



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF PEMBERVILLE  
WOOD COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Village of Pemberville  
Wood County  
115 Main Street  
P.O. Box 109  
Pemberville, Ohio 43450

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Pemberville, Wood County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***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 such 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Pemberville, Wood County, Ohio as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

May 6, 2019

**Village of Pemberville, Ohio**  
Wood County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$90,832				\$90,832
Municipal Income Tax		\$479,976			479,976
Intergovernmental	17,232	74,963			92,195
Special Assessments			\$106,771		106,771
Charges for Services	52	385			437
Fines, Licenses and Permits	19,768				19,768
Earnings on Investments	3,262	123			3,385
Miscellaneous	16,645	1,065			17,710
<i>Total Cash Receipts</i>	<u>147,791</u>	<u>556,512</u>	<u>106,771</u>		<u>811,074</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	202,349				202,349
Public Health Services	3,493				3,493
Leisure Time Activities		3,298			3,298
Transportation		52,963			52,963
General Government	216,871	33,499	1,271		251,641
Capital Outlay				\$110,495	110,495
Debt Service:					
Principal Retirement		50,001	103,334	4,041	157,376
Interest and Fiscal Charges		3,582	3,035		6,617
<i>Total Cash Disbursements</i>	<u>422,713</u>	<u>143,343</u>	<u>107,640</u>	<u>114,536</u>	<u>788,232</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(274,922)</u>	<u>413,169</u>	<u>(869)</u>	<u>(114,536)</u>	<u>22,842</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	180,000			103,300	283,300
Transfers Out	(7,000)	(300,000)			(307,000)
Other Financing Sources	15,162				15,162
Other Financing Uses	(2)	(6,249)			(6,251)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>188,160</u>	<u>(306,249)</u>		<u>103,300</u>	<u>(14,789)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(86,762)</u>	<u>106,920</u>	<u>(869)</u>	<u>(11,236)</u>	<u>8,053</u>
<i>Fund Cash Balances, January 1</i>	<u>339,269</u>	<u>701,904</u>	<u>2,994</u>	<u>417,314</u>	<u>1,461,481</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		243,262	2,125	373	245,760
Committed		565,562		405,705	971,267
Assigned	250,137				250,137
Unassigned	2,370				2,370
<i>Fund Cash Balances, December 31</i>	<u>\$252,507</u>	<u>\$808,824</u>	<u>\$2,125</u>	<u>\$406,078</u>	<u>\$1,469,534</u>

See accompanying notes to the basic financial statements

**Village of Pemberville, Ohio**  
*Wood County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2018*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,106,434
Miscellaneous	13,889
	2,120,323
<i>Total Operating Cash Receipts</i>	<i>2,120,323</i>
<b>Operating Cash Disbursements</b>	
Personal Services	307,107
Employee Fringe Benefits	87,885
Contractual Services	1,130,528
Supplies and Materials	151,677
Other	20,953
	1,698,150
<i>Total Operating Cash Disbursements</i>	<i>1,698,150</i>
<i>Operating Income</i>	<i>422,173</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	109,317
Miscellaneous Receipts	16,164
Capital Outlay	(109,949)
Principal Retirement	(211,478)
Interest and Other Fiscal Charges	(46,094)
	(242,040)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(242,040)</i>
<i>Income before Transfers</i>	<i>180,133</i>
Transfers In	23,700
	203,833
<i>Net Change in Fund Cash Balances</i>	<i>203,833</i>
<i>Fund Cash Balances, January 1</i>	<i>3,058,002</i>
<i>Fund Cash Balances, December 31</i>	<i>\$3,261,835</i>

*See accompanying notes to the basic financial statements*



**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Pemberville (the Village), Wood County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, electrical power, park operations, and police services. The Village contracts with Pemberville-Freedom Township Fire Department to receive fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in one jointly governed organization, two joint ventures, one long term purchase commitment, and one public entity risk pool. Notes 7 and 10-12 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

Jointly Governed Organization:

Pemberville Union Cemetery

Joint Ventures:

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

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

Long Term Purchase Commitment:

American Municipal Power Generating Station Project

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc, (OPRM) is available to public entities in Ohio. OPRM provides property and casualty coverage for its members.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Income Tax Fund** This fund receives municipal income taxes, a portion of which is transferred into the General and Permanent Improvement funds.

