



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF PEMBERVILLE
WOOD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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 Village of Pemberville, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

August 20, 2001

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$49,277	\$368,227			\$417,504
Special Assessments			\$118,851	\$4,878	123,729
Intergovernmental Receipts	52,132	87,891		15,000	155,023
Fines, Licenses, and Permits	12,057				12,057
Miscellaneous	109,068	1,162		6,000	116,230
	<u>222,534</u>	<u>457,280</u>	<u>118,851</u>	<u>25,878</u>	<u>824,543</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	144,436	29,041			173,477
Public Health Services	3,799				3,799
Leisure Time Activities		6,728			6,728
Community Environment				12,700	12,700
Basic Utility Services	2,351				2,351
Transportation		34,723			34,723
General Government	117,448	18,943			136,391
Debt Service:					
Principal Payments			72,063		72,063
Interest Payments			49,701		49,701
Financing and Other Debt-Service Related				150	150
Capital Outlay	13,101	11,664		150,367	175,132
	<u>281,135</u>	<u>101,099</u>	<u>121,764</u>	<u>163,217</u>	<u>667,215</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(58,601)</u>	<u>356,181</u>	<u>(2,913)</u>	<u>(137,339)</u>	<u>157,328</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	170,000		2,087	195,000	367,087
Advances-In	34,860	24,768	2,387		62,015
Transfers-Out	(2,087)	(340,000)		(25,000)	(367,087)
Advances-Out	(27,155)	(31,195)	(3,665)		(62,015)
Other Uses		(4,593)	(1,342)		(5,935)
	<u>175,618</u>	<u>(351,020)</u>	<u>(533)</u>	<u>170,000</u>	<u>(5,935)</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	117,017	5,161	(3,446)	32,661	151,393
Fund Cash Balances, January 1	269,702	266,665	9,187	432,026	977,580
Fund Cash Balances, December 31	<u>\$386,719</u>	<u>\$271,826</u>	<u>\$5,741</u>	<u>\$464,687</u>	<u>\$1,128,973</u>
Reserves for Encumbrances, December 31	<u>\$11,181</u>	<u>\$6,892</u>		<u>\$12,642</u>	<u>\$30,715</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,418,286
Miscellaneous	<u>13,768</u>
Total Operating Cash Receipts	<u>1,432,054</u>
Operating Cash Disbursements:	
Personal Services	206,555
Fringe Benefits	851
Contractual Services	958,497
Supplies and Materials	66,698
Capital Outlay	<u>63,040</u>
Total Operating Cash Disbursements	<u>1,295,641</u>
Operating Income	<u>136,413</u>
Non-Operating Cash Disbursements:	
Debt Service	43,485
Other Non-Operating Cash Disbursements	<u>2,253</u>
Total Non-Operating Cash Disbursements	<u>45,738</u>
Net Receipts Over Disbursements	90,675
Fund Cash Balances, January 1	<u>759,412</u>
Fund Cash Balances, December 31	<u><u>\$850,087</u></u>
Reserve for Encumbrances, December 31	<u><u>\$127,486</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$35,493	\$364,053	\$5,655		\$405,201
Special Assessments			114,085	\$4,648	118,733
Intergovernmental Receipts	89,152	64,680		21,557	175,389
Fines, Licenses, and Permits	12,515				12,515
Miscellaneous	83,938	1,750		1,714	87,402
Total Cash Receipts	<u>221,098</u>	<u>430,483</u>	<u>119,740</u>	<u>27,919</u>	<u>799,240</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	167,932	7,000			174,932
Public Health Services	1,296				1,296
Leisure Time Activities	3,502	8,024			11,526
Community Environment				15,274	15,274
Basic Utility Services	1,851				1,851
Transportation		32,868			32,868
General Government	117,004	19,127	1,178		137,309
Debt Service:					
Principal Payments			289,379		289,379
Interest Payments			52,156	3,742	55,898
Capital Outlay	8,715	30,080		234,480	273,275
Total Cash Disbursements	<u>300,300</u>	<u>97,099</u>	<u>342,713</u>	<u>253,496</u>	<u>993,608</u>
Total Receipts Over/(Under) Disbursements	<u>(79,202)</u>	<u>333,384</u>	<u>(222,973)</u>	<u>(225,577)</u>	<u>(194,368)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	180,000			205,000	385,000
Advances-In		6,427	3,665		10,092
Transfers-Out		(360,000)		(25,000)	(385,000)
Advances-Out	(10,092)				(10,092)
Other Uses	(1,232)	(4,899)			(6,131)
Total Other Financing Receipts/(Disbursements)	<u>168,676</u>	<u>(358,472)</u>	<u>3,665</u>	<u>180,000</u>	<u>(6,131)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>89,474</u>	<u>(25,088)</u>	<u>(219,308)</u>	<u>(45,577)</u>	<u>(200,499)</u>
Fund Cash Balances, January 1	<u>180,228</u>	<u>291,753</u>	<u>228,495</u>	<u>477,603</u>	<u>1,178,079</u>
Fund Cash Balances, December 31	<u>\$269,702</u>	<u>\$266,665</u>	<u>\$9,187</u>	<u>\$432,026</u>	<u>\$977,580</u>
Reserves for Encumbrances, December 31	<u>\$13,354</u>	<u>\$4,618</u>	<u>\$46,420</u>	<u>\$64,392</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,441,601
Operating Cash Disbursements:	
Personal Services	206,944
Fringe Benefits	1,490
Contractual Services	984,465
Supplies and Materials	76,786
Capital Outlay	144,109
Total Operating Cash Disbursements	1,413,794
Operating Income	27,807
Non-Operating Cash Disbursements:	
Debt Service	43,367
Other Non-Operating Cash Disbursements	3,286
Total Non-Operating Cash Disbursements	46,653
Net Disbursements Over Receipts	(18,846)
Fund Cash Balances, January 1	778,258
Fund Cash Balances, December 31	\$759,412
Reserve for Encumbrances, December 31	\$95,075

