



Dave Yost • Auditor of State

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY
DECEMBER 31, 2016 AND 2015**

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AUGLAIZE COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of New Bremen
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 the Village of New Bremen, Auglaize County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, 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 the Village of New Bremen, Auglaize County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position and the respective comparison for the General fund 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.

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 March 14, 2018, 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

March 14, 2018

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

The management's discussion and analysis of the Village of New Bremen's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2016, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The total net cash position of the Village increased \$83,257. The net cash position of governmental activities decreased \$43,520 or 1.37% from 2015 and the net cash position of business-type activities increased \$126,777 or 7.08% from 2015.
- General cash receipts accounted for \$6,873,101 or 87.15% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,013,310 or 12.85% of total governmental activities cash receipts.
- The Village had \$7,763,609 in cash disbursements related to governmental activities; \$1,013,310 of these cash disbursements were offset by program specific charges for services, grants or contributions. The remaining cash disbursements of the governmental activities were offset by general cash receipts (primarily property taxes, income taxes, and unrestricted grants and entitlements) of \$6,873,101.
- The Village's major governmental funds include the general fund, capital improvements fund and the Public Works Building Project fund. The general fund had cash receipts and other financing sources of \$5,120,278 in 2016. The cash disbursements and other financing uses of the general fund totaled \$5,047,654 in 2016. The fund cash balance of the general fund increased \$72,624 from \$2,571,029 to \$2,643,653.
- The capital improvements fund had cash receipts of \$598,056 in 2016. The cash disbursements of the capital improvements fund totaled \$923,376 in 2016. The fund cash balance of the capital improvements fund decreased \$325,320 from \$335,692 to \$10,372.
- The Public Works Building Project fund had other financing sources of \$1,881,901 in 2016. The cash disbursements of the Public Works Building Project fund totaled \$1,731,358 in 2016. The fund cash balance of the Public Works Building Project fund increased \$150,543 from a zero balance to \$150,543.
- Net cash position for the business-type activities, which are composed of the water, sewer, refuse, utility deposits, library and electric enterprise funds, increased \$126,777 from \$1,789,713 to \$1,916,490.
- In the general fund, actual budgetary basis receipts totaled \$1,810,671 and actual budgetary basis disbursements totaled \$1,762,252.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting. The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village as a financial whole, or, as an entire operating entity.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

Report Components

The statement of net position - cash basis and the statement of activities - cash basis provide information about the activities of the whole Village, presenting both an aggregate view of the Village's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds, with all other nonmajor funds presented in total in a single column. For the Village, the general fund is the most significant fund. The Village's major governmental funds are the general fund and the capital improvements fund. The Village's major enterprise fund is the electric fund.

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, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did the Village perform financially during 2016?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than GAAP. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

In the statement of net position - cash basis and the statement of activities - cash basis, the Village is divided into two distinct kinds of activities:

Governmental activities - Most of the Village's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental receipts including federal and State grants and other shared receipts.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the cash disbursements of the goods or services provided. The Village's water, sewer, electric service, refuse, utility deposits, and library operations are reported here.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 11.

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The Village's budgetary process accounts for certain transactions on a cash basis, adjusted for encumbrances. The budgetary statement for the general fund is presented to demonstrate the Village's compliance with the annually adopted budget.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water, sewer, refuse, utility deposits, library and electric service functions. The electric fund of the Village's enterprise funds is considered to be a major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court. The agency fund did not have cash assets to report at December 31, 2016.

Notes to the Basic Financial Statements

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

Government-Wide Financial Analysis

The statement of net position - cash basis serves as a useful indicator of a government's financial position. The table below provides a summary of the Village's net cash position at December 31, 2016 and December 31, 2015.

Net Cash Position

	Governmental Activities <u>2016</u>	Business-type Activities <u>2016</u>	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	2016 <u>Total</u>	2015 <u>Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 3,127,685	\$ 1,916,490	\$ 3,171,205	\$ 1,789,713	\$ 5,044,175	\$ 4,960,918
Total assets	<u>3,127,685</u>	<u>1,916,490</u>	<u>3,171,205</u>	<u>1,789,713</u>	<u>5,044,175</u>	<u>4,960,918</u>
<u>Net cash position</u>						
Restricted	484,032	-	600,176	-	484,032	600,176
Unrestricted	<u>2,643,653</u>	<u>1,916,490</u>	<u>2,571,029</u>	<u>1,789,713</u>	<u>4,560,143</u>	<u>4,360,742</u>
Total net cash position	<u>\$ 3,127,685</u>	<u>\$ 1,916,490</u>	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 5,044,175</u>	<u>\$ 4,960,918</u>

The total net cash position of the Village increased \$83,257. Net cash position of the governmental activities decreased \$43,520 or 1.37% from 2015, and the net cash position of business-type activities increased \$126,777 or 7.08% from 2015.

At December 31, 2016, a portion of the Village's net cash position, \$484,032, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position in the governmental activities of \$2,643,653 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

The table below shows the changes in net cash position for 2016 and 2015.

	Changes in Net Cash Position					
	Governmental	Business-type	Governmental	Business-type	2016	2015
	Activities <u>2016</u>	Activities <u>2016</u>	Activities <u>2015</u>	Activities <u>2015</u>	<u>Total</u>	<u>Total</u>
Cash receipts:						
Program receipts:						
Charges for services	\$ 170,918	\$ 7,162,344	\$ 159,625	\$ 7,120,270	\$ 7,333,262	\$ 7,279,895
Operating grants and contributions	244,336	-	198,079	-	244,336	198,079
Capital grants and contributions	<u>598,056</u>	<u>-</u>	<u>907,889</u>	<u>-</u>	<u>598,056</u>	<u>907,889</u>
Total program receipts	<u>1,013,310</u>	<u>7,162,344</u>	<u>1,265,593</u>	<u>7,120,270</u>	<u>8,175,654</u>	<u>8,385,863</u>
General receipts:						
Property and other taxes	554,924	-	484,534	-	554,924	484,534
Income taxes	4,286,390	-	3,785,826	-	4,286,390	3,785,826
Unrestricted grants and entitlements	92,508	-	284,919	-	92,508	284,919
Loan issuance	1,881,901	-	-	-	1,881,901	-
OWDA loan issuance	-	-	499,700	-	-	499,700
Investment earnings	20,174	-	18,991	-	20,174	18,991
Miscellaneous	<u>37,204</u>	<u>-</u>	<u>53,299</u>	<u>-</u>	<u>37,204</u>	<u>53,299</u>
Total general receipts	<u>6,873,101</u>	<u>-</u>	<u>5,127,269</u>	<u>-</u>	<u>6,873,101</u>	<u>5,127,269</u>
Total cash receipts	<u>7,886,411</u>	<u>7,162,344</u>	<u>6,392,862</u>	<u>7,120,270</u>	<u>15,048,755</u>	<u>13,513,132</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

Cash disbursements:

General government	435,149	-	403,874	-	435,149	403,874
Security of persons and property	980,711	-	765,732	-	980,711	765,732
Public health and welfare	249	-	248	-	249	248
Transportation	730,516	-	876,397	-	730,516	876,397
Leisure time activity	487,758	-	558,658	-	487,758	558,658
Capital outlay	5,094,521	-	2,954,895	-	5,094,521	2,954,895
Debt service:						
Principal retirement	32,636	-	162,206	-	32,636	162,206
Interest and fiscal charges	2,069	-	8,248	-	2,069	8,248
Electric	-	6,536,811	-	6,712,564	6,536,811	6,712,564
Other enterprise	-	665,078	-	714,456	665,078	714,456
	<u>7,763,609</u>	<u>7,201,889</u>	<u>5,730,258</u>	<u>7,427,020</u>	<u>14,965,498</u>	<u>13,157,278</u>
Total cash disbursements						
Increase (decrease) in net cash position before transfers and advances	122,802	(39,545)	662,604	(306,750)	83,257	355,854
Advances	102,433	(102,433)	100,000	(100,000)	-	-
Transfers	(268,755)	268,755	(287,478)	287,478	-	-
	<u>(43,520)</u>	<u>126,777</u>	<u>475,126</u>	<u>(119,272)</u>	<u>83,257</u>	<u>355,854</u>
Change in net cash position						
Net cash position at beginning of year	<u>3,171,205</u>	<u>1,789,713</u>	<u>2,696,079</u>	<u>1,908,985</u>	<u>4,960,918</u>	<u>4,605,064</u>
Net cash position at end of year	<u>\$ 3,127,685</u>	<u>\$ 1,916,490</u>	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 5,044,175</u>	<u>\$ 4,960,918</u>

Governmental Activities

Governmental activities net cash position decreased \$43,520 in 2016.

Security of persons and property disbursements primarily support the operations of the police and fire departments and totaled \$980,711 during 2016, accounting for 12.63% of total governmental activities cash disbursements. Security of persons and property cash disbursements were partially funded by direct charges to users of \$37,256.

General government cash disbursements totaled \$435,149. General government cash disbursements were partially funded by \$21,989 in direct charges to users of the services.

Transportation cash disbursements of \$730,516 were partially funded by direct charges to users of \$73,723 and operating grants and contributions of \$244,336.

Leisure time activity cash disbursements of \$487,758 were funded by \$37,950 in direct charges to users.

Capital outlay cash disbursements of \$5,094,521 were partially funded by \$598,056 in capital grants and contributions.

The State government contributed to the Village a total of \$244,336 in operating grants and contributions. These program cash receipts are restricted to a particular program or purpose. Of the total operating grants and contributions all of them subsidized transportation expenses. The Village had \$598,056 in capital grants and contributions.

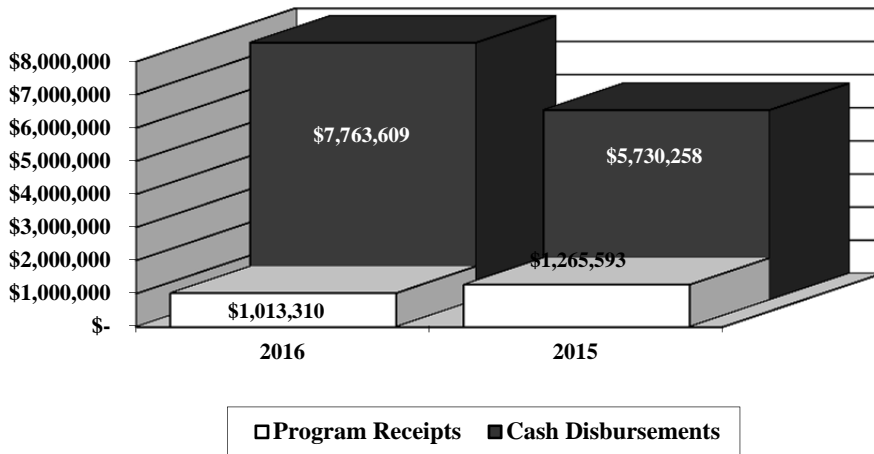
**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

General cash receipts totaled \$6,873,101 and amounted to 87.15% of total governmental cash receipts. These cash receipts primarily consist of property and income tax receipts of \$4,841,314. The other primary source of general cash receipts are grants and entitlements not restricted to specific programs, including local government and local government assistance, and loan proceeds making up \$1,974,409.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph on the following page, the Village is highly dependent upon general cash receipts (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. Program cash receipts were not sufficient to cover total governmental cash disbursements for 2016.