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**Sewer Separation Fund** This fund receives sewer assessments used to pay debt service on the Water Pollution Control Revolving Loan.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Permanent Improvement Fund** This fund receives distributions from the Income Tax Fund to fund improvement projects in the Village.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Electric Fund** The electric fund accounts for the provision of electric distribution services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**Capital Assets**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$320,929	\$342,953	\$22,024
Special Revenue	386,835	556,512	169,677
Debt Service	115,000	106,771	(8,229)
Capital Projects	502,900	103,300	(399,600)
Enterprise	2,149,700	2,269,504	119,804
Total	\$3,475,364	\$3,379,040	(\$96,324)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$616,242	\$433,538	\$182,704
Special Revenue	562,387	456,347	106,040
Debt Service	108,600	107,640	960
Capital Projects	723,997	117,016	606,981
Enterprise	3,251,834	2,170,607	1,081,227
Total	\$5,263,060	\$3,285,148	\$1,977,912

**Note 4 – Deposits**

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

Demand deposits	2018 \$1,821,979
Certificates of deposit	950,000
Other time deposits (savings and ICS accounts)	1,959,390
Total deposits	\$4,731,369

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Transfers**

During 2018, the Income Tax Fund made transfers totaling \$300,000 to the General Fund (\$180,000), Permanent Improvement Fund (\$103,300), Sewer Capital Improvement Fund (\$8,350), and Water Capital Improvement Fund (\$8,350) to subsidize activities in those funds. In addition, the General Fund transferred \$7,000 to the Swimming Pool Fund for new pool equipment.

**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (the latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

The Village picks up 2% of the OP&F participant and OPERS member contributions.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5369	\$822,246	2.75%
Ohio Water Development Authority Loan #7269	630,704	2.46%
Ohio Public Works Commission Loan #CT09G	12,893	0.00%
Ohio Public Works Commission Loan #CE07S	76,779	0.00%
Ohio Public Works Commission Loan #CE35S	24,281	0.00%
Total	\$1,566,903	

The Ohio Water Development Authority (OWDA) loan #5369 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,238,363 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$40,456, including interest, over 20 years. Sewer receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #7269 relates to the South Water Treatment Plant Rehabilitation including new softeners, underground salt storage and various improvements to correct operating deficiencies the Ohio Environmental Protection Agency recommended. The loan will be repaid in semiannual installments of \$29,459, including interest, over 15 years. Water receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CT09G) for the Joyce Avenue Sewer Main Replacement Project. The amount of the loan finance was \$42,976 at zero-interest and it will be repaid in semiannual installments of \$1,074 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE07S) for the State Route 105 (Front Street)

**Village of Pemberville, Ohio**  
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**Notes to the Financial Statements**  
*For the Year Ended December 31, 2018*

Improvements. The amount of the loan finance was \$80,820 at zero-interest and it will be repaid in semiannual installments of \$2,021 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE35S) for the South Water Treatment Plant Rehabilitation. The amount of the loan finance was \$26,250 at zero-interest and it will be repaid in semiannual installments of \$656 over 20 years.

**Leases**

The Village leases a Freightliner Plow Truck. The Village disbursed \$53,582 to pay lease costs for the year ended December 31, 2018.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loan #5369	OWDA Loan #7269	OPWC Loan #CT09G	OPWC Loan #CE07S	OPWC Loan #CE35S	Lease
2019	\$80,913	\$58,918	\$2,149	\$4,041	\$1,313	\$53,582
2020	80,913	58,918	2,149	4,041	1,313	
2021	80,913	58,918	2,149	4,041	1,313	
2022	80,913	58,918	2,149	4,041	1,313	
2023	80,913	58,918	2,149	4,041	1,313	
2024-2028	404,565	294,591	2,148	20,205	6,562	
2029-2033	161,826	147,296		20,205	6,562	
2034-2037				16,164	4,592	
Total	<u>\$970,956</u>	<u>\$736,477</u>	<u>\$12,893</u>	<u>\$76,779</u>	<u>\$24,281</u>	<u>\$53,582</u>

**AMPGS**

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 1,058 kilowatts of a total 771,281 kilowatts, giving the Village a 0.14 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 was \$183,460. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$47,848 related to the AMPGS costs deemed to have future benefit for the project participants. In addition, the Village made payments of \$60,000 leaving a net impaired cost estimate of \$47,135. 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. These amounts will be recorded as they become estimable.



