

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

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2002 and 2001

**DIANE GAST, CLERK-TREASURER**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
Village of New Bremen  
214 North Washington  
New Bremen, OH 45869

We have reviewed the Independent Auditor's Report of the Village of New Bremen, Auglaize County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 5, 2003

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2002 and 2001 .....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2001.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2001.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2001.....	8
Notes to the Financial Statements.....	9 - 25
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	26 - 27
Schedule of Findings.....	28 - 31
Schedule of Prior Audit Findings .....	32

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# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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## Independent Auditor's Report

Members of Council and Mayor  
Village of New Bremen  
214 N. Washington  
New Bremen, Ohio 45869

We have audited the accompanying financial statements of the Village of New Bremen, Auglaize County, Ohio, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of New Bremen's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Village of New Bremen prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of New Bremen, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2003, on our consideration of the Village of New Bremen's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
March 4, 2003

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

COMBINED STATEMENT OF CASH FUND BALANCES -  
ALL FUND TYPES  
DECEMBER 31, 2002 AND 2001

<u>Cash and Investments</u>	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 668,046	\$ 418,079
Investments	<u>3,000,000</u>	<u>3,470,000</u>
Total Cash and Investments	<u>\$ 3,668,046</u>	<u>\$ 3,888,079</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 103,698	\$ 189,999
Special Revenue Funds	242,396	195,921
Debt Service Funds	<u>(23,396)</u>	<u>-</u>
Total Governmental Fund Types	<u>322,698</u>	<u>385,920</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>1,001,285</u>	<u>1,193,840</u>
 <u>Fiduciary Fund Type:</u>		
Expendable Trust Fund	<u>2,344,063</u>	<u>2,308,319</u>
Total Fund Balances	<u>\$ 3,668,046</u>	<u>\$ 3,888,079</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL  
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash receipts:</b>						
Property and other local taxes	\$ 145,271	\$ -	\$ -	\$ -	\$ 1,884,041	\$ 2,029,312
Intergovernmental	249,197	176,534	-	36,192	-	461,923
Special assessments	44,734	-	-	-	-	44,734
Charges for services	13,966	500	-	-	-	14,466
Fines, licenses, and permits	30,421	2,383	-	-	-	32,804
Interest	66,966	510	-	-	190	67,666
Donations	-	11,446	-	-	4,658	16,104
Miscellaneous	14,957	1,611	-	-	2,365	18,933
<b>Total cash receipts</b>	<u>565,512</u>	<u>192,984</u>	<u>-</u>	<u>36,192</u>	<u>1,891,254</u>	<u>2,685,942</u>
<b>Cash disbursements:</b>						
<b>Current:</b>						
Security of persons and property	516,209	-	-	-	-	516,209
Public health services	15,336	-	-	-	-	15,336
Leisure time activities	-	177,499	-	-	-	177,499
Transportation	186,224	192,534	-	-	-	378,758
General government	120,588	-	-	-	1,224,810	1,345,398
Capital outlay	61,984	132,176	-	36,192	-	230,352
