



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF PEMBERVILLE  
WOOD COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Pemberville  
Wood County  
115 Main Street, P.O. Box 109  
Pemberville, Ohio 43450-0109

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pemberville, Wood County, (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pemberville, Wood County, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Income Tax funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 14, 2009

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

This discussion and analysis of the Village of Pemberville's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007 within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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

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

**Governmental activities:** Most of the Village's basic services are reported here, including police, streets and parks. Municipal income tax, property taxes, gas taxes and license taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activities:** The Village has several business-type activities, the provision of water, sewer, storm sewer, electric and community swimming pool. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

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

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant Governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village has three major funds: the General, Income tax and Permanent Improvement funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four major enterprise funds: the Water Operating, Sewer Operating, Electric Operating funds and Water Capital Improvement.



**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Assets</b>						
Cash	\$770,460	\$712,665	\$1,988,272	\$1,573,921	\$2,758,732	\$2,286,586
<b>Net Assets</b>						
<b>Restricted for:</b>						
Capital Projects	172,429	248,497			172,429	248,497
Debt Service	6,380	9,768			6,380	9,768
Other Purposes	313,988	262,890			313,988	262,890
Unrestricted	277,663	191,510	1,988,272	1,573,921	2,265,935	1,765,431
<b>Total Net Assets</b>	<b>\$770,460</b>	<b>\$712,665</b>	<b>\$1,988,272</b>	<b>\$1,573,921</b>	<b>\$2,758,732</b>	<b>\$2,286,586</b>

The net assets of governmental activities increased \$ 57,795 or 8 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Local income tax receipts brought an 18% increase to the governmental Funds.
- There was a 21% increase in the governmental fund interest resulted from higher interest rates on cash and cash equivalent balances.
- The Proprietary Fund increase was due to increased receipts in the Water Operating, Sewer Operating, and Electric Operating Funds. The Electric Operating Fund had a significant increase due to higher receipts from the power cost adjustment that recaptured the Seams Elimination Cost Adjustment (SECA) expenditures from the prior year.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities, business-type activities and total primary government.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$6,846	\$ 12,394	\$1,960,089	\$2,072,950	\$1,966,935	\$2,085,344
Operating Grants and Contributions	85,295	90,581			85,295	90,581
Capital Grants and Contributions	175,203	118,180	123,972	110,061	299,175	228,241
<b>Total Program Receipts</b>	<b>267,344</b>	<b>221,155</b>	<b>2,084,061</b>	<b>2,183,011</b>	<b>2,351,405</b>	<b>2,404,166</b>

(Continued)