**Village of Pemberville, Ohio**  
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In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including AMP General Fund's project share.

Since March 31, 2014, the Village has made payments of \$53,788 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,180 and interest expense incurred on AMP's line-of-credit of \$230, resulting in a net impaired cost estimate at December 31, 2017 of \$(4,243). The Village does have a potential Plant Held for Future Use (PHFU) Liability of \$50,108 resulting in a net total potential liability of \$45,865, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property. The amounts included in this paragraph are as of December 31, 2017 (the latest information available).

The Village intends to recover these costs and repay AMP over the next two years through a power cost adjustment.

**Note 11 – Joint Ventures**

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village of Pemberville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .15 and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 31, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2018, there was no outstanding debt. The Village's net investment in OMEGA JV2 was \$15,065 at December 31, 2017

**Village of Pemberville, Ohio**  
*Wood County*  
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(the latest information available). Complete financial statement for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The Village of Pemberville is a Financing Participant with an ownership percentage of .92 %, 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.

Also 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

**Village of Pemberville, Ohio**  
*Wood County*  
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*For the Year Ended December 31, 2018*

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electric system revenue obligations. As of December 31, 2018, Pemberville 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 issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$27,489 at December 31, 2017 (the latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Note 12 – Jointly Governed Organization**

**Pemberville Union Cemetery Board:** The Board is comprised of three members alternating between the Freedom Township Trustees and Village Council. In 2018, one member of council was on the Cemetery Board. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations.

**Note 13 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Notes 10 and 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Pemberville, Ohio**  
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*For the Year Ended December 31, 2018*

	2018
Total Fund Cash Balance	\$1,567,439
Total Long-Term Debt	\$491,790
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	1,490,082
Other Operating Receipts	13,889
Total Operating Receipts	1,503,971
 Operating Expenses	
Total Operating Expenses	1,259,942
 Operating Income (Loss)	 244,029
 Nonoperating Receipts (Disbursements)	
Capital Outlay	(41,265)
Principal Payments	(77,053)
Interest Payments	(5,998)
Other Nonoperating Receipts (Disbursements)	2,888
Change in Fund Cash Balance	122,601
Beginning Fund Cash Balance	1,444,838
Ending Fund Cash Balance	\$1,567,439

	2018
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$244,029
 Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(77,053)
Interest Payments on Capital and Related Debt	(5,998)
Other Capital and Related Financing Activities	(38,377)
Net Cash Provided (Used) by Capital and Related Financing Activities	(121,428)
 Net Increase (Decrease)	 122,601
Beginning Fund Cash Balance	1,444,838
Ending Fund Cash Balance	\$1,567,439