<b>Debt service:</b>						
Principal retirement	-	-	32,216	-	-	32,216
Interest charges	-	-	14,576	-	-	14,576
<b>Total cash disbursements</b>	<u>900,341</u>	<u>502,209</u>	<u>46,792</u>	<u>36,192</u>	<u>1,224,810</u>	<u>2,710,344</u>
<b>Total cash receipts over/(under) cash disbursements</b>	<u>(334,829)</u>	<u>(309,225)</u>	<u>(46,792)</u>	<u>-</u>	<u>666,444</u>	<u>(24,402)</u>
<b>Other financing receipts/(disbursements):</b>						
Proceeds from sale of assets	11,674	-	-	-	-	11,674
Proceeds from insurance	11,854	-	-	-	-	11,854
Operating transfers in	465,699	355,700	-	-	-	821,399
Operating transfers out	(240,699)	-	-	-	(630,700)	(871,399)
Other	-	-	23,396	-	-	23,396
<b>Total other financing receipts/(disbursements)</b>	<u>248,528</u>	<u>355,700</u>	<u>23,396</u>	<u>-</u>	<u>(630,700)</u>	<u>(3,076)</u>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<u>(86,301)</u>	<u>46,475</u>	<u>(23,396)</u>	<u>-</u>	<u>35,744</u>	<u>(27,478)</u>
<b>Cash fund balances, January 1, 2002</b>	<u>189,999</u>	<u>195,921</u>	<u>-</u>	<u>-</u>	<u>2,308,319</u>	<u>2,694,239</u>
<b>Cash fund balances, December 31, 2002</b>	<u>\$ 103,698</u>	<u>\$ 242,396</u>	<u>\$ (23,396)</u>	<u>\$ -</u>	<u>\$ 2,344,063</u>	<u>\$ 2,666,761</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 3,862,725	\$ -	\$ 3,862,725
Other miscellaneous	28,782	-	28,782
Total operating cash receipts	<u>3,891,507</u>	<u>-</u>	<u>3,891,507</u>
Operating cash disbursements:			
Personal services	576,300	-	576,300
Contractual services	2,818,644	-	2,818,644
Supplies and material	390,413	-	390,413
Capital outlay	243,842	-	243,842
Total operating cash disbursements	<u>4,029,199</u>	<u>-</u>	<u>4,029,199</u>
Operating loss	<u>(137,692)</u>	<u>-</u>	<u>(137,692)</u>
Nonoperating cash receipts/(disbursements):			
Proceeds of notes	600,000	-	600,000
Debt service:			
Principal	(700,000)	-	(700,000)
Interest	(21,350)	-	(21,350)
Other local tax	240,699	-	240,699
Excise tax expense	(240,699)	-	(240,699)
Other	16,487	-	16,487
Fines collected	-	16,563	16,563
Fines disbursed	-	(16,563)	(16,563)
Total nonoperating cash receipts/(disbursements)	<u>(104,863)</u>	<u>-</u>	<u>(104,863)</u>
Loss before operating transfers	<u>(242,555)</u>	<u>-</u>	<u>(242,555)</u>
Transfers in	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net loss	(192,555)	-	(192,555)
Cash fund balances, January 1, 2002	<u>1,193,840</u>	<u>-</u>	<u>1,193,840</u>
Cash fund balances, December 31, 2002	<u>\$ 1,001,285</u>	<u>\$ -</u>	<u>\$ 1,001,285</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 181,355	\$ 1,657,734	\$ 1,839,089	\$ 1,054,739	\$ (602,995)	\$ 8,644	\$ 1,839,089	\$ 1,847,733	\$ 1,141,040	\$ 9,623	\$ 1,150,663	\$ 697,070
Special Revenue	109,464	820,001	929,465	548,684	(271,317)	86,457	979,465	1,065,922	502,209	2,138	504,347	561,575
Debt Service	-	125,000	125,000	23,396	(101,604)	-	125,000	125,000	46,792	-	46,792	78,208
Capital Projects	-	527,500	527,500	36,192	(491,308)	-	527,500	527,500	36,192	-	36,192	491,308
Proprietary:												
Enterprise	1,078,330	6,848,001	7,926,331	4,798,693	(2,049,308)	115,510	7,926,331	8,041,841	4,991,248	33,852	5,025,100	3,016,741
Fiduciary:												
Expendable Trust	2,039,308	2,999,999	5,039,307	1,891,254	(1,108,745)	269,011	5,039,307	5,308,318	1,855,510	14,673	1,870,183	3,438,135
Total (Memorandum Only)	\$ 3,408,457	\$ 12,978,235	\$ 16,386,692	\$ 8,352,958	\$ (4,625,277)	\$ 479,622	\$ 16,436,692	\$ 16,916,314	\$ 8,572,991	\$ 60,286	\$ 8,633,277	\$ 8,283,037