Governmental Activities - Program Receipts vs. Total Cash Disbursements



The following table shows, for the governmental activities, the total cost of services and the net cost of services for 2016 and 2015. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

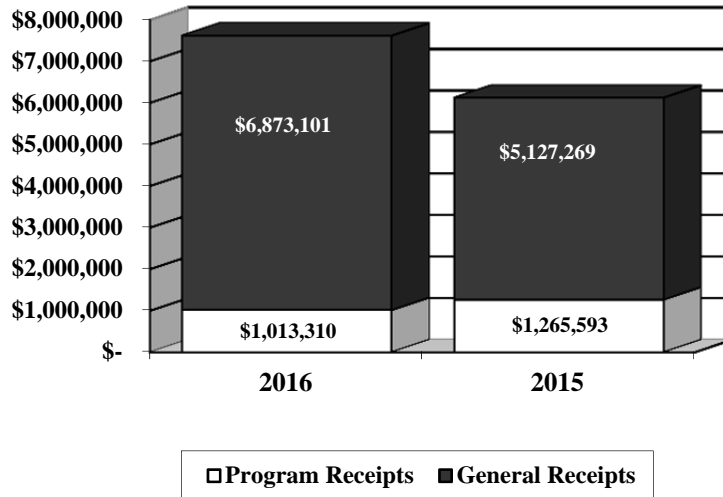
Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Cash disbursements:				
General government	\$ 435,149	\$ 413,160	\$ 403,874	\$ 382,253
Security of persons and property	980,711	943,455	765,732	677,089
Public health and welfare	249	249	248	248
Transportation	730,516	412,457	876,397	667,794
Leisure time activity	487,758	449,808	558,658	519,821
Capital outlay	5,094,521	4,496,465	2,954,895	2,047,006
Debt service:				
Principal retirement	32,636	32,636	162,206	162,206
Interest and fiscal charges	2,069	2,069	8,248	8,248
Total	\$ 7,763,609	\$ 6,750,299	\$ 5,730,258	\$ 4,464,665

The dependence upon general cash receipts for governmental activities is apparent, with 86.95% of cash disbursements supported through taxes and other general cash receipts.

The chart below illustrates the Village's program cash receipts versus general cash receipts for 2016 and 2015.

Governmental Activities - General and Program Receipts



Business-type Activities

Business-type activities include the water, sewer, refuse, utility deposits, library, and electric enterprise funds. These programs had program cash receipts of \$7,162,344, and cash disbursements of \$7,304,322 during 2016. The net cash position of these programs increased \$126,777 from 2015.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Village's governmental funds reported a combined fund cash balance of \$3,127,685, which is \$43,520 lower than last year's total of \$3,171,205.

The schedule below indicates the fund cash balances and the total change in fund cash balances as of December 31, 2016 and December 31, 2015 for all major and nonmajor governmental funds.

	Fund Cash Balances 12/31/2016	Fund Cash Balances 12/31/2015	Increase/ (Decrease)
Major funds:			
General	\$ 2,643,653	\$ 2,571,029	\$ 72,624
Capital improvements	10,372	335,692	(325,320)
Public Works Building Project fund	150,543	-	150,543
Nonmajor governmental funds	<u>323,117</u>	<u>264,484</u>	<u>58,633</u>
Total	<u>\$ 3,127,685</u>	<u>\$ 3,171,205</u>	<u>\$ (43,520)</u>

General Fund

The Village's general fund cash balance increased \$72,624. The table that follows assists in illustrating the cash receipts of the general fund for 2016 and 2015.

	2016 Amount	2015 Amount	Amount Change	Percentage Change
<u>Cash receipts:</u>				
Taxes	\$ 4,701,003	\$ 4,199,210	\$ 501,793	11.95 %
Charges for services	74,923	127,090	(52,167)	(41.05) %
Licenses, permits and fees	7,078	5,094	1,984	38.95 %
Fines and forfeitures	13,442	14,811	(1,369)	(9.24) %
Intergovernmental	83,933	275,890	(191,957)	(69.58) %
Investment income	20,174	18,991	1,183	6.23 %
Other	<u>110,927</u>	<u>53,299</u>	<u>57,628</u>	108.12 %
Total	<u>\$ 5,011,480</u>	<u>\$ 4,694,385</u>	<u>\$ 317,095</u>	6.75 %

Overall, cash receipts of the general fund increased \$317,095 or 6.75%. Intergovernmental income decreased \$191,957 or 69.58%. Other cash receipts increased \$57,628 or 108.12% primarily due to an increase in special assessments.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

The table that follows assists in illustrating the cash disbursements of the general fund for 2016 and 2015.

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Amount Change</u>	<u>Percentage Change</u>
<u>Cash disbursements:</u>				
General government	\$ 426,207	\$ 403,874	\$ 22,333	5.53 %
Security of persons and property	833,951	683,504	150,447	22.01 %
Public health and welfare	249	248	1	0.40 %
Leisure time activity	487,758	558,658	(70,900)	(12.69) %
Transportation	208,311	221,360	(13,049)	(5.89) %
Capital outlay	2,459,569	1,882,898	576,671	30.63 %
Debt service	<u>12,854</u>	<u>164,633</u>	<u>(151,779)</u>	(92.19) %
Total	<u>\$ 4,428,899</u>	<u>\$ 3,915,175</u>	<u>\$ 513,724</u>	13.12 %

Overall, cash disbursements of the general fund increased \$513,724 or 13.12%.

Capital Improvements Fund

The capital improvements fund had cash receipts of \$598,056 in 2016. The cash disbursements of the capital improvements fund totaled \$923,376 in 2016, all in capital outlay. The fund cash balance of the capital improvements fund decreased \$325,320 from \$335,692 to \$10,372.

Public Works Building Project Fund

The Public Works Building Project fund had other financing sources of \$1,881,901 in 2016. The cash disbursements of the Public Works Building Project fund totaled \$1,731,358 in 2016. The fund's primary expenses were capital outlay of \$1,711,576 and principal retirement of \$19,782. The fund cash balance of the Public Works Building Project fund increased \$150,543 from a zero balance to \$150,543.

Proprietary Funds

The Village's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. During 2016, the Village's proprietary funds had total operating receipts of \$7,162,344, total operating disbursements of \$7,063,699, and total nonoperating disbursements of \$240,623. The proprietary funds' net cash position increased \$126,777 during 2016, from \$1,789,713 to \$1,916,490.

Budgeting Highlights

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). In essence, the budget is the Village's appropriations which are restricted by the amounts of anticipated cash receipts certified by the Budget Commission in accordance with the ORC; as a consequence, the Village's plans or desires cannot be reflected completely by the original budget. If budgeted cash receipts change based on actual activity throughout the year, then the appropriations may be adjusted accordingly.

Budgetary information is presented in the Village's financial statements for the general fund, the Village's only major fund. In the general fund, original and final receipts and other financing sources were both \$2,153,584 which was \$342,913 more than actual budgetary basis receipts and other financing sources of \$1,810,671.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)

General fund final appropriations and other financing uses of \$2,860,870 were \$60,234 more than the original budgeted appropriations and other financing uses of \$2,800,636. The actual budgetary basis disbursements and other financing uses for 2016 totaled \$1,762,252, which was \$1,098,618 less than the final budgetary appropriations.

Capital Assets and Debt Administration

Capital Assets

The Village does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had cash disbursements for capital outlay of \$5,094,521 in the governmental activities and \$118,244 in the business-type activities during 2016.

Debt Administration

The Village does not report liabilities for long-term obligations in the accompanying basic financial statements, but does track the outstanding balances of all long-term debt in the notes to the basic financial statements. The Village had the following long-term obligations outstanding at December 31, 2016 and December 31, 2015.

	Governmental Activities	
	2016	2015
OPWC loans	\$ 596,272	\$ 628,908
Capital projects loan	1,881,901	-
Total long-term obligations	\$ 2,478,173	\$ 628,908
	Business-type Activities	
	2016	2015
OPWC loans	\$ 184,138	\$ 204,084
Total long-term obligations	\$ 184,138	\$ 204,084

In addition, the Village has manuscript debt for an electric project and sidewalk and curb projects. Further detail on the Village's long-term obligations can be found in Note 12 to the basic financial statements.

Economic Conditions and Outlook

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 year 2017. 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 proceed in 2017 and beyond.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)
(Continued)**

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Amy Speelman, Fiscal Officer, 214 N. Washington Street, New Bremen, Ohio 45869.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,127,685	\$ 1,916,490	\$ 5,044,175
Total assets	\$ 3,127,685	\$ 1,916,490	\$ 5,044,175
Net cash position:			
Restricted for:			
Capital projects	\$ 160,915	\$ -	\$ 160,915
Transportation projects.	298,647	-	298,647
Public safety	14,308	-	14,308
Other purposes.	10,162	-	10,162
Unrestricted	2,643,653	1,916,490	4,560,143
Total net cash position	\$ 3,127,685	\$ 1,916,490	\$ 5,044,175

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 435,149	\$ 21,989	\$ -	\$ -
Security of persons and property	980,711	37,256	-	-
Public health and welfare	249	-	-	-
Transportation	730,516	73,723	244,336	-
Leisure time activity	487,758	37,950	-	-
Capital outlay	5,094,521	-	-	598,056
Debt service:				
Principal retirement	32,636	-	-	-
Interest and fiscal charges	2,069	-	-	-
Total governmental activities	<u>7,763,609</u>	<u>170,918</u>	<u>244,336</u>	<u>598,056</u>
Business-type activities:				
Electric	6,536,811	6,471,051	-	-
Other enterprise	665,078	691,293	-	-
Total business-type activities	<u>7,201,889</u>	<u>7,162,344</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 14,965,498</u>	<u>\$ 7,333,262</u>	<u>\$ 244,336</u>	<u>\$ 598,056</u>

General cash receipts:

Property taxes levied for:
General purposes
Security of persons and property
Other local taxes
Income taxes levied for:
General purposes
Grants and entitlements not restricted to specific programs
Loan issuance
Investment earnings
Miscellaneous

Total general cash receipts

Advances

Transfers

Total general cash receipts, advances,
and transfers

Change in net cash position

Net cash position at beginning of year

Net cash position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Cash Position**