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>General Receipts:</b>						
Property and Other Local Taxes	46,250	66,712			46,250	66,712
Income Taxes	460,171	390,265			460,171	390,265
Other Taxes	69,833	73,497			69,833	73,497
Grants and Entitlements Not Restricted to Specific Programs	67,237	62,886			67,237	62,886
Sale of Capital Assets	8,000	132,000			8,000	132,000
Other Debt Proceeds			42,742	71,567	42,742	71,567
Cable Franchise Fees	6,066	6,102			6,066	6,102
Earning on Investments	114,589	94,014			114,589	94,014
Miscellaneous	11,277	14,162	12,952	3,498	24,229	17,660
<b>Total General Receipts</b>	<b>783,423</b>	<b>839,638</b>	<b>55,694</b>	<b>75,065</b>	<b>839,117</b>	<b>914,703</b>
<b>Total Receipts</b>	<b>1,050,767</b>	<b>1,060,793</b>	<b>2,139,755</b>	<b>2,258,076</b>	<b>3,190,522</b>	<b>3,318,869</b>
<b>Disbursements:</b>						
<b>Security of Persons and Property:</b>	198,772	195,323			198,772	195,323
Public Health Services	4,014	1,411			4,014	1,411
Leisure Time Activities	11,360	18,972			11,360	18,972
Basic Utilities	3,546	3,037			3,546	3,037
Transportation	176,516	74,182			176,516	74,182
General Government	201,675	189,239			201,675	189,239
Capital Outlay	108,515	47,439			108,515	47,439
Principal Retirement	106,822	204,558			106,822	204,558
Interest and Fiscal Charges	47,054	40,256			47,054	40,256
Other	7,910	28,489			7,910	28,489
Water Operating			207,368	177,714	207,368	177,714
Sewer Operating			229,860	228,253	229,860	228,253
Storm Sewer Operating			12,919		12,919	
Electric Operating			1,325,835	1,425,463	1,325,835	1,425,463
Swimming Pool			46,215	45,896	46,215	45,896
Water Replacement				129,621		129,621
Water Capital Improvement			14,222	40,732	14,222	40,732
Enterprise Improvement			12,828	3,826	12,828	3,826
Utility Deposit			2,945	3,950	2,945	3,950
<b>Total Disbursements</b>	<b>866,184</b>	<b>802,906</b>	<b>1,852,192</b>	<b>2,055,455</b>	<b>2,718,376</b>	<b>2,858,361</b>
<b>Excess Before Transfers</b>	<b>184,583</b>	<b>257,887</b>	<b>287,563</b>	<b>202,621</b>	<b>472,146</b>	<b>460,508</b>
Advances	15,000	15,000	(15,000)	(15,000)		
Transfer	(141,788)	(148,421)	141,788	148,421		
<b>Increase in Net Assets</b>	<b>57,795</b>	<b>124,466</b>	<b>414,351</b>	<b>336,042</b>	<b>472,146</b>	<b>460,508</b>
<b>Net Assets, January 1</b>	<b>712,665</b>	<b>588,199</b>	<b>1,573,921</b>	<b>1,237,879</b>	<b>2,286,586</b>	<b>1,826,078</b>
<b>Net Assets, December 31</b>	<b>\$770,460</b>	<b>\$712,665</b>	<b>\$1,988,272</b>	<b>\$1,573,921</b>	<b>\$2,758,732</b>	<b>\$2,286,586</b>

Program receipts represent only 25% percent of total governmental activity receipts and are primarily comprised of inter-governmental receipts and fines-licenses-permits that were issued.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

General receipts represent 75% percent of the Village's total governmental activity receipts, and of this amount, over 58% percent are local income taxes. Property taxes, income tax, earnings from investments, and other miscellaneous receipts make up the balance of the Village's general receipts.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other government activities. These include the costs of police protection services, general government services and, maintenance of village streets, sidewalks, lands and buildings, and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police protection, leisure time activities are the costs of maintaining the parks and playing fields and transportation is the cost of maintaining the roads.

The capital outlay disbursements were higher in 2007 compared to 2006. The Village purchased 9.97 acres of land on Rees Road at a cost of \$65,805. This property is planned for a park and recreation area. A Vermeer Wood Chipper was also purchased in 2007 at a cost of \$41,376. There was close to \$18,000 spent on the renovation and repair of the Village swimming pool. The new public restroom facility was financed with a CDBG grant through Wood County Commissioners. The Village put an additional \$8,700 into the project which was part of the capital outlay disbursements. A new bed was purchased for the new snow plow truck costing \$22,250.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, and transportation, which account for 23%, and 20% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 23% percent. The next three columns of the statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>
Security of Persons and Property	\$198,772	\$192,402	\$195,323	\$184,889
Public Health Services	4,014	4,014	1,411	1,411
Leisure Time Activities	11,360	11,360	18,972	13,722
Basic Utilities	3,546	(441)	3,037	(949)
Transportation	176,516	91,221	74,182	(12,628)
General Government	201,675	201,199	189,239	187,279
Capital Outlay	108,515	43,271	47,439	47,439
Principal Retirement	106,822	32,000	204,558	132,420
Interest and Fiscal Charges	47,054	15,904	40,256	(321)
Other	7,910	7,910	28,489	28,489
<b>Total Expenses</b>	<b>\$866,184</b>	<b>\$598,840</b>	<b>\$802,906</b>	<b>\$581,751</b>

The dependence upon property and income tax receipts is apparent as over 69% percent of governmental activities are supported through these general receipts.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Business-type Activities**

The water operation of the Village reflects a decrease of 1 % percent in net assets at the end of 2007. A major upgrade to the water plant is being constructed. The project is financed with an Issue II –Ohio Public Works grant. This is a matching grant of \$175,000 with the total design project costing \$350,000.

