	<u>\$308,238</u>	<u>\$32,798</u>

The Village has three loans outstanding to Ohio Public Works for various projects. Loans originated in 2012. Loan CM17P for Franklin Street sanitary sewer project. Payments are due semi-annually of \$2,473 are due for a term of 20 years at zero interest rate. Balance of \$93,978. Loan CT61P for Circle Drive sanitary sewer project. Payments are due semi-annually of \$7,500 are due for a term of 10 years at zero interest rate. Balance of \$149,998. Loan CM12Q for Walnut Street resurfacing project. Payments are due semi-annually of \$6,426 are due for a term of 5 years at zero interest rate. Balance of \$64,262. The following is a summary of the Village's future annual debt service requirements:

Year	OPWC	
	<u>Principal</u>	<u>Interest</u>
2014	\$32,798	
2015	32,798	
2016	32,798	
2017	32,798	
2018	32,798	
2019-2023	99,730	
2024-2028	24,730	
2029-2033	19,788	
Total	<u>\$308,238</u>	0

Manuscript Debt

In 2011, the Village Council authorized the issuance of \$600,000 in manuscript debt by the Village's general fund to finance the early retirement of the electric fund's note with Minster Bank. The manuscript debt shall mature in semi-annual installments of \$50,000 each year from 2012 to 2017 and carry interest at 3.25 percent interest per year for six years in semi-annual payments.

Village of New Bremen General Fund		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$100,000	\$10,556
2015	100,000	8,937
2016	100,000	5,688
2017	100,000	2,437
	<u>\$400,000</u>	<u>\$27,618</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

13. INTERFUND ACTIVITY

The Village reports advances-in and advances-out for interfund loan activity. The accompanying financial statements do not report these items as assets or liabilities. Repayment is expected to be made in a reasonable period of time.

The Village has advanced for sidewalk and curb projects to be repaid with special assessment revenue. Projects were from years 2003 through 2012. The manuscript debt will mature over a ten year period and carry an interest rate at 8%. During 2013, \$16,595 in interest and \$10,325 was repaid to the general fund through advances. Remaining balances as follows:

2005 Pearl Street Improvements, original \$14,644.68, maturity 2015. Principal balance at December 31, 2013 \$2,929.

2008 N. Franklin Reconstruction, original \$4,572, maturity 2017. Principal balance at December 31, 2013 \$1,829.

2008 Front Street and Deer Drive., original \$20,663, maturity 2018. Principal balance at December 31, 2013 \$10,331.

2009 Front Street and Elk Street., original \$15,964, maturity 2019. Principal balance at December 31, 2013 \$9,578.

2009 Canal Street Parking Lot, original \$2,424, maturity 2019. Principal balance at December 31, 2013 \$1,454.

2010 Elk Drive Improvements, original \$6,228, maturity 2020. Principal balance at December 31, 2013 \$4,360.

2011 Bear Drive Improvements, original \$13,794, maturity 2021. Principal balance at December 31, 2013 \$11,035.

In 2013, the Village advanced funds for the Miami Erie Trail in the amount of \$34,445 in manuscript debt. The project at December 31, 2013 has not been completed.

	Advance In	Advance Out
General Fund	\$110,325	\$34,445
Other Governmental Funds	34,445	10,325
Electric Fund		100,000
	\$144,770	\$144,770

14. LEASE

The Village entered into a five year lease agreement for \$240,980 with Leasing 2, Inc. for the acquisition of a fire truck with annual payments beginning July 1, 2013 through 2017 in the amount of \$51,547 including interest at 2.85%.

Future lease payments for the above leases are as follows:

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

14. LEASE (Continued)

Year Ending December 31:	Amount
2014	\$51,547
2015	51,547
2016	51,547
2017	51,547
Total Minimum Lease Payments	\$206,188
Less amount representing interest	13,893
Present value of minimum lease payments	\$192,295

15. 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.

16. JOINT VENTURE AND RELATED ORGANIZATIONS

A. OMEGA JV5 Project

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, 2013 New Bremen has met their debt coverage obligation.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

16. JOINT VENTURE AND RELATED ORGANIZATIONS (Continued)

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

OMEGA JV5 is managed by AMP, 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, 2013. 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.

B. Western Ohio Rail Authority

The Village is a member of the Western Ohio Rail Authority (WORA). The Authority is comprised of three (3) volunteer Village of New Bremen representatives as well as three members from the Village of Minster and the City of St. Marys. The Port Authority was organized for:

- To own, manage, and maintain a 10 mile railroad track that serves Minster, New Bremen and St Mary's.