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL  
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash receipts:</b>						
Property and other local taxes	\$ 137,701	\$ -	\$ -	\$ -	\$ 2,236,644	\$ 2,374,345
Intergovernmental	228,744	107,376	-	291,308	-	627,428
Special assessments	88,984	-	-	-	-	88,984
Charges for services	25,034	500	-	-	-	25,534
Fines, licenses, and permits	21,161	2,353	-	-	-	23,514
Interest	165,712	914	-	-	-	166,626
Donations	6,130	15,451	-	-	-	21,581
Reimbursements	14,480	-	-	-	-	14,480
Miscellaneous	28,212	5,862	-	-	1,181	35,255
<b>Total cash receipts</b>	<u>716,158</u>	<u>132,456</u>	<u>-</u>	<u>291,308</u>	<u>2,237,825</u>	<u>3,377,747</u>
<b>Cash disbursements:</b>						
Current:						
Security of persons and property	508,764	137	-	-	-	508,901
Public health services	15,362	-	-	-	-	15,362
Leisure time activities	-	94,323	-	-	-	94,323
Transportation	125,546	238,527	-	-	-	364,073
General government	127,189	1,783	-	-	68,153	197,125
Capital outlay	78,769	2,921	-	291,308	896,285	1,269,283
Debt service:						
Principal retirement	309,273	-	29,346	-	-	338,619
Interest charges	8,202	-	17,446	-	-	25,648
<b>Total cash disbursements</b>	<u>1,173,105</u>	<u>337,691</u>	<u>46,792</u>	<u>291,308</u>	<u>964,438</u>	<u>2,813,334</u>
<b>Total cash receipts over/(under) cash disbursements</b>	<u>(456,947)</u>	<u>(205,235)</u>	<u>(46,792)</u>	<u>-</u>	<u>1,273,387</u>	<u>564,413</u>
<b>Other financing receipts/(disbursements):</b>						
Proceeds from sale of assets	8,500	-	-	-	-	8,500
Operating transfers in	453,834	185,000	-	-	-	638,834
Operating transfers out	(136,359)	-	-	-	(552,475)	(688,834)
Other	-	-	46,792	-	-	46,792
<b>Total other financing receipts/(disbursements)</b>	<u>325,975</u>	<u>185,000</u>	<u>46,792</u>	<u>-</u>	<u>(552,475)</u>	<u>5,292</u>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<u>(130,972)</u>	<u>(20,235)</u>	<u>-</u>	<u>-</u>	<u>720,912</u>	<u>569,705</u>
<b>Cash fund balances, January 1, 2001</b>	<u>320,971</u>	<u>216,156</u>	<u>-</u>	<u>-</u>	<u>1,587,407</u>	<u>2,124,534</u>
<b>Cash fund balances, December 31, 2001</b>	<u>\$ 189,999</u>	<u>\$ 195,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,308,319</u>	<u>\$ 2,694,239</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 3,619,569	\$ -	\$ 3,619,569
Other miscellaneous	41,555	-	41,555
Total operating cash receipts	<u>3,661,124</u>	<u>-</u>	<u>3,661,124</u>
Operating cash disbursements:			
Personal services	549,647	-	549,647
Contractual services	2,602,722	-	2,602,722
Supplies and material	340,966	-	340,966
Capital outlay	302,431	-	302,431
Total operating cash disbursements	<u>3,795,766</u>	<u>-</u>	<u>3,795,766</u>
Operating loss	<u>(134,642)</u>	<u>-</u>	<u>(134,642)</u>
Nonoperating cash receipts/(disbursements):			
Proceeds of notes	700,000	-	700,000
Debt service:			
Principal	(1,000,000)	-	(1,000,000)
Interest	(48,500)	-	(48,500)
Other local tax	136,359	-	136,359
Excise tax expense	(136,359)	-	(136,359)
Fines collected	-	22,959	22,959
Fines disbursed	-	(22,959)	(22,959)
Total nonoperating cash receipts/(disbursements)	<u>(348,500)</u>	<u>-</u>	<u>(348,500)</u>
Loss before operating transfers	<u>(483,142)</u>	<u>-</u>	<u>(483,142)</u>
Transfers in	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net loss	(433,142)	-	(433,142)
Cash fund balances, January 1, 2001	<u>1,626,982</u>	<u>-</u>	<u>1,626,982</u>
Cash fund balances, December 31, 2001	<u>\$ 1,193,840</u>	<u>\$ -</u>	<u>\$ 1,193,840</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 296,595	\$ 1,310,740	\$ 1,607,335	\$ 1,178,492	\$ (132,248)	\$ 24,376	\$ 1,593,694	\$ 1,618,070	\$ 1,309,464	\$ 8,644	\$ 1,318,108	\$ 299,962
Special Revenue	212,779	582,499	795,278	317,456	(265,043)	3,377	920,278	923,655	337,691	86,457	424,148	499,507
Debt Service	-	125,000	125,000	46,792	(78,208)	-	125,000	125,000	46,792	-	46,792	78,208
Capital Projects	-	527,500	527,500	291,308	(236,192)	-	527,500	527,500	291,308	-	291,308	236,192
Proprietary:												
Enterprise	1,353,627	5,959,400	7,313,027	4,547,483	(1,411,917)	273,355	7,299,386	7,572,741	4,980,625	115,510	5,096,135	2,476,606
Fiduciary:												
Expendable Trust	821,942	2,500,000	3,321,942	2,237,825	(262,175)	765,465	3,086,942	3,852,407	1,516,913	269,011	1,785,924	2,066,483
Total (Memorandum Only)	\$ 2,684,943	\$ 11,005,139	\$ 13,690,082	\$ 8,619,356	\$ (2,385,783)	\$ 1,066,573	\$ 13,552,800	\$ 14,619,373	\$ 8,482,793	\$ 479,622	\$ 8,962,415	\$ 5,656,958