The sewer operating reflects an increase of 16% in net assets. A new Wastewater Treatment Facility is in the design stage. An OWDA Loan has been obtained for the design cost of the project.

The electric operating of the Village reflects a 40 percent increase in Net Assets. This was mainly due to conservative spending in anticipation of large equipment purchase.

**The Village's Funds**

Total Governmental funds had receipts of \$1,040,355 and disbursements of \$858,274. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$86,153. Major receipts contributing to this fund are interest on investments, property and local taxes on persons and properties.

**General Fund Budgeting Highlights**

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

During 2007, the Village amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was mainly due to higher interest rates on investments and increases of intergovernmental receipts.

General fund disbursements and other financing uses were budgeted at \$533,250 while actual disbursements and other financing uses were \$471,584.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2007, the Village's outstanding debt included \$100,000 for the purchase of the Riverside Garage Building, \$1,273,992 Ohio Water Development Authority Loan for the 1998 Sewer Separation Project, \$919,599 for the JV5 Belleville Hydro Project, \$36,529 OPWC Joyce Ave. For further information regarding the Village's debt, refer to Notes 11 and 12 to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have minimal industry to support the tax base.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Stephanie Bowe, Fiscal Officer, 115 Main St., PO Box 109, Pemberville, OH 43450.

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**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$770,460	\$1,988,272	\$2,758,732
<b>Net Assets</b>			
<b>Restricted for:</b>			
Capital Projects	172,429		172,429
Debt Service	6,380		6,380
Other Purposes	313,988		313,988
Unrestricted	277,663	1,988,272	2,265,935
<b>Total Net Assets</b>	<u>\$770,460</u>	<u>\$1,988,272</u>	<u>\$2,758,732</u>

*See accompanying notes to the basic financial statements.*

VILLAGE OF PEMBERVILLE  
WOOD COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$198,772	\$6,370			(\$192,402)		(\$192,402)
Public Health Services	4,014				(4,014)		(4,014)
Leisure Time Activities	11,360				(11,360)		(11,360)
Basic Utility Services	3,546			\$3,987	441		441
Transportation	176,516		85,295		(91,221)		(91,221)
General Government	201,675	476			(201,199)		(201,199)
Capital Outlay	108,515			65,244	(43,271)		(43,271)
<b>Debt Service:</b>							
Principal	106,822			74,822	(32,000)		(32,000)
Interest	47,054			31,150	(15,904)		(15,904)
Other	7,910				(7,910)		(7,910)
Total Governmental Activities	<u>866,184</u>	<u>6,846</u>	<u>85,295</u>	<u>175,203</u>	<u>(598,840)</u>		<u>(598,840)</u>
<b>Business Type Activities</b>							
Water Operating	207,368	201,574				(\$5,794)	(5,794)
Sewer Operating	229,860	163,514		67,726		1,380	1,380
Storm Sewer Operating	12,919	10,827				(2,092)	(2,092)
Electric Operating	1,325,835	1,542,104				216,269	216,269
Swimming Pool	46,215	38,425				(7,790)	(7,790)
Water Replacement				37,576		37,576	37,576
Water Capital Improvement	14,222			5,242		(8,980)	(8,980)
Enterprise Improvement	12,828			13,428		600	600
Utility Deposit	2,945	3,645				700	700
Total Business Type Activities	<u>1,852,192</u>	<u>1,960,089</u>		<u>123,972</u>		<u>231,869</u>	<u>231,869</u>
Total Primary Government	<u>\$2,718,376</u>	<u>\$1,966,935</u>	<u>\$85,295</u>	<u>\$299,175</u>	<u>(598,840)</u>	<u>231,869</u>	<u>(366,971)</u>
<b>General Receipts</b>							
Property Taxes					46,250		46,250
Municipal Income Taxes					460,171		460,171
Other Taxes					69,833		69,833
Grants and Entitlements not Restricted to Specific Programs					67,237		67,237
Sale of Capital Assets					8,000		8,000
Other Debt Proceeds						42,742	42,742
Cable Franchise Fees					6,066		6,066
Earnings on Investments					114,589		114,589
Miscellaneous					11,277	12,952	24,229
Total General Receipts					<u>783,423</u>	<u>55,694</u>	<u>839,117</u>
Transfers					(141,788)	141,788	
Advances					15,000	(15,000)	
Total General Receipts, Transfers and Advances					<u>656,635</u>	<u>182,482</u>	<u>839,117</u>
Change in Net Assets					57,795	414,351	472,146
Net Assets Beginning of Year					712,665	1,573,921	2,286,586
Net Assets End of Year					<u>\$770,460</u>	<u>\$1,988,272</u>	<u>\$2,758,732</u>