Financial Information may be obtained from the Western Ohio Rail Authority, P.O. Box 183, New Bremen, Ohio 45869.

17. CONTINGENT LIABILITIES

A. 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

17. CONTINGENT LIABILITIES (Continued)

B. 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.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

17. CONTINGENT LIABILITIES (Continued)

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, 2013.

C. 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.

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, 2013.

D. 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 management.

18. FUND BALANCE

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

18. FUND BALANCE (Continued)

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Non-spendable:				
Unclaimed Monies	\$1,524			\$1,524
Total Non-spendable	<u>1,524</u>			<u>1,524</u>
Restricted for:				
Street Construction and Maintenance		\$255,693	\$56,079	311,772
Drug Law Enforcement			6,781	6,781
EMS Services			3,178	3,178
Permanent Improvements			10,000	10,000
Computerization – Courts			5,789	5,789
Total Restricted		<u>255,693</u>	<u>81,827</u>	<u>337,520</u>
Assigned to:				
Security of Persons & Property	38,403			38,403
General Government	29,794			29,794
Leisure Time Activities	229,148			229,148
Transportation	1,017			1,017
Capital Outlay	251,485			251,485
Subsequent Year Budget	591,285			591,285
Total Assigned	<u>1,141,132</u>			<u>1,141,132</u>
Unassigned	<u>627,962</u>			<u>627,962</u>
Total Fund Balance	<u>\$1,770,618</u>	<u>\$255,693</u>	<u>\$81,827</u>	<u>\$2,108,138</u>

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 28, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted for 2013, the fund balances and net position were restated in the General Fund and the Swimming Pool Enterprise Fund, respectively, for a fund reclassification.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 and 2014-002.

Village's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control 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.



Dave Yost
Auditor of State
Columbus, Ohio

December 28, 2015

VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Revised Code §5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

In 2014 and 2013, the General Fund had actual receipts less than budgeted receipts and the deficiency resulted in actual resources being less than appropriations.

<u>2014 Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$2,151,986	\$2,591,285	(\$439,299)
<u>2013 Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$2,248,907	\$2,497,041	(\$248,134)

The Village should implement procedures to provide a periodic comparison of estimated resources to actual resources to identify which funds may not achieve estimated resource levels. Additionally, procedures should also be performed to compare the current level of appropriation to actual resources to determine if they should obtain an amended certificate of estimated resources and reduce appropriations to avoid deficit spending.

Official's Response:

The budgeted revenues were lowered for 2015. Going forward the amounts will be in line with actual revenues.

FINDING NUMBER 2014-002

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Revised Code § 733.28 requires that fiscal officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Governmental Accounting Standards Board (GASB) Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions gives definitions for each of the following fund types General, Special Revenue, Capital Project, Debt Service, and Permanent. GASB Statement No. 54 changes the definitions of governmental funds; therefore. Some funds that are maintained for day-to-day accounting purposes may no longer meet the fund type criteria for reporting in the year-end external financial statements. These funds should be presented as part of the general fund or a qualifying special revenue fund in the year-end financial statements.

FINDING NUMBER 2014-002
(Continued)

The Village did not properly classify receipt and disbursement transactions. The following errors were noted on the Village's annual reports:

- In 2013, \$253,335 of Kilowatt tax (KWH) should have been recorded as Other Local Taxes Revenue and Transfer out of the General Fund and as a Transfer In and Other Operating Disbursements in the Electric Fund. In 2014, \$260,720 of KWH tax should have been recorded as Other Local Taxes Revenue and Transfer out of the General Fund and as a Transfer In and Other Operating Disbursements in the Electric Fund.
- Miami Erie Canal Project revenue and expenditures should have been recorded in a separate Special Revenue Fund -Other Governmental Funds instead of General Fund. In 2013, \$61,750 of capital outlay expenditures and \$27,305 of contribution revenue for the Miami Erie Canal project should have been recorded in the Other Governmental Funds instead of the General Fund. In 2014, Miami Erie Canal Project revenue of \$162,272 should have been recorded as Contributions of \$45,017 and Intergovernmental Revenue of \$117,255 into Other Governmental Funds instead of the General Fund. Expenditures of \$160,749 for the Miami Erie Canal Project should have been recorded into Other Governmental Funds - Capital Outlay instead of the General Fund - general government expenditures.
- In 2013, \$199,151 of loan proceeds and capital outlay expenditures for an Ohio Public Works Commission project should have been recorded in Other Enterprise Funds instead of Other Governmental Funds. In 2013 and 2014, \$276,786 of Ohio Public Works Commission loan proceeds was recorded in both years but should have been recorded in 2013 only. In 2014, \$93,776 for Ohio Public Works Commission project loan proceeds and capital outlay expenditures should have been recorded into Other Enterprise Funds due to not being recorded in the accounting records.
- Capital lease debt payments should have been recorded as Principal Payments and Interest Payments in 2013 and 2014 instead of as Capital Outlay Expenditures. Principal payments should have been \$48,685 and \$46,067 in 2014 and 2013 respectively, and interest payments should have been \$2,862 and \$5,480 in 2013 and 2014 respectively.
- In 2013 and 2014, \$100,000 for manuscript debt from the Electric Fund should have been recorded as an Advance In into the General Fund instead of Other Financing Sources.
- In 2013 and 2014, \$100,000 for Village payment to Electric Department for Street Light Costs should have been recorded as General Fund Transportation Expenditures instead of as a Transfer Out. In the Electric Fund, it should have been recorded as Charges for Services instead of as a Transfer In.
- Budgeted receipts and expenditures on the budgetary statements were not properly recorded. The budgeted Charges for Services Receipts should have been increased by \$169,500 and budgeted Miscellaneous Revenue should have been increased by \$100,000 for 2013. Budgeted General Governmental Expenditures should have been increased by \$100,000 and Budgeted Leisure Time Activity Expenses should have been increased by \$225,672 for 2013.
- For 2014, budgeted receipts and expenditures on the budgetary statements for the General fund were not properly recorded. The budgeted receipts for municipal taxes, intergovernmental revenue, charges for services revenue, fines and permits, and miscellaneous revenue should have been increased by \$145,000, \$142,000, \$62,250, \$10,000 and \$105,250, respectively. Budgeted expenditures for leisure time activities, transportation, and capital outlay should have been increased by \$124,980, \$102,304, and \$262,924, respectively.

The following errors were noted as a result of the Village not properly implementing GASB Statement No 54:

FINDING NUMBER 2014-002
(Continued)

- Subsequent appropriations exceeding estimated receipts in the General Fund should have been recorded as assigned fund balance instead of unassigned fund balance. 2013 financial statements had subsequent appropriations exceeding estimated receipts of \$591,285 and 2014 had \$487,094.
- A portion of the encumbrances in the General Fund at yearend should have been recorded as assigned fund balance instead of unassigned fund balance. Encumbrances at yearend were \$51,257 in 2013 and \$24,367 in 2014.
- The funds rolled into the General Fund, other than the Income Tax Fund should have been classified as assigned fund balance instead of Unassigned Fund Balance. The reclassification to assigned fund balance for the funds that rolled into the General Fund was \$224,662 in 2013 and \$174,180 in 2014.
- In 2013 and 2014, the Swimming Pool Fund should have been rolled into the General Fund activity instead of Other Enterprise Funds. In 2013, revenues for the swimming pool fund were \$44,834 and expenditures were \$146,981. In 2014, revenues were \$42,845 and expenditures were \$135,841.
- For the Swimming pool fund that rolled into the General fund, interfund transfers should have been eliminated in the amounts of \$125,000 in 2013 and \$75,000 in 2014.

Other less significant adjustments were also noted. The adjustments are reflected on the audited financial statements.

The 2014 and 2013 annual reports required numerous audit adjustments and reclassification for proper presentation. The Village fiscal officer should review the Village Handbook for proper posting and use due care in preparation of the annual report as well as obtain assistance in determination of proper posting when necessary to provide accurate financial information.

The Village should implement policies and procedures to verify that all receipts and expenditures are posted in correct accounts. The fiscal officer should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted in accordance with the Village's chart of accounts. The Village Fiscal Officer should review Auditor of State Bulletin 2011-004 when completing the annual report to properly implement GASB Statement No. 54. Failure to do so results in incorrectly classification of funds and inaccurate financial statements.

Official's Response:

The Village of New Bremen has had an independent auditor since 1999. The independent auditor did the audit from 2007-2012 and the prepared the annual Financial Report to the State Auditor for 2012, 2013, and 2014. The Village has contracted a new firm to compile the annual financial report going forward. In addition, the Fiscal Officer and the Village Administrator will work together to monitor these reports in the future. A copy will also be given to the legislative body for review. Every effort will be made to report correctly.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code Section 5705.36 – Estimated Receipts exceeded Actual receipts in numerous funds	No	Reissued as Finding 2014-001
2012-002	Ohio Rev. Code Section 5705.39 - Appropriations exceeded actual resources available in numerous funds.	No	Reissued as Finding 2014-001 under Ohio Rev. Code Section 5705.36(A)(4).
2012-003	Ohio Rev. Code Section 5705.41(D) – Prior Certification	Yes	Corrected



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 23, 2016