Governmental Activities	Business-type Activities	Total
\$ (413,160)	\$ -	\$ (413,160)
(943,455)	-	(943,455)
(249)	-	(249)
(412,457)	-	(412,457)
(449,808)	-	(449,808)
(4,496,465)	-	(4,496,465)
(32,636)	-	(32,636)
(2,069)	-	(2,069)
<u>(6,750,299)</u>	<u>-</u>	<u>(6,750,299)</u>
-	(65,760)	(65,760)
-	26,215	26,215
-	<u>(39,545)</u>	<u>(39,545)</u>
<u>(6,750,299)</u>	<u>(39,545)</u>	<u>(6,789,844)</u>
145,858	-	145,858
140,311	-	140,311
268,755	-	268,755
4,286,390	-	4,286,390
92,508	-	92,508
1,881,901	-	1,881,901
20,174	-	20,174
37,204	-	37,204
<u>6,873,101</u>	<u>-</u>	<u>6,873,101</u>
102,433	(102,433)	-
<u>(268,755)</u>	<u>268,755</u>	<u>-</u>
<u>6,706,779</u>	<u>166,322</u>	<u>6,873,101</u>
(43,520)	126,777	83,257
<u>3,171,205</u>	<u>1,789,713</u>	<u>4,960,918</u>
<u>\$ 3,127,685</u>	<u>\$ 1,916,490</u>	<u>\$ 5,044,175</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Public Works Building Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 2,643,653	\$ 10,372	\$ 150,543	\$ 323,117	\$ 3,127,685
Total assets	<u>\$ 2,643,653</u>	<u>\$ 10,372</u>	<u>\$ 150,543</u>	<u>\$ 323,117</u>	<u>\$ 3,127,685</u>
Fund cash balances:					
Restricted.	\$ -	\$ 10,372	\$ 150,543	\$ 323,117	\$ 484,032
Assigned	<u>2,643,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,643,653</u>
Total fund cash balances.	<u>\$ 2,643,653</u>	<u>\$ 10,372</u>	<u>\$ 150,543</u>	<u>\$ 323,117</u>	<u>\$ 3,127,685</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Capital Improvements</u>	<u>Public Works Building Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:					
Municipal income taxes	\$ 4,286,390	\$ -	\$ -	\$ -	\$ 4,286,390
Property and other taxes	414,613	-	-	140,311	554,924
Charges for services	74,923	-	-	1,469	76,392
Licenses, permits and fees	7,078	-	-	-	7,078
Fines and forfeitures	13,442	-	-	283	13,725
Intergovernmental	83,933	-	-	185,030	268,963
Special assessments	73,723	-	-	8,434	82,157
Investment income	20,174	-	-	346	20,520
Contributions and donations	15,997	598,056	-	-	614,053
Other	21,207	-	-	59,101	80,308
Total cash receipts	<u>5,011,480</u>	<u>598,056</u>	<u>-</u>	<u>394,974</u>	<u>6,004,510</u>
Cash disbursements:					
Current:					
General government	426,207	-	-	8,942	435,149
Security of persons and property	833,951	-	-	146,760	980,711
Public health and welfare	249	-	-	-	249
Transportation	208,311	-	-	522,205	730,516
Leisure time activity	487,758	-	-	-	487,758
Capital outlay	2,459,569	923,376	1,711,576	-	5,094,521
Debt service:					
Principal retirement	12,854	-	19,782	-	32,636
Interest and fiscal charges	-	-	-	2,069	2,069
Total cash disbursements	<u>4,428,899</u>	<u>923,376</u>	<u>1,731,358</u>	<u>679,976</u>	<u>7,763,609</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>582,581</u>	<u>(325,320)</u>	<u>(1,731,358)</u>	<u>(285,002)</u>	<u>(1,759,099)</u>
Other financing sources (uses):					
Advances in	108,798	-	-	-	108,798
Advances (out)	-	-	-	(6,365)	(6,365)
Transfers in	-	-	-	350,000	350,000
Transfers (out)	(618,755)	-	-	-	(618,755)
Loan proceeds	-	-	1,881,901	-	1,881,901
Total other financing sources (uses)	<u>(509,957)</u>	<u>-</u>	<u>1,881,901</u>	<u>343,635</u>	<u>1,715,579</u>
Net change in fund cash balances	72,624	(325,320)	150,543	58,633	(43,520)
Fund cash balances at beginning of year	<u>2,571,029</u>	<u>335,692</u>	<u>-</u>	<u>264,484</u>	<u>3,171,205</u>
Fund cash balances at end of year	<u>\$ 2,643,653</u>	<u>\$ 10,372</u>	<u>\$ 150,543</u>	<u>\$ 323,117</u>	<u>\$ 3,127,685</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Property and other taxes	\$ 153,584	\$ 153,584	\$ 414,613	\$ 261,029
Charges for services.	147,799	147,799	36,973	(110,826)
Licenses, permits and fees	10,346	10,346	7,078	(3,268)
Fines and forfeitures	22,909	22,909	13,442	(9,467)
Intergovernmental.	182,088	182,088	81,165	(100,923)
Special assessments	29,560	29,560		(29,560)
Investment income.	10,346	10,346	7,092	(3,254)
Other	66,952	66,952	25,308	(41,644)
Total budgetary basis receipts	<u>623,584</u>	<u>623,584</u>	<u>585,671</u>	<u>(37,913)</u>
Budgetary basis disbursements:				
Current:				
General government.	696,716	706,733	433,796	272,937
Security of persons and property	1,037,830	1,070,473	833,633	236,840
Public health and welfare	2,000	2,000	249	1,751
Transportation	423,074	440,648	98,719	341,929
Leisure time activity	76,000	76,000	14,246	61,754
Debt service:				
Principal retirement.	62,167	62,167	12,854	49,313
Interest and fiscal charges	2,849	2,849		2,849
Total budgetary basis disbursements	<u>2,300,636</u>	<u>2,360,870</u>	<u>1,393,497</u>	<u>967,373</u>
Excess of budgetary basis disbursements over budgetary basis receipts	<u>(1,677,052)</u>	<u>(1,737,286)</u>	<u>(807,826)</u>	<u>929,460</u>
Other financing sources (uses):				
Transfers in	1,530,000	1,530,000	1,225,000	(305,000)
Transfers (out).	<u>(500,000)</u>	<u>(500,000)</u>	<u>(368,755)</u>	<u>131,245</u>
Total other financing sources (uses)	<u>1,030,000</u>	<u>1,030,000</u>	<u>856,245</u>	<u>(173,755)</u>
Net change in fund cash balances.	(647,052)	(707,286)	48,419	755,705
Fund cash balance at beginning of year.	581,939	581,939	581,939	-
Prior year encumbrances appropriated	69,590	69,590	69,590	-
Fund cash balance (deficit) at end of year	<u>\$ 4,477</u>	<u>\$ (55,757)</u>	<u>\$ 699,948</u>	<u>\$ 755,705</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds		
	Electric	Nonmajor	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,510,250	\$ 406,240	\$ 1,916,490
Total assets	\$ 1,510,250	\$ 406,240	\$ 1,916,490
Net cash position:			
Unrestricted	\$ 1,510,250	\$ 406,240	\$ 1,916,490
Total net cash position.	\$ 1,510,250	\$ 406,240	\$ 1,916,490

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds		
	Electric	Nonmajor	Total
Operating receipts:			
Charges for services	\$ 6,412,590	\$ 687,181	\$ 7,099,771
Other	58,461	4,112	62,573
Total operating receipts.	<u>6,471,051</u>	<u>691,293</u>	<u>7,162,344</u>
Operating disbursements:			
Personal services	407,515	212,700	620,215
Contract services.	5,765,599	401,300	6,166,899
Materials and supplies.	2,277	5,553	7,830
Other.	268,755	-	268,755
Total operating disbursements.	<u>6,444,146</u>	<u>619,553</u>	<u>7,063,699</u>
Operating income	<u>26,905</u>	<u>71,740</u>	<u>98,645</u>
Nonoperating disbursements:			
Capital outlay	(92,665)	(25,579)	(118,244)
Advances out	(102,433)	-	(102,433)
Debt service:			
Principal retirement	-	(19,946)	(19,946)
Total nonoperating disbursements.	<u>(195,098)</u>	<u>(45,525)</u>	<u>(240,623)</u>
Income (Loss) before transfers.	(168,193)	26,215	(141,978)
Transfers in	<u>268,755</u>	<u>-</u>	<u>268,755</u>
Change in net cash position	100,562	26,215	126,777
Net cash position at beginning of year	<u>1,409,688</u>	<u>380,025</u>	<u>1,789,713</u>
Net cash position at end of year	<u>\$ 1,510,250</u>	<u>\$ 406,240</u>	<u>\$ 1,916,490</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - DESCRIPTION OF THE VILLAGE

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As discussed further in Note 2.D., 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. Generally accepted accounting principles (GAAP) 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:

The Village's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". For financial reporting purposes, the Village's basic financial statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability, as defined by the GASB, exists if the Village appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Village. The Village may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed governing board that is fiscally dependent on the Village. The Village also took into consideration other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the Village has no component units.

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 jointly governed organization and one related organization. Note 14 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 also participates in a public entity risk pool, Public Entities Pool of Ohio (PEP). Note 9 to the financial statements provides additional information for this entity.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the Village as a whole, except for fiduciary funds. These statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities.

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

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

The financial statements for governmental funds are a statement of assets and fund cash balances- cash basis, and a statement of cash receipts, cash disbursements and changes in fund cash balances - cash basis, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of fund net position - cash basis, and a statement of cash receipts, cash disbursements and changes in net cash position - cash basis, which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash position.

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The Village uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Village classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Capital Improvements - The capital improvements fund is used to account capital improvements to village facilities and other assets.

Public Works Building Project - The Public Works Building Project fund is used to account capital improvements related to the public works building.

Other governmental funds of the Village are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village has no internal service funds, but does report the operations of various enterprise funds.

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 following are the Village's major enterprise funds:

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust, 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, 2016.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Village's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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 incurred. Any such modifications made by the Village are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

E. Budgetary Process

All funds of the Village, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. Although the Auglaize County Budget Commission waived the required tax budget, the Village submitted the financial data required in order to assess the need. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on disbursements at the level of control selected by Village Council. The legal level of control has been established by Village Council 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. 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 certificate of estimated resources in effect at the time final appropriations were passed by 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 Village Council during the year.

F. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Restricted - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 cash balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of Village Council, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

G. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During 2016, the Village invested in STAR Ohio Plus and interest bearing checking accounts.

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 2016 was \$20,174 which includes \$9,479 assigned from other Village funds.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Interfund Transactions

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2016, the Village has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Village.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Village.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Village.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclosure certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The Village added additional disclosures for the implementation of GASB Statement No. 77.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Village.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Village

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Cash Balance - Budget and Actual - Budgetary Basis, presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

<u>Net Change in Fund Cash Balances</u>	
Budgetary Basis	\$ 48,419
Encumbrances	21,189
Funds budgeted elsewhere*	3,016
Cash basis	<u>\$ 72,624</u>

*The Parks and Recreation, Lockkeeper's House, Swimming Pool and Income Tax funds have separate legally adopted budgets; however, they are considered part of the general fund for financial reporting purposes.

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Village 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, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 5 - 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 with Financial Institutions

At December 31, 2016, the carrying amount of all Village deposits was \$5,044,175. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$2,430,052 of the Village's bank balance of \$5,110,647 was exposed to custodial risk as discussed below, while \$2,680,595 was covered by the FDIC.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 5 - 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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. 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 of the respective depository bank and pledged as a pool of collateral against all of 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 credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

B. Reconciliation of Cash and Cash equivalents to the Statement of Net Position- Cash basis

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position- cash basis as of December 31, 2016:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 5,044,175</u>
 <u>Cash and cash equivalents per statement of net position- Cash basis</u>	
Governmental activities	\$ 3,127,685
Business type activities	<u>1,916,490</u>
Total	<u>\$ 5,044,175</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of New Bremen. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2016 and for which there is an enforceable legal claim. For 2016, the Village's financial statements are presented on the cash basis of accounting and therefore the Village does not record a receivable for property taxes either on a modified accrual or full accrual basis of accounting.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values of real and public utility property upon which 2016 property tax receipts were based are as follows:

<u>Real property</u>		
Residential/agricultural	\$	56,309,720
Commercial/industrial		17,319,540
<u>Public utility</u>		
Personal		<u>451,570</u>
Total assessed value	\$	<u><u>74,080,830</u></u>

NOTE 7 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported in the fund financial statements. The following are the transfers from the general fund:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	350,000
General fund	Electric fund	<u>268,755</u>
Total		<u><u>618,755</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. 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 on the government-wide financial statements.