See accompanying notes to the basic financial statements.



**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>General</u>	<u>Income Tax</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash	<u>\$277,663</u>	<u>\$167,646</u>	<u>\$172,429</u>	<u>\$152,722</u>	<u>\$770,460</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	3,831		48,970	3,350	56,151
<b>Unreserved:</b>					
<b>Undesignated, Reported in:</b>					
General Fund	273,832				273,832
Special Revenue Funds		167,646		142,992	310,638
Debt Service Fund				6,380	6,380
Capital Projects Funds			123,459		123,459
Total Fund Balances	<u>\$277,663</u>	<u>\$167,646</u>	<u>\$172,429</u>	<u>\$152,722</u>	<u>\$770,460</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Income Tax</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Property and Other Local Taxes	\$116,083				\$116,083
Municipal Income Taxes		\$460,171			460,171
Intergovernmental	65,597		\$15,000	\$127,019	207,616
Special Assessments			3,987	105,972	109,959
Charges for Services	150				150
Fines, Licenses and Permits	12,607			155	12,762
Earnings on Investments	114,589			10,160	124,749
Miscellaneous	6,228		2,242	395	8,865
Total Receipts	<u>315,254</u>	<u>460,171</u>	<u>21,229</u>	<u>243,701</u>	<u>1,040,355</u>
<b>Disbursements</b>					
<b>Current:</b>					
Security of Persons and Property	198,075			697	198,772
Public Health Services	4,014				4,014
Leisure Time Activities				11,360	11,360
Basic Utility Services	3,546				3,546
Transportation			49,019	127,497	176,516
General Government	168,330	31,138	17	2,190	201,675
Capital Outlay			108,515		108,515
<b>Debt Service:</b>					
Principal Retirement			32,000	74,822	106,822
Interest and Fiscal Charges			13,746	33,308	47,054
Total Disbursements	<u>373,965</u>	<u>31,138</u>	<u>203,297</u>	<u>249,874</u>	<u>858,274</u>
Excess of Receipts Over (Under) Disbursements	<u>(58,711)</u>	<u>429,033</u>	<u>(182,068)</u>	<u>(6,173)</u>	<u>182,081</u>
Other Financing Sources (Uses)					
Sale of Capital Assets			8,000		8,000
Transfers In	222,000		98,000		320,000
Transfers Out	(91,788)	(370,000)			(461,788)
Advances In	15,000				15,000
Other Financing Sources	1,652			760	2,412
Other Financing Uses	(2,000)	(5,910)			(7,910)
Total Other Financing Sources (Uses)	<u>144,864</u>	<u>(375,910)</u>	<u>106,000</u>	<u>760</u>	<u>(124,286)</u>
Net Change in Fund Balances	86,153	53,123	(76,068)	(5,413)	57,795
Fund Balances Beginning of Year	<u>191,510</u>	<u>114,523</u>	<u>248,497</u>	<u>158,135</u>	<u>712,665</u>