**Village of Pemberville, Ohio**  
Wood County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$86,805				\$86,805
Municipal Income Tax		\$443,000			443,000
Intergovernmental	21,519	89,429			110,948
Special Assessments			\$106,036		106,036
Charges for Services	70	730			800
Fines, Licenses and Permits	16,522	80			16,602
Earnings on Investments	2,263	106			2,369
Miscellaneous	17,173				17,173
<i>Total Cash Receipts</i>	<u>144,352</u>	<u>533,345</u>	<u>106,036</u>		<u>783,733</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	186,023				186,023
Public Health Services	995				995
Leisure Time Activities		3,163			3,163
Transportation		55,278			55,278
General Government	203,050	30,823	1,204		235,077
Capital Outlay		75		\$172,271	172,346
Debt Service:					
Principal Retirement			101,732		101,732
Interest and Fiscal Charges			6,044		6,044
<i>Total Cash Disbursements</i>	<u>390,068</u>	<u>89,339</u>	<u>108,980</u>	<u>172,271</u>	<u>760,658</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(245,716)</u>	<u>444,006</u>	<u>(2,944)</u>	<u>(172,271)</u>	<u>23,075</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds				58,883	58,883
Transfers In	180,000			86,600	266,600
Transfers Out		(300,000)			(300,000)
Other Financing Sources	1,251				1,251
Other Financing Uses		(4,610)			(4,610)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>181,251</u>	<u>(304,610)</u>		<u>145,483</u>	<u>22,124</u>
<i>Net Change in Fund Cash Balances</i>	<u>(64,465)</u>	<u>139,396</u>	<u>(2,944)</u>	<u>(26,788)</u>	<u>45,199</u>
<i>Fund Cash Balances, January 1</i>	<u>403,734</u>	<u>562,508</u>	<u>5,938</u>	<u>444,102</u>	<u>1,416,282</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		276,750	2,994	373	280,117
Committed		425,154		416,941	842,095
Assigned	295,313				295,313
Unassigned	43,956				43,956
<i>Fund Cash Balances, December 31</i>	<u>\$339,269</u>	<u>\$701,904</u>	<u>\$2,994</u>	<u>\$417,314</u>	<u>\$1,461,481</u>

See accompanying notes to the basic financial statements

**Village of Pemberville, Ohio**  
*Wood County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2017*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,956,374
Miscellaneous	14,972
	1,971,346
<i>Total Operating Cash Receipts</i>	<i>1,971,346</i>
<b>Operating Cash Disbursements</b>	
Personal Services	317,851
Employee Fringe Benefits	91,184
Contractual Services	1,117,047
Supplies and Materials	123,895
Other	4,606
	1,654,583
<i>Total Operating Cash Disbursements</i>	<i>1,654,583</i>
<i>Operating Income</i>	<i>316,763</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	110,746
Other Debt Proceeds	642,655
Miscellaneous Receipts	36,414
Capital Outlay	(763,346)
Principal Retirement	(206,649)
Interest and Other Fiscal Charges	(48,703)
	(228,883)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(228,883)</i>
<i>Income before Transfers</i>	<i>87,880</i>
Transfers In	33,400
	121,280
<i>Net Change in Fund Cash Balances</i>	<i>121,280</i>
<i>Fund Cash Balances, January 1</i>	<i>2,936,722</i>
<i>Fund Cash Balances, December 31</i>	<i>\$3,058,002</i>

*See accompanying notes to the basic financial statements*

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Pemberville (the Village), Wood County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, electrical power, park operations, and police services. The Village contracts with Pemberville-Freedom Township Fire Department to receive fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in one jointly governed organization, two joint ventures, one long term purchase commitment, and one public entity risk pool. Notes 7 and 10-12 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

Jointly Governed Organization:

Pemberville Union Cemetery

Joint Ventures:

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

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

Long Term Purchase Commitment:

American Municipal Power Generating Station Project

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc, (OPRM) is available to public entities in Ohio. OPRM provides property and casualty coverage for its members.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Village of Pemberville, Ohio**  
*Wood County*  
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*For the Year Ended December 31, 2017*

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**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Income Tax Fund** This fund receives municipal income taxes, a portion of which is transferred into the General and Permanent Improvement funds.

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**Sewer Separation Fund** This fund receives sewer assessments used to pay debt service on the Water Pollution Control Revolving Loan.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Permanent Improvement Fund** This fund receives distributions from the Income Tax Fund to fund improvement projects in the Village.