B. Advances to/from other funds at December 31, 2016, as reported on the fund statements, consisted of the following:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 6,365
General fund	Electric fund	<u>102,433</u>
Total		<u><u>\$ 108,798</u></u>

Advances to/from other funds are for two series of manuscript debt issued by the Village in accordance with Ohio Revised Code Section 133.29.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 7 - INTERFUND TRANSACTIONS – (Continued)

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 % interest per year for six years in semi-annual payments.

<u>Village of New Bremen General Fund</u>			
Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 100,000</u>	<u>\$ 2,437</u>	<u>\$ 102,437</u>

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 2016, \$2,069 in interest and \$6,365 was repaid to the general fund through advances.

<u>Village of New Bremen General Fund</u>			
Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,365	\$ 1,559	\$ 7,924
2018	5,908	1,049	6,957
2019	3,841	578	4,419
2020	2,002	271	2,273
2021	<u>1,379</u>	<u>110</u>	<u>1,489</u>
Total	<u>\$ 19,495</u>	<u>\$ 3,567</u>	<u>\$ 23,062</u>

NOTE 8 - LOCAL INCOME TAXES

The Village levies a 1.50 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2016, the Village collected \$4,286,390.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP) which is also administered by York. Member governments pay annual contributions to the fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property 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, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	2016
Assets	\$ 42,182,281
Liabilities	(13,396,700)
Net Position	\$28,785,581

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government'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 financial contributions required to be made to PEP for year of membership.

Contributions to PEP
2016
\$91,543

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing (via certified mail) 60 days prior to 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 PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Village's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Village's obligation for this liability to annually required payments. The Village cannot control benefit terms or the manner in which pensions are financed; however, the Village does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

**VILLAGE OF NEW BREMEN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$155,841 for 2016.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2016 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2016 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$78,643 for 2016.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The Village's proportion of the net pension liability or asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate share of the net pension liability	\$ 1,733,858	\$ 1,092,206	\$ 2,826,064
Proportionate share of the net pension asset	(3)	-	(3)
Proportion of the the Net Pension Liability	0.010010%	0.016978%	
Proportion of the the Net Pension Asset	0.000735%	0.000000%	

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Village's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the Village's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Village's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,762,460	\$ 1,733,858	\$ 866,265
Member-Directed Plan	7	(3)	(7)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 and 3.00 percent simple

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2012 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.47 %	7.80 %
Non-US Equity	16.00	4.47	8.00
Core Fixed Income *	20.00	1.62	5.35
Global Inflation			
Protected Securities *	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
Total	<u>120.00 %</u>		

* levered 2x

** numbers include inflation

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPF's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Village's proportionate share of the net pension liability	\$ 1,440,474	\$ 1,092,206	\$ 797,190

NOTE 11 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - 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 Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$25,974, \$24,925, and \$25,075, respectively. The full amount has been contributed for all three years.

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 State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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 into 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 .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers were \$2,125 for the year ended December 31, 2016, \$1,945 for the year ended December 31, 2015, and \$12,248 for the year ended December 31, 2014. The full amount has been contributed for all three years.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 12 - LONG-TERM DEBT

The Village's long-term debt activity for the year ended December 31, 2016, was as follows:

	Balance Outstanding <u>12/31/15</u>	<u>Issued</u>	<u>Retired</u>	Balance Outstanding <u>12/31/16</u>	Amount Due in <u>One Year</u>
Governmental activities:					
Ohio public works - CM12Q	\$ 38,558	\$ -	\$ (12,854)	\$ 25,704	\$ 12,852
Ohio public works - CM14R	90,650	-	(3,125)	87,525	3,126
Ohio public works - CM03R	499,700	-	(16,657)	483,043	16,657
Capital Projects Loan	-	<u>1,881,901</u>	-	<u>1,881,901</u>	<u>125,000</u>
Total governmental activities	<u>\$ 628,908</u>	<u>\$ 1,881,901</u>	<u>\$ (32,636)</u>	<u>\$ 2,478,173</u>	<u>\$ 157,635</u>
Business-type activities:					
Ohio public works - CM17P	\$ 84,085	-	\$ (4,946)	\$ 79,139	\$ 4,946
Ohio public works - CT61P	<u>119,999</u>	-	<u>(15,000)</u>	<u>104,999</u>	<u>15,000</u>
Total business-type activities	<u>\$ 204,084</u>	<u>\$ -</u>	<u>\$ (19,946)</u>	<u>\$ 184,138</u>	<u>\$ 19,946</u>

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

Loan CM12Q for Walnut Street resurfacing project. Payments are due semi-annually of \$6,427 are due for a term of 5 years at zero interest rate. Balance of \$25,704.

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 \$87,525.

Loan CM03R for First and Washington streets. Payments are due semi-annually of \$8,328 are due for term of 30 years at zero interest rate. Balance \$483,043.

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 \$79,139.

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 \$104,999.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 12 - LONG-TERM DEBT - (Continued)

The following is a summary of the Village's future annual debt service requirements for the Ohio Public Works Loans:

Year Ending December 31,	OPWC - Governmental		
	Principal	Interest	Total
2017	\$ 32,635	\$ -	\$ 32,635
2018	32,635	-	32,635
2019	19,783	-	19,783
2020	19,783	-	19,783
2021	19,783	-	19,783
2022 - 2026	98,913	-	98,913
2027 - 2031	98,913	-	98,913
2032 - 2036	98,913	-	98,913
2037 - 2041	98,913	-	98,913
2042 - 2046	76,001	-	76,001
Total	<u>\$ 596,272</u>	<u>\$ -</u>	<u>\$ 596,272</u>

Year Ending December 31,	OPWC - BTA		
	Principal	Interest	Total
2017	\$ 19,946	\$ -	\$ 19,946
2018	19,946	-	19,946
2019	19,946	-	19,946
2020	19,946	-	19,946
2021	19,946	-	19,946
2022 - 2026	54,731	-	54,731
2027 - 2031	24,731	-	24,731
2032	4,946	-	4,946
Total	<u>\$ 184,138</u>	<u>\$ -</u>	<u>\$ 184,138</u>

Capital Projects Loan: On May 23, 2016, the Village entered into a loan with Minster Bank for \$3,750,000 that was for the construction of the new village public works building and police/EMS building. The Village had an outstanding loan balance of \$1,881,901 at December 31, 2016. The remaining loan amount will be drawn as expenses are incurred. The loan was issued for a seven year period, with final maturity on June 1, 2023 at an interest rate of 2.30%.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 12 - LONG-TERM DEBT - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2016, are as follows:

Year Ending <u>December 31,</u>	<u>Capital Projects Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 125,000	\$ 87,448	\$ 212,448
2018	250,000	83,072	333,072
2019	250,000	77,242	327,242
2020	250,000	71,611	321,611
2021	250,000	65,582	315,582
2022 - 2023	<u>2,625,000</u>	<u>87,368</u>	<u>2,712,368</u>
Total	<u>\$ 3,750,000</u>	<u>\$ 472,323</u>	<u>\$ 4,222,323</u>

Under the cash basis of accounting, debt obligations at year end are not reported on the financial statements.

NOTE 13 - ECONOMIC DEPENDENCE

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

NOTE 14 - 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, 2016, the Village of New Bremen has met their debt coverage obligation.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 14 - 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 \$71,112 at December 31, 2016. 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 Village 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.

NOTE 15 - CONTINGENT LIABILITIES

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 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE 15 - CONTINGENT LIABILITIES – (Continued)

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 2016, the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate at December 31, 2016 was \$743,959.

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.

NOTE 16 - FUND BALANCE

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

Fund balance	General	Capital Improvements	Public Works Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
Street constuction and maintenance	\$ -	\$ -	\$ -	\$ 298,647	\$ 298,647
Public safety	-	-	-	14,308	14,308
Capital projects	-	10,372	150,543	-	160,915
General government	-	-	-	10,162	10,162
Total restricted	-	10,372	150,543	323,117	484,032
Assigned:					
General government	8,638	-	-	-	8,638
Security persons and property	12,536	-	-	-	12,536
Leisure time activities	200,566	-	-	-	200,566
Capital outlay	1,710,494	-	-	-	1,710,494
Transportation	11,472	-	-	-	11,472
Subsequent year appropriations	699,947	-	-	-	699,947
Total assigned	2,643,653	-	-	-	2,643,653
Total fund cash balances	\$ 2,643,653	\$ 10,372	\$ 150,543	\$ 323,117	\$ 3,127,685

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

NOTE 17 – TAX ABATEMENTS

The Village entered into property tax abatement agreements with property owners under The Ohio Community Reinvestment Area (“CRA”) program. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the Village designated areas to encourage revitalization of the existing housing stock and the development of new structures. The Village has two areas eligible for participation in the CRA program. In Reinvestment Area One, there are five properties that are subject to 100% exemption, the total value of real property subject to exemption for 2016 was \$706,710. The total value of taxes abated for 2016 in Reinvestment Area One was \$2,748. In Reinvestment Area Two, there are four properties that are subject to 100% exemption, the total value of real property subject to exemption for 2016 was \$1,072,720. The total value of taxes abated for 2016 was \$11,233.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

The management's discussion and analysis of the Village of New Bremen's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2015, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The total net cash position of the Village increased \$355,854. The net cash position of governmental activities increased \$475,126 or 17.62% from 2014 and the net cash position of business-type activities decreased \$119,272 or 6.25% from 2014.
- General cash receipts accounted for \$5,127,269 or 80.2% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,265,593 or 19.8% of total governmental activities cash receipts.
- The Village had \$5,730,258 in cash disbursements related to governmental activities; \$1,265,593 of these cash disbursements were offset by program specific charges for services, grants or contributions. The remaining cash disbursements of the governmental activities were offset by general cash receipts (primarily property taxes, income taxes, and unrestricted grants and entitlements) of \$5,127,269.
- The Village's major governmental funds include the general fund and the capital improvements fund. The general fund had cash receipts and other financing sources of \$4,802,214 in 2015. The cash disbursements and other financing sources of the general fund totaled \$4,578,198 in 2015. The fund cash balance of the general fund increased \$224,016 from \$2,347,013 to \$2,571,029.
- The capital improvements fund had cash receipts of \$907,889 in 2015. The cash disbursements of the capital improvements fund totaled \$572,297 in 2015. The fund cash balance of the capital improvements fund increased \$335,592 from \$100 to \$335,692.
- Net cash position for the business-type activities, which are composed of the water, sewer, refuse, utility deposits, library and electric enterprise funds, decreased \$119,272 from \$1,908,985 to \$1,789,713.
- In the general fund, actual budgetary basis receipts totaled \$1,898,334 and actual budgetary basis disbursements totaled \$1,826,334.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting. The annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village as a financial whole, or, as an entire operating entity.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Report Components

The statement of net position - cash basis and the statement of activities - cash basis provide information about the activities of the whole Village, presenting both an aggregate view of the Village's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds, with all other nonmajor funds presented in total in a single column. For the Village, the general fund is the most significant fund. The Village's major governmental funds are the general fund and the capital improvements fund. The Village's major enterprise fund is the electric fund.