Fund Balances End of Year	<u>\$277,663</u>	<u>\$167,646</u>	<u>\$172,429</u>	<u>\$152,722</u>	<u>\$770,460</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$123,056	\$123,056	\$116,083	(\$6,973)
Intergovernmental	32,810	32,810	65,597	32,787
Charges for Services			150	150
Fines, Licenses and Permits	17,000	17,000	12,607	(4,393)
Earnings on Investments	90,000	90,000	114,589	24,589
Miscellaneous	4,000	4,000	6,228	2,228
Total receipts	<u>266,866</u>	<u>266,866</u>	<u>315,254</u>	<u>48,388</u>
<b>Disbursements</b>				
<b>Current:</b>				
Security of Persons and Property	224,231	224,231	199,373	24,858
Public Health Services	4,000	4,015	4,014	1
Basic Utility Services	11,000	4,712	3,551	1,161
General Government	195,519	196,004	170,858	25,146
Total Disbursements	<u>434,750</u>	<u>428,962</u>	<u>377,796</u>	<u>51,166</u>
Excess of Disbursements Over Receipts	<u>(167,884)</u>	<u>(162,096)</u>	<u>(62,542)</u>	<u>99,554</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	222,000	222,000	222,000	
Transfers Out	(96,000)	(101,788)	(91,788)	10,000
Advances In	15,000	15,000	15,000	
Other Financing Sources			1,652	1,652
Other Financing Uses	(2,500)	(2,500)	(2,000)	500
Total Other Financing Sources	<u>138,500</u>	<u>132,712</u>	<u>144,864</u>	<u>12,152</u>
Net Change in Fund Balance	(29,384)	(29,384)	82,322	111,706
Fund Balance Beginning of Year	181,244	181,244	181,244	
Prior Year Encumbrances Appropriated	<u>10,266</u>	<u>10,266</u>	<u>10,266</u>	
Fund Balance End of Year	<u>\$162,126</u>	<u>\$162,126</u>	<u>\$273,832</u>	<u>\$111,706</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
INCOME TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
<b>Receipts</b>				
Municipal Income Taxes	\$380,000	\$380,000	\$460,171	\$80,171
<b>Disbursements</b>				
<b>Current:</b>				
General Government	37,260	39,260	31,138	8,122
Excess of Receipts Over Disbursements	342,740	340,740	429,033	88,293
<b>Other Financing Sources Uses</b>				
Transfers Out	(370,000)	(370,000)	(370,000)	
Other Financing Uses	(10,000)	(8,000)	(5,910)	2,090
Total Other Financing Uses	(380,000)	(378,000)	(375,910)	2,090
Net Change in Fund Balance	(37,260)	(37,260)	53,123	90,383
Fund Balance Beginning of Year	113,693	113,693	113,693	
Prior Year Encumbrances Appropriated	830	830	830	
Fund Balance End of Year	<u>\$77,263</u>	<u>\$77,263</u>	<u>\$167,646</u>	<u>\$90,383</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007**