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The Village operates under a council-mayor form of government and provides the following services: police protection, water and sewer 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**

The most significant of the Village's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

**GOVERNMENTAL FUNDS**

**General Fund**

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

The Village had the following significant Special Revenue Funds:

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

*State Highway Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village State Highways.

*Parks and Recreation Fund* - This fund receives fees to maintain the Village's parks.

Debt Service Fund

This fund is used to accumulate resources for the payment of indebtedness.

*Debt Service* - This fund accumulates resources for the payment of Ohio Water Development Authority Loans.

Capital Projects Fund

*Issue II Fund* - This fund accumulates Issue II funds to be used for Village construction projects.

Enterprise Funds

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

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

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

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



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Income Tax Fund (Expendable Trust Fund)* - This fund receives monies from collections on the Village's 1.5% income tax imposed. Funds collected are used for general operations of the Village, for construction, and for acquiring, maintaining and operating capital improvements, including street drainage.

*Mayor's Court (Agency Fund)* - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds (except Agency) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted appropriation amendment measures during 2002 and 2001.

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had outstanding encumbrances at December 31, 2002 and 2001.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income received by the Village totaled \$67,666 and \$166,626 for the years ended December 31, 2002 and 2001, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 3 - COMPLIANCE**

- A. The Village was in noncompliance with Ohio Revised Code Section 5705.10 at December 31, 2002. The Village overspent its available fund balance by \$23,396 in the Debt Service Fund.
- B. The following funds had appropriations in excess of estimated resources for the years ended December 31, 2002 and 2001, in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<b><u>2002 :</u></b>			
<b><u>SPECIAL REVENUE FUND:</u></b>			
Issue II	\$ -	\$ 50,000	\$ 50,000
<b><u>2001 :</u></b>			
<b><u>SPECIAL REVENUE FUNDS:</u></b>			
Street Construction, Maintenance and Repair Fund	375,673	450,673	75,000
Parks and Recreation	175,686	225,686	50,000