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Electric Fund** The electric fund accounts for the provision of electric distribution services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated



**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**Capital Assets**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

**Village of Pemberville, Ohio**  
*Wood County*  
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*For the Year Ended December 31, 2017*

amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$494,139	\$325,603	(\$168,536)
Special Revenue	381,980	533,345	151,365
Debt Service	115,000	106,036	(8,964)
Capital Projects	78,350	145,483	67,133
Enterprise	2,904,950	2,794,561	(110,389)
Total	\$3,974,419	\$3,905,028	(\$69,391)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$513,793	\$400,790	\$113,003
Special Revenue	540,034	399,677	140,357
Debt Service	109,800	108,980	820
Capital Projects	230,848	179,218	51,630
Enterprise	3,781,379	2,770,205	1,011,174
Total	\$5,175,854	\$3,858,870	\$1,316,984

**Note 4 – Deposits**

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

	2017
Demand deposits	\$1,583,044
Certificates of deposit	950,000
Other time deposits (savings and ICS accounts)	1,986,439
Total deposits	\$4,519,483

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by the financial institution's public entity deposit pool; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. At December 31, 2017, \$4,626 of the Village's bank balance of \$4,547,619 was exposed to custodial credit risk. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Transfers**

During 2017, the Income Tax Fund made transfers totaling \$300,000 to the General Fund (\$180,000), Permanent Improvement Fund (\$86,600), Sewer Capital Improvement Fund (\$16,700), and Water Capital Improvement Fund (\$16,700) to subsidize activities in those funds.

**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Village of Pemberville, Ohio**  
*Wood County*  
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*For the Year Ended December 31, 2017*

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Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

The Village picks up 2% of the OP&F participant and OPERS member contributions.

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #2465	\$134,562	3.12%
Ohio Water Development Authority Loan #5369	879,367	2.75%
Ohio Water Development Authority Loan #7269	673,319	2.46%
Ohio Public Works Commission Loan #CT09G	15,042	0.00%
Ohio Public Works Commission Loan #CE07S	80,820	0.00%
Ohio Public Works Commission Loan #CE35S	25,594	0.00%
Total	\$1,808,704	

The Ohio Water Development Authority (OWDA) loan #2465 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be repaid in semiannual installments of \$68,859, including interest, over 20 years. Beginning with the January 1, 2016 payment (paid in December of 2015), the OWDA applied an interest-rate buy down credit. This credit, applied to each interest payment over the remaining life of the loan, will save the Village \$1,105 in interest. Sewer receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5369 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,238,363 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$40,456, including interest, over 20 years. Sewer receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #7269 relates to the South Water Treatment Plant Rehabilitation including new softeners, underground salt storage and various improvements to correct operating deficiencies the Ohio Environmental Protection Agency recommended. The loan will be repaid in semiannual installments of \$29,459, including interest, over 15 years. Water receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CT09G) for the Joyce Avenue Sewer Main Replacement Project. The amount of the loan finance was \$42,976 at zero-interest and it will be repaid in semiannual installments of \$1,074 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE07S) for the State Route 105 (Front Street)

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

Improvements. The amount of the loan finance was \$80,820 at zero-interest and it will be repaid in semiannual installments of \$2,021 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE35S) for the South Water Treatment Plant Rehabilitation. The amount of the loan finance was \$26,250 at zero-interest and it will be repaid in semiannual installments of \$656 over 20 years.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loan #2465	OWDA Loan #5369	OWDA Loan #7269	OPWC Loan #CT09G	OPWC Loan #CE07S	OPWC Loan #CE35S
2018	\$137,597	\$80,913	\$58,918	\$2,149	\$4,041	\$1,313
2019		80,913	58,918	2,149	4,041	1,313
2020		80,913	58,918	2,149	4,041	1,313
2021		80,913	58,918	2,149	4,041	1,313
2022		80,913	58,918	2,149	4,041	1,313
2023-2027		404,564	294,591	4,297	20,205	6,562
2028-2032		242,739	206,214		20,205	6,562
2033-2037					20,205	5,905
Total	\$137,597	\$1,051,868	\$795,395	\$15,042	\$80,820	\$25,594

**AMPGS**

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 1,058 kilowatts of a total 771,281 kilowatts, giving the Village a 0.14 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 was \$183,460. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$47,848 related to the AMPGS costs deemed to have future benefit for the project participants. In addition, the Village made payments of \$60,000 leaving a net impaired cost estimate of \$47,135. 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. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including AMP General Fund's project share.

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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Since March 31, 2014, the Village has made payments of \$53,788 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,180 and interest expense incurred on AMP's line-of-credit of \$230, resulting in a net impaired cost estimate at December 31, 2017 of \$(4,243). The Village does have a potential Plant Held for Future Use (PHFU) Liability of \$50,108 resulting in a net total potential liability of \$45,865, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next two years through a power cost adjustment.