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Electric Operating</u>	<u>Water Capital Improvement</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets						
Cash	<u>\$205,369</u>	<u>\$213,056</u>	<u>\$1,020,105</u>	<u>\$280,289</u>	<u>\$269,453</u>	<u>\$1,988,272</u>
Net Assets						
Unrestricted	<u>\$205,369</u>	<u>\$213,056</u>	<u>\$1,020,105</u>	<u>\$280,289</u>	<u>\$269,453</u>	<u>\$1,988,272</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Electric Operating</u>	<u>Water Capital Improvement</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise</u>
<b>Operating Receipts</b>						
Charges for Services	\$201,574	\$163,514	\$1,542,104		\$52,897	\$1,960,089
<b>Operating Disbursements</b>						
Personal Services	78,978	57,686	76,829		25,205	238,698
Employee Fringe Benefits	26,804	21,832	26,552		4,131	79,319
Contractual Services	26,340	22,401	1,091,068	\$11,922	17,816	1,169,547
Supplies and Materials	43,284	16,093	13,520		12,752	85,649
Other			101		2,945	3,046
Total Operating Disbursements	<u>175,406</u>	<u>118,012</u>	<u>1,208,070</u>	<u>11,922</u>	<u>62,849</u>	<u>1,576,259</u>
Operating Income (Loss)	<u>26,168</u>	<u>45,502</u>	<u>334,034</u>	<u>(11,922)</u>	<u>(9,952)</u>	<u>383,830</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental					13,428	13,428
Special Assessments		67,726		5,242	37,576	110,544
Other Debt Proceeds		42,742				42,742
Miscellaneous Receipts	2,600	60	7,899		1,718	12,277
Capital Outlay	(31,962)	(80,111)	(20,861)	(2,300)	(11,848)	(147,082)
Principal Payments		(23,051)	(40,208)			(63,259)
Interest and Fiscal Charges		(8,686)	(56,696)			(65,382)
Other Financing Sources			675			675
Other Financing Uses					(210)	(210)
Total Non-Operating Receipts (Disbursements)	<u>(29,362)</u>	<u>(1,320)</u>	<u>(109,191)</u>	<u>2,942</u>	<u>40,664</u>	<u>(96,267)</u>
Income (Loss) before Transfers and Advances	<u>(3,194)</u>	<u>44,182</u>	<u>224,843</u>	<u>(8,980)</u>	<u>30,712</u>	<u>287,563</u>
Transfers In			69,788	25,000	47,000	141,788
Advances Out		(15,000)				(15,000)
Change in Net Assets	(3,194)	29,182	294,631	16,020	77,712	414,351
Net Assets Beginning of Year	<u>208,563</u>	<u>183,874</u>	<u>725,474</u>	<u>264,269</u>	<u>191,741</u>	<u>1,573,921</u>
Net Assets End of Year	<u>\$205,369</u>	<u>\$213,056</u>	<u>\$1,020,105</u>	<u>\$280,289</u>	<u>\$269,453</u>	<u>\$1,988,272</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**1. REPORTING ENTITY**

The Village of Pemberville, Wood County, Ohio, 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 governs the Village. The Mayor is elected to a four-year term, presides over Council meetings and only votes to break a tie.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, electric, sewer and water utilities, maintenance of Village streets, buildings, and lands, parks, and police services.

**B. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in two joint ventures and one public entity risk pool and one jointly governed organization. These organizations are presented in notes 8, 16 and 17.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

**2. Fund Financial Statements**

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

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

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories: governmental and proprietary.

**1. Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village has three major governmental funds. They are:



**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Fund** – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Income Tax Fund** – The municipal income tax fund, a special revenue fund, accounts for monies derived from the one percent municipal income tax.

**Permanent Improvement Fund** - The permanent improvement fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

**2. Proprietary Funds**

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

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Electric, Water, Sewer and Water Capital Projects Funds.

**Electric Fund** – The Electric Fund accounts for the provision of power to the residents, commercial and large power users with several users being outside of village limits.

**Water Fund** - The water fund accounts for the provision of water to the residents and commercial users. Most users are located within the Village; however, we have a minimal number who live outside of village limits.

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

**Water Capital Projects Fund** – This fund receives a portion of the water service charges to use toward capital projects on the water system.

**C. Basis of Accounting**

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

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

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

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

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During 2007, the Village invested in certificates of deposits. The nonnegotiable certificates of deposit are reported at cost. Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$114,589 which includes \$100,832 assigned from other funds.

**F. Restricted Assets**

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contribution include portions for pension benefits and for post-retirement health care benefits.