- C. The following funds had expenditures in excess of appropriations for the year ended December 31, 2001, in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<b><u>2001 :</u></b>			
<b><u>SPECIAL REVENUE FUND:</u></b>			
TOUR Ohio Bike	\$ 354	\$ 5,989	\$ 5,635
<b><u>CAPITAL PROJECTS FUND:</u></b>			
Issue II	327,500	327,982	482

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains all individual cash balances in bank accounts and short-term cash equivalents classified as “Cash and Cash Equivalents” on the Combined Statement of Cash Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into three categories:

**Category 1** consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

**Category 2** consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

**Category 3** consists of interim funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

Inactive 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 or 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;

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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 division (1) or (2) of this section 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 (STAR Ohio);

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village.

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. Historically, the Village has not purchased these types of investments or issued these types of notes. 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.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**B. CASH AND INVESTMENTS**

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

	2002	2001
Deposits:		
Demand deposits	\$ 668,046	\$ 418,079
Investments:		
STAR Ohio	3,000,000	3,470,000
Total deposits and investments	\$ 3,668,046	\$ 3,888,079

**C. DEPOSITS**

For the years ended December 31, 2002 and 2001, the carrying amount of the Village's deposits were \$668,046 and \$418,079, respectively, and the bank balance was \$977,451 and \$440,018, respectively. Of the bank balance:

1. For the years ended December 31, 2002 and 2001, \$100,000 and \$100,000, respectively, was covered by federal depository insurance;
2. For the years ended December 31, 2002 and 2001, \$877,451 and \$340,018, respectively, was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village held to a successful claim by the FDIC.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designate public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**D. INVESTMENTS**

Investments are categorized as follows:

Category 1 - Insured or registered, or securities held by the Village or its agent in the Village's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

The Village invested in STAR Ohio in 2002 and 2001. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form and therefore are not categorized as to the level of risk assumed by the Village. The Village's investments at December 31, 2002 and December 31, 2001 are summarized below:

	<u>2002</u>		<u>2001</u>	
	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments in STAR Ohio	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,470,000</u>	<u>\$ 3,470,000</u>
Total Investments	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,470,000</u>	<u>\$ 3,470,000</u>

The STAR Ohio balances above also represent the market value for December 31, 2002 and 2001, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - DEBT OBLIGATIONS**

At December 31, 2002, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/02</u>
2002 American Municipal Power-Ohio (AMP-Ohio) note for electrical substation construction, installation, and equipment projects, due in 2003 bearing interest at 4.5%.	\$ 600,000
1985 Ohio Water Development Authority (OWDA) loan for utility construction projects, due in semi-annual installments of \$23,396 through 2005, bearing interest at 9.78%.	<u>116,816</u>
Total debt obligations at December 31, 2002	<u>\$ 716,816</u>

The Ohio Water Development Authority (OWDA) loan is for a utility construction project (sewer). This debt is an obligation of Dairy Farm Products, who assumed the obligation of the Village under a written contract with the Ohio Water Development Authority dated June 6, 1985. Dairy Farm Products remits payment to the Village in the month of the required payment.

<u>2002:</u>	<u>Balance 01/01/02</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/02</u>
OWDA Loan	\$ 149,032	\$ -	\$ (32,216)	\$ 116,816
Amp-Ohio Note	<u>700,000</u>	<u>600,000</u>	<u>(700,000)</u>	<u>600,000</u>
Total Debt Obligations	<u>\$ 849,032</u>	<u>\$ 600,000</u>	<u>\$ (732,216)</u>	<u>\$ 716,816</u>
<u>2001:</u>	<u>Balance 01/01/01</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/01</u>
OWDA Loan	\$ 178,378	\$ -	\$ (29,346)	\$ 149,032
Amp-Ohio Note	1,000,000	700,000	(1,000,000)	700,000
Fire Truck Loan	<u>309,273</u>	<u>-</u>	<u>(309,273)</u>	<u>-</u>
Total Debt Obligations	<u>\$ 1,487,651</u>	<u>\$ 700,000</u>	<u>\$ (1,338,619)</u>	<u>\$ 849,032</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002, is as follows:

<u>Year Ending December 31,</u>	<u>Amp-Ohio Note</u>		<u>OWDA Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 600,000	\$27,000	\$ 35,368	\$ 11,424
2004	-	-	38,826	7,966
2005	-	-	<u>42,622</u>	<u>4,170</u>
Total	<u>\$ 600,000</u>	<u>\$27,000</u>	<u>\$ 116,816</u>	<u>\$ 23,560</u>

**NOTE 6 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 7 - LOCAL INCOME TAX**

This locally levied tax of 1.50% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in an expendable trust and transferred based on Council ordinance allocation to various funds for operations. The Village collected \$1,884,041 in 2002 and \$2,236,644 in 2001 in income tax receipts.

**NOTE 8 - RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. OPERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. During 2002, OPERS instituted a temporary employer contribution rollback which required the Village to contribute 10.84% of covered payroll. The Village has paid all contributions required through December 31, 2002 and 2001.

**NOTE 9 - RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceeded the member's deductible.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

The Plan uses conventional insurance coverages and reinsures these coverages 100% rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance to full-time employees through a private carrier.

**NOTE 10 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

**NOTE 11 - ECONOMIC DEPENDENCE**

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

**NOTE 12 - JOINT VENTURE WITH EQUITY INTEREST**

During the years December 31, 2002, and December 31, 2001, the Village was part of the following joint venture:

*Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV 5)* - A group of forty-two municipalities have entered into a joint venture for constructing, installing, and operating a 42 megawatts (MW) hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. The Village has a 2.38 percent participant ownership interest in OMEGA JV 5. For the year ended December 31, 2001, (the most current available financial information), the Village's equity in the joint venture was \$153,953. Bonds issued by the joint venture are retired through the municipalities' payments for the monthly energy usage. Complete separate financial statements may be obtained from OMEGA JV 5, c/o Robert Trippe, Vice President and CEO, AMP-Ohio, 2600 Airport Drive, Columbus, Ohio, 43219.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 13 - COMMITMENT**

***Gorsuch Station Sales Contract*** - The Village has entered into a power sales contract to purchase 1.164 MW (1.552 MW beginning September 1, 1999) of capacity from AMP-Ohio until current and subsequent Gorsuch Station bond issues have been retired. The bonds are retired through user fees charged by the municipalities. Forty-five other municipalities are also participating in this contract at varying amounts of purchase commitments. Under this contract, the Village is obligated to purchase power at a rate determined by AMP-Ohio as long as power is being delivered. For the period January 1, 2002, to December 31, 2002, the Village has authorized AMP-Ohio to resell its portion of Gorsuch power to American Electric Power.

**NOTE 14 - INTERFUND TRANSACATIONS**

The Village had the following interfund transactions for the year ended December 31, 2002 and 2001:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>2002:</u>		
GENERAL FUND	\$ 465,699	\$ 240,699
<u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance & Repair	175,000	-
Parks and Recreation	<u>180,700</u>	-
Total Special Revenue Funds	<u>355,700</u>	<u>-</u>
<u>EXPENDABLE TRUST FUND:</u>		
Income Tax	<u>-</u>	<u>630,700</u>
<u>ENTERPRISE FUNDS:</u>		
Swimming Pool	<u>50,000</u>	<u>-</u>
Total	<u>\$ 871,399</u>	<u>\$ 871,399</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