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pemberville, Wood County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, electric and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

Cops Grant Fund -This fund receives a Federal grant to help cover the cost of police salaries.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

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

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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

5. Enterprise Funds

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$154,060	\$111,992
Certificates of deposit	1,825,000	1,625,000
Total deposits	<u>\$1,979,060</u>	<u>\$1,736,992</u>

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$302,166	\$392,534	\$90,368
Special Revenue	434,648	457,280	22,632
Debt Service	119,903	120,938	1,035
Capital Projects	195,000	220,878	25,878
Enterprise	1,318,000	1,432,054	114,054
Total	<u>\$2,369,717</u>	<u>\$2,623,684</u>	<u>\$253,967</u>

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$439,487	\$294,403	\$145,084
Special Revenue	594,085	452,584	141,501
Debt Service	123,172	123,106	66
Capital Projects	581,552	200,859	380,693
Enterprise	1,960,160	1,468,865	491,295
Total	<u>\$3,698,456</u>	<u>\$2,539,817</u>	<u>\$1,158,639</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$336,644	\$401,098	\$64,454
Special Revenue	395,411	430,483	35,072
Debt Service	124,740	119,740	(5,000)
Capital Projects	208,742	232,919	24,177
Enterprise	1,330,600	1,441,601	111,001
Total	<u>\$2,396,137</u>	<u>\$2,625,841</u>	<u>\$229,704</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$426,476	\$314,886	\$111,590
Special Revenue	571,842	466,616	105,226
Debt Service	343,162	342,713	449
Capital Projects	823,817	324,916	498,901
Enterprise	1,973,435	1,555,522	417,913
Total	<u>\$4,138,732</u>	<u>\$3,004,653</u>	<u>\$1,134,079</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$1,885,800	3.12%
Special Assessment Bonds	24,000	6.375%
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)	1,332,436	4.88% - 5.63%
Total	\$3,242,236	

The Ohio Water Development Authority (OWDA) administered a State water pollution control revolving loan fund (WPCLF) loan to the Village for a sewer separation project. The amount of the loan to be financed was \$2,000,525 and it will be repaid in semiannual installments of \$68,859, including interest, over 20 years. The loan is being repaid by assessment against some property owners and a debt service charge to each sewer utility customer.

The OMEGA JV5 Project involved villages from the state that joined together to finance a municipal electric generation facility. Bonded debt was issued in the total amount of \$153,415,000 for the project; the amount listed above and the amortization schedule below represents this Village's participant share of .92%. This debt will be financed through users charges.

The Special Assessment Bonds relate to sewer system improvements from 1973. These bonds are being repaid through assessments to property owners.

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

Year ending December 31:	OWDA Loan	Special Assessment Bonds	OMEGA JV5 Debt
2001	\$137,719	\$9,530	\$99,706
2002	137,718	9,020	99,630
2003	137,719	8,510	99,601
2004	137,718		99,570
2005	137,719		100,377
Subsequent	895,171		1,874,763
Total	\$1,583,764	\$27,060	\$2,373,647

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000. The Village pay a 2% PERS pick-up for some employees.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

The following risks are covered by the Pool:

- General liability and property damage;
- Law enforcement liability;
- Public official's liability;
- Inland marine;
- Electronic data processing equipment coverage; and
- Vehicle liability and property damage.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

8. JOINT VENTURES

Ohio Municipal Electric Generation Agency Joint Venture 5

The Village is a participant with forty-one other municipalities within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV) was created for that purpose. On the dissolution of the joint venture, the net assets of JV will be shared by the participants on a percentage basis. The JV is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the fixed asset. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081 or from the Village's Administrator.

9. SUBSEQUENT EVENTS

There was an on going lawsuit concerning the JV5 joint venture the Village is a participant in (.92%) and this lawsuit was settled on February 14, 2001 for \$12,800,000. The Village portion of this is estimated at \$117,760. The money for this lawsuit will be obtained by refinancing the existing debt of JV5 which will result in no increase in participants' debt service payments, but will increase the time of the prior debt.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Pemberville
Wood County
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Pemberville, Ohio 43450-0109

To the Village Council:

We have audited the accompanying financial statements of the Village of Pemberville (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 20, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 20, 2001.

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

Jim Petro
Auditor of State

August 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
SEPTEMBER 13, 2001**