**Note 11 – Joint Ventures**

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village of Pemberville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .15 and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 31, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2017, the outstanding debt was \$188,606. The Village's net investment in OMEGA JV2 was \$15,065 at December 31, 2017. Complete financial statement for OMEGA JV2 may be obtained from APM or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Village of Pemberville, Ohio**  
*Wood County*  
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*For the Year Ended December 31, 2017*

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2017 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The Village of Pemberville is a Financing Participant with an ownership percentage of .92 %, 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.

Also 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, 2017, Pemberville has met their debt coverage obligation.



**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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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 issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$27,489 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Note 12 – Jointly Governed Organization**

**Pemberville Union Cemetery Board:** The Board is comprised of three members alternating between the Freedom Township Trustees and Village Council. In 2017, two members of council was on the Cemetery Board. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations.

**Note 13 – AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Notes 10 and 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Pemberville, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

	2017
Total Fund Cash Balance	\$1,444,838
Total Long-Term Debt	\$568,843
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	1,335,123
Other Operating Receipts	14,972
Total Operating Receipts	1,350,095
 Operating Expenses	
Total Operating Expenses	1,230,654
 Operating Income (Loss)	119,441
 Nonoperating Receipts (Disbursements)	
Capital Outlay	(19,027)
Principal Payments	(77,950)
Interest Payments	(5,104)
Other Nonoperating Receipts (Disbursements)	29,565
Change in Fund Cash Balance	46,925
Beginning Fund Cash Balance	1,397,913
Ending Fund Cash Balance	\$1,444,838

	2017
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$119,441
 Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(77,950)
Interest Payments on Capital and Related Debt	(5,104)
Other Capital and Related Financing Activities	10,538
Net Cash Provided (Used) by Capital and Related Financing Activities	(72,516)
 Net Increase (Decrease)	46,925
Beginning Fund Cash Balance	1,397,913
Ending Fund Cash Balance	\$1,444,838



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

Village of Pemberville  
Wood County  
115 Main Street  
P.O. Box 109  
Pemberville, Ohio 43450

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 financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Pemberville, Wood County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 6, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***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 2018-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

May 6, 2019

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness – Financial Reporting**

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 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were noted in the accompanying 2018 and 2017 financial statements:

- In 2017, Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) on-behalf of monies in the amount of \$642,655 were classified as Intergovernmental Revenue instead of Other Debt Proceeds in the Enterprise Fund.
- In 2018 and 2017, General fund balances were not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. In 2018 and 2017, unassigned fund balance of \$246,314 and \$284,584, respectively, were adjusted and classified as assigned in order to properly reflect fund balances assigned to subsequent year appropriations.
- In 2018 and 2017, the Income Tax fund balance was not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. In 2018 and 2017, restricted fund balance of \$565,562 and \$425,124, respectively, were adjusted and classified as committed.
- In 2018 and 2017, the Permanent Improvement fund balance was not classified in accordance with Governmental Accounting Standards Board Statement No. 54 requirements. In 2018 and 2017, restricted fund balance of \$405,705 and \$416,941, respectively, were adjusted and classified as committed.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors. Additional errors were noted in smaller relative amounts for additional reasons.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook, Uniform Accounting Network (UAN) Manual, and Audit Bulletin 2011-004 for information on GASB Statement No. 54.

**Officials' Response:**

We did not receive a response from Officials to this finding.



# Village of Pemberville

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 Pemberville, OH 43450

Phone: (419) 287-3832

Website: [www.pemberville.org](http://www.pemberville.org)

Fax: (419)287-3738

Gordon Bowman, Mayor

Sarah Dyer, Fiscal Officer

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness for financial reporting due to material audit adjustments.	Not corrected and repeated as finding 2018-001 in this report.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.
2016-002	Material weakness for GASB 54.	Not corrected and repeated as finding 2018-001 in this report.	The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF PEMBERVILLE**

**WOOD 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  
MAY 21, 2019**