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, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did the Village perform financially during 2015?" These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than GAAP. This basis of accounting takes into account only the current year receipts and disbursements if the cash is actually received or paid.

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

In the statement of net position - cash basis and the statement of activities - cash basis, the Village is divided into two distinct kinds of activities:

Governmental activities - Most of the Village's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental receipts including federal and State grants and other shared receipts.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the cash disbursements of the goods or services provided. The Village's water, sewer, electric service, refuse, utility deposits, and library operations are reported here.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The analysis of the Village's major governmental and proprietary funds begins on page 61.

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The Village's budgetary process accounts for certain transactions on a cash basis, adjusted for encumbrances. The budgetary statement for the general fund is presented to demonstrate the Village's compliance with the annually adopted budget.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water, sewer, refuse, utility deposits, library and electric service functions. The electric fund of the Village's enterprise funds is considered to be a major fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court. The agency fund did not have cash assets to report at December 31, 2015.

Notes to the Basic Financial Statements

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Government-Wide Financial Analysis

The statement of net position - cash basis serves as a useful indicator of a government's financial position. The table below provides a summary of the Village's net cash position at December 31, 2015 and December 31, 2014.

	Net Cash Position					
	Governmental Activities 2015	Business-type Activities 2015	Governmental Activities 2014	Business-type Activities 2014	2015 Total	2014 Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 3,171,205	\$ 1,789,713	\$ 2,696,079	\$ 1,908,985	\$ 4,960,918	\$ 4,605,064
Total assets	<u>3,171,205</u>	<u>1,789,713</u>	<u>2,696,079</u>	<u>1,908,985</u>	<u>4,960,918</u>	<u>4,605,064</u>
<u>Net cash position</u>						
Restricted	600,176	-	349,066	-	600,176	349,066
Unrestricted	<u>2,571,029</u>	<u>1,789,713</u>	<u>2,347,013</u>	<u>1,908,985</u>	<u>4,360,742</u>	<u>4,255,998</u>
Total net cash position	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 2,696,079</u>	<u>\$ 1,908,985</u>	<u>\$ 4,960,918</u>	<u>\$ 4,605,064</u>

The total net cash position of the Village increased \$355,854. Net cash position of the governmental activities increased \$475,126 or 17.62% from 2014, and the net cash position of business-type activities decreased \$119,272 or 6.25% from 2014.

At December 31, 2015, a portion of the Village's net cash position, \$600,176, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$4,360,742 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

The table below shows the changes in net cash position for 2015 and 2014.

	Changes in Net Cash Position					
	Governmental	Business-type	Governmental	Business-type	2015	2014
	Activities	Activities	Activities	Activities	Total	Total
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>Total</u>	<u>Total</u>
Cash receipts:						
Program receipts:						
Charges for services	\$ 159,625	\$ 7,120,270	\$ 176,463	\$ 6,964,224	\$ 7,279,895	\$ 7,140,687
Operating grants and contributions	198,079	-	185,711	-	198,079	185,711
Capital grants and contributions	<u>907,889</u>	<u>-</u>	<u>162,272</u>	<u>-</u>	<u>907,889</u>	<u>162,272</u>
Total program receipts	<u>1,265,593</u>	<u>7,120,270</u>	<u>524,446</u>	<u>6,964,224</u>	<u>8,385,863</u>	<u>7,488,670</u>
General receipts:						
Property and other taxes	484,534	-	465,606	-	484,534	465,606
Income taxes	3,785,826	-	3,374,412	-	3,785,826	3,374,412
Unrestricted grants and entitlements	284,919	-	131,395	-	284,919	131,395
Sale of assets	-	-	2,862	-	-	2,862
OWDA loan issuance	499,700	-	-	93,776	499,700	93,776
Investment earnings	18,991	-	24,522	-	18,991	24,522
Miscellaneous	<u>53,299</u>	<u>-</u>	<u>22,871</u>	<u>-</u>	<u>53,299</u>	<u>22,871</u>
Total general receipts	<u>5,127,269</u>	<u>-</u>	<u>4,021,668</u>	<u>93,776</u>	<u>5,127,269</u>	<u>4,115,444</u>
Total cash receipts	<u>6,392,862</u>	<u>7,120,270</u>	<u>4,546,114</u>	<u>7,058,000</u>	<u>13,513,132</u>	<u>11,604,114</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Cash disbursements:

General government	403,874	-	520,300	-	403,874	520,300
Security of persons and property	765,732	-	860,399	-	765,732	860,399
Public health and welfare	248	-	277	-	248	277
Transportation	876,397	-	764,809	-	876,397	764,809
Leisure time activity	558,658	-	485,074	-	558,658	485,074
Capital outlay	2,954,895	-	1,080,937	-	2,954,895	1,080,937
Debt service:						
Principal retirement	162,206	-	62,704	-	162,206	62,704
Interest and fiscal charges	8,248	-	5,480	-	8,248	5,480
Electric	-	6,712,564	-	6,439,965	6,712,564	6,439,965
Other enterprise	-	714,456	-	786,214	714,456	786,214
Total cash disbursements	<u>5,730,258</u>	<u>7,427,020</u>	<u>3,779,980</u>	<u>7,226,179</u>	<u>13,157,278</u>	<u>11,006,159</u>
Increase (decrease) in net cash position before transfers and advances	662,604	(306,750)	766,134	(168,179)	355,854	597,955
Advances	100,000	(100,000)	100,000	(100,000)		
Transfers	<u>(287,478)</u>	<u>287,478</u>	<u>(278,193)</u>	<u>278,193</u>	<u>-</u>	<u>-</u>
Change in net cash position	475,126	(119,272)	587,941	10,014	355,854	597,955
Net cash position at beginning of year	<u>2,696,079</u>	<u>1,908,985</u>	<u>2,108,138</u>	<u>1,898,971</u>	<u>4,605,064</u>	<u>4,007,109</u>
Net cash position at end of year	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 2,696,079</u>	<u>\$ 1,908,985</u>	<u>\$ 4,960,918</u>	<u>\$ 4,605,064</u>

Governmental Activities

Governmental activities net cash position increased \$475,126 in 2015.

Security of persons and property disbursements primarily support the operations of the police and fire departments and totaled \$765,732 during 2015, accounting for 13.36% of total governmental activities cash disbursements. Security of persons and property cash disbursements were partially funded by direct charges to users of \$88,643.

General government cash disbursements totaled \$403,874. General government cash disbursements were partially funded by \$21,621 in direct charges to users of the services.

Transportation cash disbursements of \$876,397 were partially funded by direct charges to users of \$10,524 and operating grants and contributions of \$198,079.

Leisure time activity cash disbursements of \$558,658 were funded by \$38,837 in direct charges to users.

Capital outlay cash disbursements of \$2,954,895 were partially funded by \$907,889 in capital grants and contributions.

The State government contributed to the Village a total of \$198,079 in operating grants and contributions. These program cash receipts are restricted to a particular program or purpose. Of the total operating grants and contributions all of them subsidized transportation expenses.

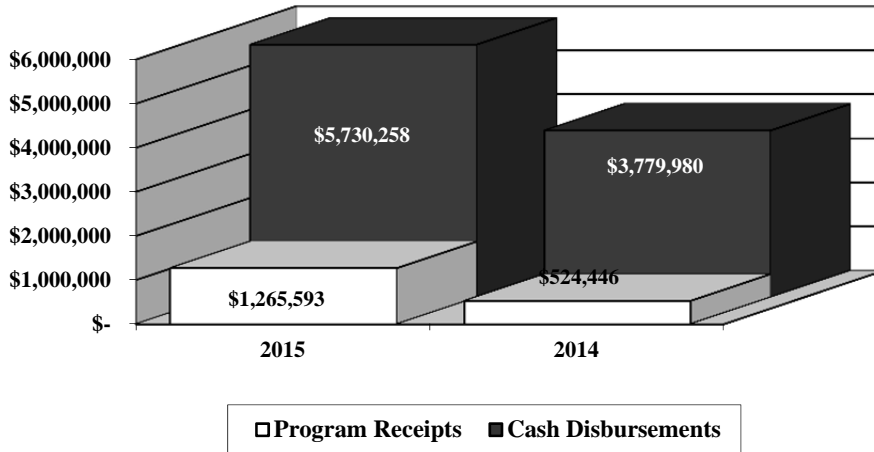
**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

General cash receipts totaled \$5,127,269 and amounted to 80.2% of total governmental cash receipts. These cash receipts primarily consist of property and income tax receipts of \$4,270,360. The other primary source of general cash receipts are grants and entitlements not restricted to specific programs, including local government and local government assistance, and OWDA loan proceeds making up \$784,619.

The statement of activities - cash basis shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph on the following page, the Village is highly dependent upon general cash receipts (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. Program cash receipts were not sufficient to cover total governmental cash disbursements for 2015.

Governmental Activities - Program Receipts vs. Total Cash Disbursements



The following table shows, for the governmental activities, the total cost of services and the net cost of services for 2015 and 2014. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

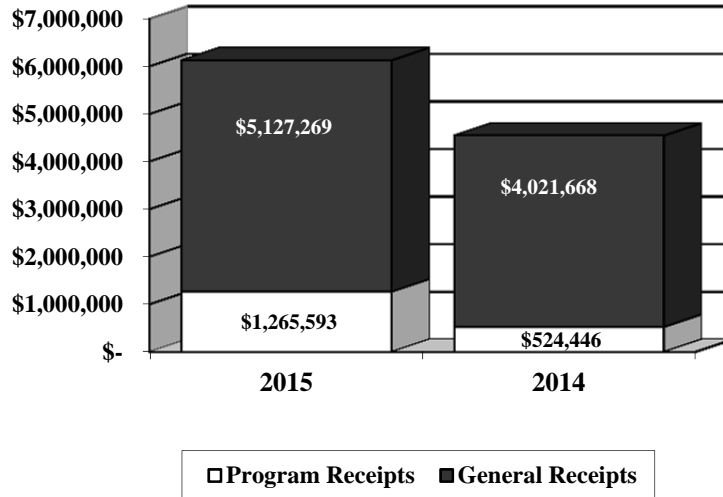
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

	Governmental Activities			
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Cash disbursements:				
General government	\$ 403,874	\$ 382,253	\$ 520,300	\$ 512,433
Security of persons and property	765,732	677,089	860,399	800,000
Public health and welfare	248	248	277	277
Transportation	876,397	667,794	485,074	413,062
Leisure time activity	558,658	519,821	764,809	563,500
Capital outlay	2,954,895	2,047,006	1,080,937	898,078
Debt service:				
Principal retirement	162,206	162,206	62,704	62,704
Interest and fiscal charges	<u>8,248</u>	<u>8,248</u>	<u>5,480</u>	<u>5,480</u>
Total	<u>\$ 5,730,258</u>	<u>\$ 4,464,665</u>	<u>\$ 3,779,980</u>	<u>\$ 3,255,534</u>

The dependence upon general cash receipts for governmental activities is apparent, with 77.51% of cash disbursements supported through taxes and other general cash receipts.

The chart below illustrates the Village's program cash receipts versus general cash receipts for 2015 and 2014.