**L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the City's roads and bridges. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

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

**O. Inter-fund Transactions**

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

Exchange transactions between funds are reported as a Transfer-in to the receiving fund and as a Transfer-out in the disbursing fund. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as Other Financing Receipts/ (Disbursements) in governmental funds and after Non-operating Receipts/Disbursements in proprietary funds. Repayments or loans from one fund to another fund are not presented in the financial statements.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**3 BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general and income tax funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3,831 for the general fund.

**4. DEPOSITS**

Monies held by the Village are classified by State statute.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**4. DEPOSITS (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,489,755 of the Village's bank balance of \$2,789,755 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution.

**5. INCOME TAXES**

The Village levies a one percent income tax whose proceeds are placed into the Income Tax Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are required to file a final return annually.

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied on assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006. Assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied on the true value as of December 31, 2005. Tangible personal property is currently assessed at 18.75 percent of true value for the return year 2007. Amounts paid by multi-county taxpayers are due April 30. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$1.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$21,791,090
Agriculture	174,650
Commercial/Industrial	4,275,270
Public Utility	8,950
Tangible Personal Property	
General Personal	2,098,127
Public Utility	252,400
Total Assessed Value	<u>\$28,600,487</u>

**7. INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at December 31, 2007, consisted of \$15,000 due to the General Fund from the Sewer Fund.

The balance due to the General Fund was a loan to provide working capital to install a sludge holding tank. The balance is being paid back to the General Fund in increments of \$15,000 per year from the Sewer Fund.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 and 2005 (the latest available information).

	<u>2006</u>	<u>2005</u>
Assets	\$2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Accumulated deficit	<u>(\$799,191)</u>	<u>(\$1,216,059)</u>

**9. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three pension plans as follows:

1. The Traditional Plan is a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is a defined contribution plan in which the members invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan is a cost sharing, multiple-employer defined benefit plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377 or [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Village paid two percent of the employees obligated share of their contribution. The 2007 employer contribution rate for state employers was 13.85% of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$66,479, \$61,184, and \$55,660 respectively. The full amount has been contributed for 2007, 2006, and 2005.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 at 614-628-2975 or [www.op-f.org](http://www.op-f.org).

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The Village pays two percent of the obligated plan members contribution. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005, were \$16,095, \$15,881, and \$18,758. The full amount has been contributed for 2007, 2006, and 2005.

**10. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 358,804. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$24,000. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.



**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**B. Ohio Police and Fire Pension Fund – Post-employment Health Care Benefits**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 that were used to fund postemployment benefits were \$5,717 for police. The OP&F's total health care expense for the year ended December 31, 2007, was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, was 14,120 for police.

**11. NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 2007, follows:

	<u>2007 Interest Rate</u>	<u>Balance 1/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/07</u>
Union Bank Note	4.30%	\$132,000		(\$32,000)	\$100,000

An interest bearing note was purchased from The Union Bank Company. This note was extended in March 2007. The note was used to purchase a building.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**12. DEBT**

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance 1/1/07</u>	<u>Reductions</u>	<u>Balance 12/31/07</u>	<u>Due within One year</u>
Business-type Activities					
1999 OWDA Loan (Original Amount \$2,000,525)	3.12%	\$1,369,716	\$95,724	\$1,273,992	\$48,985
2005 OPWC Loan (Original Amount \$42,976)	0.00%	38,678	2,149	36,529	1,074
2004 JV5 Certificates (Original Amount \$1,074,459)	Variable	959,807	40,208	919,599	34,273
Total Business-type Activities		<u>\$2,368,201</u>	<u>\$138,081</u>	<u>\$2,230,120</u>	<u>\$84,332</u>

The Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments, including interest, over 20 years. The loan is secured by sewer receipts and assessments. 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 for the Joyce Avenue Sewer Main Replacement Project. The amount of the loan financed was \$42,976 to be repaid in semiannual installments over 20 years.