**NOTE 14 - INTERFUND TRANSACATIONS - (Continued)**

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b><u>2001:</u></b>		
GENERAL FUND	\$ 453,834	\$ 136,359
<b><u>SPECIAL REVENUE FUNDS:</u></b>		
Street Construction, Maintenance & Repair	75,000	-
Parks and Recreation	<u>110,000</u>	-
Total Special Revenue Funds	<u>185,000</u>	<u>-</u>
<b><u>EXPENDABLE TRUST FUND:</u></b>		
Income Tax	<u>-</u>	<u>552,475</u>
<b><u>ENTERPRISE FUNDS:</u></b>		
Swimming Pool	<u>50,000</u>	<u>-</u>
Total	<u>\$ 688,834</u>	<u>\$ 688,834</u>

The transfers during the years ended December 31, 2002 and 2001 were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
Village of New Bremen, Auglaize County  
214 N. Washington  
New Bremen, Ohio 45869

We have audited the financial statements of the Village of New Bremen as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of New Bremen’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-VONB-001, 2002-VONB-002, 2002-VONB-003 and 2002-VONB-004. We also noted other immaterial instances of noncompliance that we have reported to the management of the Village of New Bremen in a separate letter dated March 4, 2003.



Members of Council and Mayor  
Village of New Bremen

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of New Bremen's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 4, 2003.

This report is intended for the information of the Council and management of the Village of New Bremen and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
March 4, 2003

**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO  
DECEMBER 31, 2002 AND 2001**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2002-VONB-001

Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

It was noted during the audit that at December 31, 2002, the Village maintained the following negative cash fund balance: Debt Service Fund Type: Debt Service Fund, \$23,396.

By having a negative fund balance, the Debt Service fund has illegally spent other funds fund balances. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval. We recommend the Village utilize its accounting software program to its fullest and continually review relevant reports to assist in not having funds with negative fund balances.

**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO  
DECEMBER 31, 2002 AND 2001**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2002-VONB-002

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources as follows:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2002:</u>			
<u>SPECIAL REVENUE FUND:</u>			
Issue II	\$ -	\$ 50,000	\$ 50,000
<u>2001:</u>			
<u>SPECIAL REVENUE FUNDS:</u>			
Street Construction, Maintenance and Repair Fund	375,673	450,673	75,000
Parks and Recreation	175,686	225,686	50,000

With appropriations exceeding estimated resources, the Village is unlawfully appropriating monies and thus could cause a negative fund balance.

We recommend that the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated revenue. This may be achieved by monitoring the budget more closely on a continued basis and amending estimated resources or appropriations as necessary.

**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO  
DECEMBER 31, 2002 AND 2001**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2002-VONB-003

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures in excess of appropriations as follows:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>2001:</u>			
<u>SPECIAL REVENUE FUND:</u>			
TOUR Ohio Bike	\$ 354	\$ 5,989	\$ 5,635
 <u>CAPITAL PROJECTS FUND:</u>			
Issue II	327,500	327,982	482

With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been approved.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

**VILLAGE OF NEW BREMEN  
AUGLAIZE COUNTY, OHIO  
DECEMBER 31, 2002 AND 2001**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2002-VONB-004

Ohio Revised Code Section 5705.41(D) requires that no order or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that expenditures by the Village were not certified in a timely manner for sixty percent of the expenditures tested due to purchases being made by the Village's departments prior to obtaining a valid purchase order from the Clerk/Treasurer.

Without timely certification, the Village may expend more funds than available in the treasury and/or in the process of collection, or than funds appropriated. By not properly completing purchase orders prior to purchases being made, the Village is approving the purchase after the fact. This may result in the Village not being able to cancel the purchase if it was deemed unnecessary.

We recommend that all orders or contracts involving the expenditure of monies be expedited in a timely manner to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should consider using "Then" and "Now" certificated where applicable. Guidance on the use of these certificates is found in this code section and the Ohio Compliance Supplement published by Auditor of State. In addition, we recommend the Village enforce its policy and procedures of obtaining purchase orders prior to purchasing items/services.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2000-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.	No	The Village is attempting to prepare amendments to the budget on a more frequent basis.
2000-002	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	No	The Village is attempting to prepare amendments to the budget on a more frequent basis.



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**V ILLAGE 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  
JUNE 17, 2003**