Governmental Activities - General and Program Receipts



Business-type Activities

Business-type activities include the water, sewer, refuse, utility deposits, library, and electric enterprise funds. These programs had program cash receipts of \$7,120,270, and cash disbursements of \$7,427,020 during 2015. The net cash position of these programs decreased \$119,272 from 2014.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Village's governmental funds reported a combined fund cash balance of \$3,171,205, which is \$475,126 greater than last year's total of \$2,696,079.

The schedule below indicates the fund cash balances and the total change in fund cash balances as of December 31, 2015 and December 31, 2014 for all major and nonmajor governmental funds.

	Fund Cash Balances <u>12/31/2015</u>	Fund Cash Balances <u>12/31/2014</u>	Increase/ (Decrease)
Major funds:			
General	\$ 2,571,029	\$ 2,347,013	\$ 224,016
Capital improvements	335,692	100	335,592
Nonmajor governmental funds	<u>264,484</u>	<u>348,966</u>	<u>(84,482)</u>
Total	<u>\$ 3,171,205</u>	<u>\$ 2,696,079</u>	<u>\$ 475,126</u>

General Fund

The Village's general fund cash balance increased \$224,016. The table that follows assists in illustrating the cash receipts of the general fund for 2015 and 2014.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Amount Change	Percentage Change
<u>Cash receipts:</u>				
Taxes	\$ 4,199,210	\$ 3,769,182	\$ 430,028	11.41 %
Charges for services	127,090	121,156	5,934	4.90 %
Licenses, permits and fees	5,094	-	5,094	100.00 %
Fines and forfeitures	14,811	-	14,811	100.00 %
Intergovernmental	275,890	131,395	144,495	109.97 %
Investment income	18,991	24,194	(5,203)	(21.51) %
Other	<u>53,299</u>	<u>34,675</u>	<u>18,624</u>	53.71 %
Total	<u>\$ 4,694,385</u>	<u>\$ 4,080,602</u>	<u>\$ 613,783</u>	15.04 %

Overall, cash receipts of the general fund increased \$613,783 or 15.04%. Intergovernmental income increased \$144,495 or 109.97% primarily due to receiving more grant revenues. Other cash receipts increased \$18,624 or 53.71% primarily due to an increase in contributions and donations.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

The table that follows assists in illustrating the cash disbursements of the general fund for 2015 and 2014.

	2015 Amount	2014 Amount	Amount Change	Percentage Change
<u>Cash disbursements:</u>				
General government	\$ 403,874	\$ 520,300	\$ (116,426)	(22.38) %
Security of persons and property	683,504	784,141	(100,637)	(12.83) %
Public health and welfare	248	277	(29)	(10.47) %
Leisure time activity	558,658	485,074	73,584	15.17 %
Transportation	221,360	237,353	(15,993)	(6.74) %
Capital outlay	1,882,898	920,188	962,710	104.62 %
Debt service	<u>164,633</u>	<u>64,399</u>	<u>100,234</u>	155.65 %
Total	<u>\$ 3,915,175</u>	<u>\$ 3,011,732</u>	<u>\$ 903,443</u>	30.00 %

Overall, cash disbursements of the general fund increased \$903,443 or 30.00%. General government disbursements decreased \$116,426 or 22.38% primarily due to lower building and grounds disbursements. Capital outlay increased \$962,710 or 104.62% due to various construction projects throughout the Village. Debt service increased \$100,234 or 155.65% due to an early payoff of a lease during 2015.

Capital Improvements Fund

The capital improvements fund had cash receipts of \$907,889 in 2015. The cash disbursements of the capital improvements fund totaled \$572,297 in 2015. The fund cash balance of the capital improvements fund increased \$335,592 from \$100 to \$335,692.

Proprietary Funds

The Village's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. During 2015, the Village's proprietary funds had total operating receipts of \$7,120,270, total operating disbursements of \$7,401,383, and total nonoperating disbursements of \$125,637. The proprietary funds' net cash position decreased \$119,272 during 2015, from \$1,908,985 to \$1,789,713.

Budgeting Highlights

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). In essence, the budget is the Village's appropriations which are restricted by the amounts of anticipated cash receipts certified by the Budget Commission in accordance with the ORC; as a consequence, the Village's plans or desires cannot be reflected completely by the original budget. If budgeted cash receipts change based on actual activity throughout the year, then the appropriations may be adjusted accordingly.

Budgetary information is presented in the Village's financial statements for the general fund, one of the Village's major funds. In the general fund, original and final receipts and other financing sources were both \$2,512,852 which was \$346,986 more than actual budgetary basis receipts and other financing sources of \$1,898,334.

General fund final appropriations and other financing uses of \$3,015,275 were \$15,329 more than the original budgeted appropriations and other financing uses of \$2,999,946. The actual budgetary basis disbursements and other financing uses for 2015 totaled \$1,826,334, which was \$1,188,941 less than the final budgetary appropriations.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)

Capital Assets and Debt Administration

Capital Assets

The Village does not report capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had cash disbursements for capital outlay of \$2,954,895 in the governmental activities and \$455,684 in the business-type activities during 2015.

Debt Administration

The Village does not report liabilities for long-term obligations in the accompanying basic financial statements, but does track the outstanding balances of all long-term debt in the notes to the basic financial statements. The Village had the following long-term obligations outstanding at December 31, 2015 and December 31, 2014.

	Governmental Activities	
	2015	2014 (restated)
OPWC loans	\$ 628,908	\$ 145,186
Lease-purchase agreement		146,228
Total long-term obligations	\$ 628,908	\$ 291,414
	Business-type Activities	
	2015	2014 (restated)
OPWC loans	\$ 204,084	\$ 224,030
Total long-term obligations	\$ 204,084	\$ 224,030

In addition, the Village has manuscript debt for an electric project and sidewalk and curb projects. Further detail on the Village's long-term obligations can be found in Note 12 to the basic financial statements.

Economic Conditions and Outlook

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 year 2016. 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 proceed in 2016 and beyond.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)
(Continued)**

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Amy Speelman, Fiscal Officer, 214 N. Washington Street, New Bremen, Ohio 45869.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,171,205	\$ 1,789,713	\$ 4,960,918
Total assets	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 4,960,918</u>
Net cash position:			
Restricted for:			
Capital projects	\$ 344,634	\$ -	\$ 344,634
Transportation projects.	234,950	-	234,950
Public safety	11,899	-	11,899
Other purposes.	8,693	-	8,693
Unrestricted	<u>2,571,029</u>	<u>1,789,713</u>	<u>4,360,742</u>
Total net cash position	<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 4,960,918</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 403,874	\$ 21,621	\$ -	\$ -
Security of persons and property	765,732	88,643	-	-
Public health and welfare	248	-	-	-
Transportation	876,397	10,524	198,079	-
Leisure time activity	558,658	38,837	-	-
Capital outlay	2,954,895	-	-	907,889
Debt service:				
Principal retirement	162,206	-	-	-
Interest and fiscal charges	8,248	-	-	-
Total governmental activities	<u>5,730,258</u>	<u>159,625</u>	<u>198,079</u>	<u>907,889</u>
Business-type activities:				
Electric	6,712,564	6,454,026	-	-
Other enterprise	714,456	666,244	-	-
Total business-type activities	<u>7,427,020</u>	<u>7,120,270</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 13,157,278</u>	<u>\$ 7,279,895</u>	<u>\$ 198,079</u>	<u>\$ 907,889</u>

General cash receipts:

Property taxes levied for:	
General purposes	
Security of persons and property	
Other local taxes	
Income taxes levied for:	
General purposes	
Grants and entitlements not restricted to specific programs	
OWDA loan issuance	
Investment earnings	
Miscellaneous	
Total general cash receipts	
Advances	
Transfers	
Total general cash receipts, transfers and advances	
Changes in net cash position	
Net cash position at beginning of year	
Net cash position at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net Cash Receipts (Cash Disbursements)
and Changes in Net Cash Position**

Governmental Activities	Business-type Activities	Total
\$ (382,253)	\$ -	\$ (382,253)
(677,089)	-	(677,089)
(248)	-	(248)
(667,794)	-	(667,794)
(519,821)	-	(519,821)
(2,047,006)	-	(2,047,006)
(162,206)	-	(162,206)
(8,248)	-	(8,248)
<u>(4,464,665)</u>	<u>-</u>	<u>(4,464,665)</u>
-	(258,538)	(258,538)
-	(48,212)	(48,212)
-	(306,750)	(306,750)
<u>(4,464,665)</u>	<u>(306,750)</u>	<u>(4,771,415)</u>
145,852	-	145,852
71,150	-	71,150
267,532	-	267,532
3,785,826	-	3,785,826
284,919	-	284,919
499,700	-	499,700
18,991	-	18,991
53,299	-	53,299
<u>5,127,269</u>	<u>-</u>	<u>5,127,269</u>
100,000	(100,000)	-
(287,478)	287,478	-
<u>4,939,791</u>	<u>187,478</u>	<u>5,127,269</u>
475,126	(119,272)	355,854
<u>2,696,079</u>	<u>1,908,985</u>	<u>4,605,064</u>
<u>\$ 3,171,205</u>	<u>\$ 1,789,713</u>	<u>\$ 4,960,918</u>