The Village has obtained an Ohio Water Development Pre-Construction Loan in the amount of \$262,264. As of December 31, 2007, the Village has drawn down \$114,309 (of which \$42,742 was drawn in 2007) towards the engineering cost to date. This loan is repayable over a 5 year period of time if the Village does not proceed with the sewer line project, but provided the Village proceeds with the project the amount used will be rolled into the Construction Loan. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Information regarding the 2004 JV5 Certificates is included in note 16 to the financial statements.

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

Year	JV5 Bond		OWDA Loan		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2008	\$34,273	\$43,154	\$48,985	\$40,501	\$1,074
2009	41,855	41,916	100,274	37,444	2,149
2010	43,034	40,866	103,427	34,291	2,149
2011	44,428	39,461	106,680	31,039	2,149
2012	46,542	37,227	110,034	27,685	2,149
2013-2017	271,433	148,389	604,295	84,296	10,745
2018-2022	344,957	72,934	200,297	6,282	10,745
2023-2025	93,077	3,815			5,369
Totals	<u>\$919,599</u>	<u>\$427,762</u>	<u>\$1,273,992</u>	<u>\$261,538</u>	<u>\$36,529</u>

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**13. INTERFUND TRANSFERS**

During 2007, the following transfers were made:

<b>Transfers from the General Fund to:</b>	
Storm Sewer Operating Fund	\$7,000
Electric Operating Fund	69,788
Swimming Pool Fund	<u>15,000</u>
Total Transfers from the General Fund	<u>\$91,788</u>
<b>Transfers from the Income Tax Fund To:</b>	
General Fund	\$222,000
Permanent Improvement	98,000
Water Capital Improvement	25,000
Sewer Capital Improvement	<u>25,000</u>
Total Transfers from the Income Tax Fund	<u>\$370,000</u>

All transfers were legal and in compliance with Ohio Revised Code. Transfers between governmental funds are eliminated for reporting in the governmental statement of activities. Transfers from the general fund were to return the kilowatt hour tax to the Electric Operating Fund. Transfers from the income tax fund were to distribute the City's income tax collections.

**14. CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

There are several outstanding construction commitments. A designing contract is outstanding with Feller & Finch for the North Water Plant Construction. The Village received an Issue II Ohio Public Works Matching Grant for \$175,000. The total project is for \$350,000. The date of completion is projected for 2008.

Secondly, the Village is contracted with Feller & Finch for the design stage of our new Sewer Plant. The Village has an OWDA Loan for the designing of the plant in the amount of \$250,000. The entire construction project is estimated to cost \$2,500,000.

**15. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Village is defendant in a pending lawsuit. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**16. 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-Ohio 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-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio 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. The Village's net investment in OMEGA JV2 was \$57,816 at December 31, 2007. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2007 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
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>

**VILLAGE OF PEMBERVILLE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**16. JOINT VENTURES (Continued)**

**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-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007, 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-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$82,335 at December 31, 2007. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

VILLAGE OF PEMBERVILLE  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)

17. JOINTLY GOVERNED ORGANIZATIONS

**Pemberville Union Cemetery Board:** The Board is comprised of 3 members alternating between the Freedom Township Trustees and Village Council. In 2007, two members of Council were on the Cemetery Board. This Board makes decision on cost of lot purchases, maintenance of the cemetery and regulations.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 43450-0109

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pemberville, Wood County, (the Village) as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 14, 2009, in which we disclosed the Village prepares its financial statements on the cash basis of accounting. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting  
(Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated May 14, 2009.

**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, providing an opinion 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*.

We did note certain noncompliance that we reported to the Village's management in a separate letter dated May 14, 2009.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 14, 2009



VILLAGE OF PEMBERVILLE  
WOOD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Procedures used for collecting admissions lacked internal controls necessary for monitoring receipts.	Yes	





Mary Taylor, CPA  
Auditor of State

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  
JUNE 25, 2009