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,571,029	\$ 335,692	\$ 264,484	\$ 3,171,205
Total assets	\$ 2,571,029	\$ 335,692	\$ 264,484	\$ 3,171,205
Fund cash balances:				
Restricted.	\$ -	\$ 335,692	\$ 264,484	\$ 600,176
Assigned.	2,571,029	-	-	2,571,029
Total fund cash balances.	\$ 2,571,029	\$ 335,692	\$ 264,484	\$ 3,171,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Municipal income taxes	\$ 3,785,826	\$ -	\$ -	\$ 3,785,826
Property and other taxes.	413,384	-	71,150	484,534
Charges for services.	127,090	-	1,716	128,806
Licenses, permits and fees	5,094	-	-	5,094
Fines and forfeitures	14,811	-	390	15,201
Intergovernmental.	275,890	246,250	202,992	725,132
Special assessments	-	-	10,524	10,524
Investment income.	18,991	-	280	19,271
Contributions and donations.	26,246	661,639	-	687,885
Other	27,053	-	3,836	30,889
Total cash receipts	<u>4,694,385</u>	<u>907,889</u>	<u>290,888</u>	<u>5,893,162</u>
Cash disbursements:				
Current:				
General government	403,874	-	-	403,874
Security of persons and property	683,504	-	82,228	765,732
Public health and welfare	248	-	-	248
Transportation	221,360	-	655,037	876,397
Leisure time activity	558,658	-	-	558,658
Capital outlay	1,882,898	572,297	499,700	2,954,895
Debt service:				
Principal retirement.	159,080	-	3,126	162,206
Interest and fiscal charges	5,553	-	2,695	8,248
Total cash disbursements.	<u>3,915,175</u>	<u>572,297</u>	<u>1,242,786</u>	<u>5,730,258</u>
Excess (deficiency) of cash receipts over (under) cash disbursements.	<u>779,210</u>	<u>335,592</u>	<u>(951,898)</u>	<u>162,904</u>
Other financing sources (uses):				
Advances in	107,829	-	-	107,829
Advances (out)	-	-	(7,829)	(7,829)
Transfers in	-	-	375,545	375,545
Transfers (out).	(663,023)	-	-	(663,023)
OPWC loan proceeds	-	-	499,700	499,700
Total other financing sources (uses)	<u>(555,194)</u>	<u>-</u>	<u>867,416</u>	<u>312,222</u>
Net change in fund cash balances	224,016	335,592	(84,482)	475,126
Fund cash balances at beginning of year	<u>2,347,013</u>	<u>100</u>	<u>348,966</u>	<u>2,696,079</u>
Fund cash balances at end of year	<u>\$ 2,571,029</u>	<u>\$ 335,692</u>	<u>\$ 264,484</u>	<u>\$ 3,171,205</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Property and other taxes.	\$ 172,000	\$ 172,000	\$ 413,384	\$ 241,384
Charges for services.	180,000	180,000	88,253	(91,747)
Licenses, permits and fees.	15,000	15,000	5,094	(9,906)
Fines and forfeitures.	20,000	20,000	14,811	(5,189)
Intergovernmental.	215,500	215,500	99,970	(115,530)
Special assessments.	71,750	71,750	-	(71,750)
Investment income.	10,000	10,000	6,059	(3,941)
Other.	55,000	55,000	32,911	(22,089)
Total budgetary basis receipts.	<u>739,250</u>	<u>739,250</u>	<u>660,482</u>	<u>(78,768)</u>
Budgetary basis disbursements:				
Current:				
General government.	733,725	746,876	429,719	317,157
Security of persons and property.	1,005,138	1,014,456	722,675	291,781
Public health and welfare.	3,000	3,000	248	2,752
Transportation.	321,260	312,512	115,373	197,139
Leisure time activity.	26,000	27,608	26,154	1,454
Debt service:				
Principal retirement.	60,799	60,799	159,080	(98,281)
Interest and fiscal charges.	4,215	4,215	5,553	(1,338)
Total budgetary basis disbursements.	<u>2,154,137</u>	<u>2,169,466</u>	<u>1,458,802</u>	<u>710,664</u>
Excess of budgetary basis disbursements over budgetary basis receipts.	<u>(1,414,887)</u>	<u>(1,430,216)</u>	<u>(798,320)</u>	<u>631,896</u>
Other financing sources (uses):				
Transfers in.	1,773,602	1,773,602	1,237,852	(535,750)
Transfers (out).	(845,809)	(845,809)	(367,532)	478,277
Total other financing sources (uses).	<u>927,793</u>	<u>927,793</u>	<u>870,320</u>	<u>(57,473)</u>
Net change in fund cash balances.	(487,094)	(502,423)	72,000	574,423
Fund cash balance at beginning of year (restated).	485,571	485,571	485,571	-
Prior year encumbrances appropriated.	24,368	24,368	24,368	-
Fund cash balance at end of year.	<u>\$ 22,845</u>	<u>\$ 7,516</u>	<u>\$ 581,939</u>	<u>\$ 574,423</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Electric	Nonmajor	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,409,688	\$ 380,025	\$ 1,789,713
Total assets	\$ 1,409,688	\$ 380,025	\$ 1,789,713
Net cash position:			
Unrestricted	\$ 1,409,688	\$ 380,025	\$ 1,789,713
Total net cash position.	\$ 1,409,688	\$ 380,025	\$ 1,789,713

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Electric	Nonmajor	Total
Operating receipts:			
Charges for services	\$ 6,339,545	\$ 648,482	\$ 6,988,027
Other	114,481	17,762	132,243
Total operating receipts.	6,454,026	666,244	7,120,270
Operating disbursements:			
Personal services	398,412	208,870	607,282
Contract services.	5,633,954	430,897	6,064,851
Materials and supplies.	1,283	4,751	6,034
Other	267,532		267,532
Total operating disbursements.	6,301,181	644,518	6,945,699
Operating Income	152,845	21,726	174,571
Nonoperating (disbursements):			
Advances (out)	(100,000)		(100,000)
Capital Outlay	(405,692)	(49,992)	(455,684)
Debt service:			
Principal retirement		(19,946)	(19,946)
Interest and fiscal charges	(5,691)		(5,691)
Total nonoperating disbursements.	(511,383)	(69,938)	(581,321)
Loss before transfers.	(358,538)	(48,212)	(406,750)
Transfers in	267,532	19,946	287,478
Change in net cash position	(91,006)	(28,266)	(119,272)
Net cash position at beginning of year	1,500,694	408,291	1,908,985
Net cash position at end of year	\$ 1,409,688	\$ 380,025	\$ 1,789,713

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - DESCRIPTION OF THE VILLAGE

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As discussed further in Note 2.D., 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. Generally accepted accounting principles (GAAP) 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:

The Village's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". For financial reporting purposes, the Village's basic financial statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability, as defined by the GASB, exists if the Village appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Village. The Village may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed governing board that is fiscally dependent on the Village. The Village also took into consideration other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village's basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the Village has no component units.

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 jointly governed organization and one related organization. Note 15 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 also participates in a public entity risk pool, Public Entities Pool of Ohio (PEP). Note 9 to the financial statements provides additional information for this entity.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the Village as a whole, except for fiduciary funds. These statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities.

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

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

The financial statements for governmental funds are a statement of assets and fund cash balances- cash basis, and a statement of cash receipts, cash disbursements and changes in fund cash balances - cash basis, which reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of the current financial resources.

The financial statements of proprietary funds are a statement of fund net position - cash basis, and a statement of cash receipts, cash disbursements and changes in net cash position - cash basis, which presents increases (i.e., receipts) and decreases (i.e., disbursements) in net cash position.

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The Village uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Village classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Capital improvements - The capital improvements fund is used to account capital improvements to village facilities and other assets.

Other governmental funds of the Village are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village has no internal service funds, but does report the operations of various enterprise funds.

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 following are the Village's major enterprise funds:

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust, 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, 2015.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Village's basic financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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 incurred. Any such modifications made by the Village are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on receipts and disbursements are not recorded in these financial statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

E. Budgetary Process

All funds of the Village, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. Although the Auglaize County Budget Commission waived the required tax budget, the Village submitted the financial data required in order to assess the need. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on disbursements at the level of control selected by Village Council. The legal level of control has been established by Village Council 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. 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 certificate of estimated resources in effect at the time final appropriations were passed by 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 Village Council during the year.

F. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Restricted - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 cash balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of Village Council, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

G. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 2015 was \$18,991 which includes \$9,083 assigned from other Village funds.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. Long-Term Obligations

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. 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.

O. Interfund Transactions

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2015, the Village has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the Village's pension plan disclosures, as presented in Note 10 to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the Village.

B. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The Village has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at December 31, 2014 is as follows:

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Budgetary Basis

		<u>General Fund</u>
Balance at December 31, 2014	\$	1,635,168
Funds budgeted elsewhere		<u>(1,149,597)</u>
Restated balance at January 1, 2015	\$	<u><u>485,571</u></u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Budget and Actual - Budgetary Basis, presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balances (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

<u>Net Change in Fund Cash Balances</u>		
Budgetary Basis	\$	72,000
Encumbrances		69,590
Funds budgeted elsewhere*		<u>82,426</u>
Cash basis	\$	<u><u>224,016</u></u>

*The Parks and Recreation, Lockkeeper's House, Swimming Pool and Income Tax funds have separate legally adopted budgets; however, they are considered part of the general fund for financial reporting purposes.

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Village 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 with Financial Institutions

At December 31, 2015, the carrying amount of all Village deposits was \$4,960,918. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2014, \$2,452,858 of the Village's bank balance of \$5,019,188 was exposed to custodial risk as discussed below, while \$2,566,330 was covered by the FDIC.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 5 - 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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. 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 of the respective depository bank and pledged as a pool of collateral against all of 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 credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

B. Reconciliation of Cash and cash equivalents to the Statement of Net Position- cash basis

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position- cash basis as of December 31, 2015:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	<u>\$ 4,960,918</u>
 <u>Cash and cash equivalents per statement of net position- cash basis</u>	
Governmental activities	\$ 3,171,205
Business type activities	1,789,713
Total	<u>\$ 4,960,918</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Village of New Bremen. The County Auditor periodically remits to the Village its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. For 2015, the Village's financial statements are presented on the cash basis of accounting and therefore the Village does not record a receivable for property taxes either on a modified accrual or full accrual basis of accounting.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

<u>Real property</u>		
Residential/agricultural	\$	55,930,590
Commercial/industrial		16,811,680
<u>Public utility</u>		
Personal		<u>393,100</u>
Total assessed value	\$	<u><u>73,135,370</u></u>

NOTE 7 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported in the fund financial statements. The following are the transfers from the general fund:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Electric fund	\$ 267,532
General fund	Nonmajor governmental fund	375,545
General fund	Nonmajor enterprise fund	<u>19,946</u>
Total		<u><u>\$ 663,023</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. 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 on the government-wide financial statements.

B. Advances to/from other funds at December 31, 2015, as reported on the fund statements, consisted of the following:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 7,829
General fund	Electric fund	<u>100,000</u>
Total		<u><u>\$ 107,829</u></u>

Advances to/from other funds are for two series of manuscript debt issued by the Village in accordance with Ohio Revised Code Section 133.29.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 7 - INTERFUND TRANSACTIONS- (Continued)

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 % interest per year for six years in semi-annual payments.

<u>Village of New Bremen General Fund</u>			
Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31.</u>			
2016	\$ 100,000	\$ 5,688	\$ 105,688
2017	<u>100,000</u>	<u>2,437</u>	<u>102,437</u>
Total	<u>\$ 200,000</u>	<u>\$ 8,125</u>	<u>\$ 208,125</u>

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 2015, \$2,695 in interest and \$7,829 was repaid to the general fund through advances.

<u>Village of New Bremen General Fund</u>			
Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31.</u>			
2016	\$ 6,365	\$ 2,069	\$ 8,434
2017	6,365	1,559	7,924
2018	5,908	1,049	6,957
2019	3,841	578	4,419
2020	2,002	271	2,273
2021	<u>1,379</u>	<u>110</u>	<u>1,489</u>
Total	<u>\$ 25,860</u>	<u>\$ 5,636</u>	<u>\$ 31,496</u>

NOTE 8 - LOCAL INCOME TAXES

The Village levies a 1.50 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2015, the Village collected \$3,785,826.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 9 - RISK MANAGEMENT - (Continued)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP) which is also administered by ARPCO. Member governments pay annual contributions to the fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property 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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015:

	2015
Assets	\$ 38,307,677
Liabilities	(12,759,127)
Net Position	25,548,550

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million and \$11.1 million of unpaid claims to be billed. The Pool's membership increased to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$55,000.

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 financial contributions required to be made to PEP for year of membership.

Contributions to PEP	
	<u>2015</u>
\$	87,691

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing (via certified mail) 60 days prior to 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 PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 10 - PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple employer defined benefit pension plan. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

For retirement calculation purposes, members are divided into three groups. The following table provides age and service requirements for retirement and the retirement formula applied to the final average salary (FAS) for the three member groups under the traditional plan:

<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
Eligible to retire on January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
Age and Service Retirements		
Age 60 with months of service credit or age 55 with 25 years of service credit	Age with 60 months of service credit or age 55 with 25 years of service credit	Age 57 with 25 years of service credit or age 62 with 5 years of service credit
Formula		
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% years of service in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% years of service in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% years of service in excess of 35

Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Once a benefit recipient retiring under the traditional plan has received benefits for 12 months, an annual 3 percent cost-of-living adjustment is provided on the member's base benefit.

Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. The following table summarizes the contribution rates as a percentage of covered payroll for members and employers for all divisions:

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 10 - PENSION PLAN - (Continued)

Division	2015 Contributions Rates	
	Member Rate	Employer Rate
State division	10.00%	14.00%
Local division	10.00%	14.00%

The member and employer contribution rates for the State and Local divisions are currently set at the maximums authorized by the Ohio Revised Code.

The Village’s contractually required contribution was \$149,499 for 2015.

Plan Description - Ohio Police and Fire Pension Fund (OP&F)

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.

Plan benefits are established under Ohio Revised Code Chapter 742. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s allowable average annual salary.

Allowable average annual salary is subject to certain statutory and administrative limitations. Not all salary, earnings, or compensation may be used in the calculation. OP&F calculates allowable average annual salary as follows:

1. For members with less than 15 years of service credit as of July 1, 2013, allowable average annual salary is an average of the five years of highest allowable earnings; regardless of when in their career the highest years occurred. Allowable average annual salary means one-fifth of the total salary during the five years for which the total allowable earnings were greatest.
2. For members with 15 or more years of service credit as of July 1, 2013, allowable average annual salary is an average of the three years of highest allowable earnings; regardless of when in their career the highest years occurred. Allowable average annual salary means one-third of the total salary during the five years for which the total allowable earnings were greatest.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 10 - PENSION PLANS - (Continued)

The table below summarizes the eligibility and benefits related to each of the four types of service retirement:

	Normal	Service Commuted	Age/Service Commuted	Actuarially Reduced
Eligibility	Hired after July 1, 2013, minimum retirement age is 52 with at least 25 years of service credit. Hired on or before July 1, 2013, minimum retirement age is 48 with 25 years of service credit.	Hired after July 1, 2013, minimum retirement age is 52, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire. Hired on or before July 1, 2013, minimum retirement age is 48, they must have at least 15 years of service credit and 25 years have elapsed from the date of their full-time hire.	Age 62, 15 years of service credit and still working as a full-time police officer or firefighter.	Hired after July 1, 2013, age 48 with 25 years of service credit.
Benefit	An annual pension equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2% for each of the next 5 years of service credit, and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.	An annual pension equal to 1.5% of the allowable average annual salary multiplied by the number of full years of service credit.	An annual pension that uses the same formula as the normal service retirement benefit (up to 25 years of service credit).	An annual pension reduced to the actuarial equivalent of the amount payable had the member retired at age 52.

Funding Policy - Employer and member contribution rates are established and limited by Chapter 742 of the Ohio Revised Code. Rates are at the statutory maximums and the maximum rates have been taken into consideration in the projection of pension benefits for financial accounting measurement purposes.

	<u>Employer Contribution Rate</u>		
	<u>Post Retirement</u>		
	<u>Pension</u>	<u>Healthcare</u>	<u>Total</u>
Police	19.00%	0.50%	19.50%

The Village's contractually required contribution to OP&F was \$74,029 for 2015.

NOTE 11 - POSTEMPLOYMENT BENEFIT PLAN

OPERS - Plan Description

OPERS maintains a cost-sharing multiple employer defined benefit postemployment 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 the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Entity to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

OPERS - Funding Policy

The Ohio Revised Code provides the statutory Entity 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 health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employees contributed at a rate of 10% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employers units. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered 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 postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% during calendar year 2015.

The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village's contributions allocated to postemployment health care for the years ended December 31, 2015, 2014, and 2013 were \$24,925, \$25,075 and \$12,042, respectively. The full amount has been contributed for all three years.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to 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 Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 11 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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 into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers were \$1,945 for the year ended December 31, 2015; \$12,248 for the year ended December 31, 2014, and \$16,755, for the year ended December 31, 2013. 100% has been contributed for 2014 and 2013. 91.76% has been contributed for 2015.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 12 - LONG-TERM DEBT

In the prior year the OPWC loan CM14R was classified as a long-term obligation of the business-type activities. The December 31, 2014 outstanding balance has been restated to accurately reflect this loan as a long-term obligation of the governmental activities. The Village's restated long-term debt activity for the year ended December 31, 2015, was as follows:

	Restated Balance Outstanding <u>12/31/14</u>	<u>Issued</u>	<u>Retired</u>	Balance Outstanding <u>12/31/15</u>	Amount Due in <u>One Year</u>
Governmental activities:					
Ohio public works - CM12Q	\$ 51,410	\$ -	\$ (12,852)	\$ 38,558	\$ 12,852
Ohio public works - CM14R	93,776		(3,126)	90,650	3,126
Ohio public works - CM03R	-	499,700	-	499,700	8,328
Lease purchase agreement	146,228	-	(146,228)		
Total governmental activities	<u>\$ 291,414</u>	<u>\$ 499,700</u>	<u>\$ (162,206)</u>	<u>\$ 628,908</u>	<u>\$ 24,306</u>
Business-type activities:					
Ohio public works - CM17P	\$ 89,031	\$ -	\$ (4,946)	\$ 84,085	\$ 4,946
Ohio public works - CT61P	134,999	-	(15,000)	119,999	15,000
Total business-type activities	<u>\$ 224,030</u>	<u>\$ -</u>	<u>\$ (19,946)</u>	<u>\$ 204,084</u>	<u>\$ 19,946</u>

See Note 13 for detail on the lease purchase agreement.

The Village has five 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 \$38,558.

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 \$90,650.

Loan CM03R for First and Washington streets. Payments are due semi-annually of \$8,328 are due for term of 30 years at zero interest rate. Balance \$499,700.

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 \$84,085.

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 \$119,999.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 12 - LONG-TERM DEBT - (Continued)

The following is a summary of the Village's future annual debt service requirements for the Ohio Public Works Loans:

Year Ending <u>December 31,</u>	OPWC - Governmental		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 24,306	\$ -	\$ 24,306
2017	32,635	-	32,635
2018	32,635	-	32,635
2019	19,783	-	19,783
2020	19,783	-	19,783
2021 - 2025	98,913	-	98,913
2026 - 2030	98,913	-	98,913
2031 - 2035	98,913	-	98,913
2036 - 2040	98,913	-	98,913
2041 - 2045	95,785	-	95,785
2046	<u>8,329</u>	<u>-</u>	<u>8,329</u>
Total	<u>\$ 628,908</u>	<u>\$ -</u>	<u>\$ 628,908</u>

Year Ending <u>December 31,</u>	OPWC - BTA		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 19,946	\$ -	\$ 19,946
2017	19,946	-	19,946
2018	19,946	-	19,946
2019	19,946	-	19,946
2020	19,946	-	19,946
2021 - 2025	69,731	-	69,731
2026 - 2030	24,731	-	24,731
2031 - 3035	<u>9,892</u>	<u>-</u>	<u>9,892</u>
Total	<u>\$ 204,084</u>	<u>\$ -</u>	<u>\$ 204,084</u>

NOTE 13 – LEASE-PURCHASE AGREEMENT

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 \$52,162 including interest at 2.85%. The lease was paid off during 2015.

NOTE 14 - ECONOMIC DEPENDENCE

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

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 15 - 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, 2015, the Village of New Bremen has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP, 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, 2015. 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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

NOTE 16 - CONTINGENT LIABILITIES

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 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 2015, the Village made no payments to AMP toward its net impaired cost estimate. The net impaired cost estimate at December 31, 2015 was \$730,468.

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.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

NOTE 17 - FUND BALANCE

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

Fund balance	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
Street constuction and maintenance	\$ -	\$ -	\$ 234,950	\$ 234,950
Public safety	-	-	11,899	11,899
Capital projects	-	335,692	8,942	344,634
General government	-	-	8,693	8,693
Total restricted	<u>-</u>	<u>335,692</u>	<u>264,484</u>	<u>600,176</u>
Assigned:				
General government	25,845	-	-	25,845
Security persons and property	39,171	-	-	39,171
Leisure time activities	136,847	-	-	136,847
Capital outlay	1,771,936	-	-	1,771,936
Transportation	15,291	-	-	15,291
Subsequent year appropriations	581,939	-	-	581,939
Total assigned	<u>2,571,029</u>	<u>-</u>	<u>-</u>	<u>2,571,029</u>
Total fund cash balances	<u>\$ 2,571,029</u>	<u>\$ 335,692</u>	<u>\$ 264,484</u>	<u>\$ 3,171,205</u>

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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
Auglaize County
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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 14, 2018, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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 opinions 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

Village's Response to Findings

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

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

March 14, 2018

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Noncompliance and Material Weakness

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

Ohio Rev. Code § 5705.10(D) provides, in part, that all revenue derived from a source other than the general property tax, and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 and .A16.

The following misstatements occurred on the Village's financial statements and accounting records:

- Contributions from the New Bremen Foundation in the amounts of \$598,055 and \$661,639 were recorded as Intergovernmental receipts in the Capital Improvements fund in 2016 and 2015, respectively, and were reclassified as Contributions and Donations;
- A homestead/rollback receipt for EMS in the amount of \$1,595 was incorrectly recorded in the General fund in 2016 and was adjusted to the EMS fund;
- Principal and Interest disbursements in the General fund totaling \$52,162 and \$99,619 in 2016 and 2015, respectively, were reclassified to Security of Persons and Property disbursements following the Village's early payoff of a lease;
- Capital outlay disbursements in the amounts of \$405,692 and \$49,992 in the Electric and Other Enterprise funds, respectively, were classified as operating disbursements in 2015 and were reclassified as non-operating disbursements;
- The 2016 payment from the Electric fund to the General fund for manuscript debt was recorded by the Village as an Intergovernmental receipt in the General fund in the amount of \$102,433. The financial statement compiler reclassified the receipt from Income tax receipts to an Advance, thus understating Income tax receipts and overstating Intergovernmental receipts; and
- The Village transferred kilowatt hour (KWH) tax from the Electric fund to the General fund as required by Ohio Rev. Code § 5727.81. The Village also elected to transfer the KWH tax back to the Electric fund. These transactions were recorded on the Village's accounting records, however the activity was not correctly shown on the financial statements. As a result, property and other tax receipts and transfers out were understated in the General fund and Other Operating disbursements and Transfers In were understated in the Electric fund in the amounts of \$268,755 and \$267,532 in 2016 and 2015, respectively. Additionally, the KWH tax receipts were reclassified from Transfers In to Property and Other Tax receipts on the Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Budget and Actual - Budgetary Basis for the General fund.

**FINDING NUMBER 2016-001
(Continued)**

The misstatements noted above are reflected on the accompanying financial statements and have been posted to the Village's accounting records. In addition to the adjustments and reclassifications listed above, we also identified additional misstatements ranging from \$3,979 to \$37,945, which we have brought to the Village's attention.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the users' understanding of the financial operations, the Village Council's and management's ability to make sound financial decisions or comply with budgetary laws, and could result in materially misstated reports.

The Village should implement policies and procedures to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response

The Village Fiscal Officer will review the Village Handbook and obtain assistance in determining proper posting to ensure accurate financial reporting. Procedures are being put in place to ensure proper posting of receipts and expenses. Procedures will continually be reviewed so that accurate financial information is provided.

VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Rev. Code Section 5705.36 – Estimated Receipts exceeded Actual receipts in numerous funds	Fully Corrected	
2014-002	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.	Not Corrected	See Officials' Response to Finding 2016-001

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Dave Yost • Auditor of State

VILLAGE OF NEW BREMEN

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 3, 2018