



**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022-2021

VILLAGE OF PEMBERVILLE
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Pemberville, Wood County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 6, 2023

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Village of Pemberville, Ohio
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$95,210				\$95,210
Municipal Income Tax		\$539,973			539,973
Intergovernmental	35,854	181,832			217,686
Special Assessments			\$57		57
Charges for Services		530			530
Fines, Licenses and Permits	15,472				15,472
Earnings on Investments	11,464	643			12,107
Miscellaneous	20,140	25			20,165
<i>Total Cash Receipts</i>	<u>178,140</u>	<u>723,003</u>	<u>57</u>		<u>901,200</u>
Cash Disbursements					
Current:					
Security of Persons and Property	278,923				278,923
Public Health Services	5,927	48			5,975
Leisure Time Activities		408			408
Transportation		77,493			77,493
General Government	247,282	61,407	5		308,694
Capital Outlay		88,807		\$136,791	225,598
Debt Service:					
Principal Retirement				33,822	33,822
<i>Total Cash Disbursements</i>	<u>532,132</u>	<u>228,163</u>	<u>5</u>	<u>170,613</u>	<u>930,913</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(353,992)</u>	<u>494,840</u>	<u>52</u>	<u>(170,613)</u>	<u>(29,713)</u>
Other Financing Receipts (Disbursements)					
Transfers In	360,000			240,000	600,000
Transfers Out	(10,000)	(600,000)			(610,000)
Other Financing Sources	1,808				1,808
Other Financing Uses		(10,668)			(10,668)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>351,808</u>	<u>(610,668)</u>		<u>240,000</u>	<u>(18,860)</u>
<i>Net Change in Fund Cash Balances</i>	(2,184)	(115,828)	52	69,387	(48,573)
<i>Fund Cash Balances, January 1</i>	<u>299,622</u>	<u>800,280</u>	<u>11,940</u>	<u>609,667</u>	<u>1,721,509</u>
<i>Fund Cash Balances, December 31</i>	<u>\$297,438</u>	<u>\$684,452</u>	<u>\$11,992</u>	<u>\$679,054</u>	<u>\$1,672,936</u>

See accompanying notes to the basic financial statements

Village of Pemberville, Ohio
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,006,024
Miscellaneous	28,530
	<u>2,034,554</u>
<i>Total Operating Cash Receipts</i>	<i>2,034,554</i>
Operating Cash Disbursements	
Personal Services	406,231
Employee Fringe Benefits	104,583
Contractual Services	1,178,594
Supplies and Materials	259,722
Other	1,906
	<u>1,951,036</u>
<i>Total Operating Cash Disbursements</i>	<i>1,951,036</i>
<i>Operating Income</i>	<i>83,518</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	302,660
Special Assessments	111,686
Other Debt Proceeds	186,588
Miscellaneous Receipts	28,321
Capital Outlay	(590,544)
Principal Retirement	(213,749)
Interest and Other Fiscal Charges	(35,890)
Other Financing Uses	(20,000)
	<u>(230,928)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(230,928)</i>
<i>Loss before Transfers</i>	<i>(147,410)</i>
Transfers In	10,000
	<u>10,000</u>
<i>Net Change in Fund Cash Balances</i>	<i>(137,410)</i>
<i>Fund Cash Balances, January 1</i>	<i>3,057,675</i>
	<u>3,057,675</u>
<i>Fund Cash Balances, December 31</i>	<i>\$2,920,265</i>
	<u>\$2,920,265</u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Jointly Governed Organizations, Joint Ventures, Long-Term Purchase Commitments, and Public Entity Risk Pools

The Village participates in one jointly governed organization, two joint ventures, four long-term purchase commitments, and a public entity risk pool. Notes 11, 13, 14 and 17 to the financial statements provide additional information for these entities. The Village’s management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

Jointly Governed Organization:
Pemberville Union Cemetery

Joint Ventures:
Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

Long-Term Purchase Commitments:
American Municipal Power Generating Station Project
Combined Hydroelectric Projects
Prairie State Energy Campus
AMP Fremont Energy Center (AFEC)

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Income Tax Fund The income tax fund receives municipal income tax, a portion of which is transferred into the general and permanent improvement Funds.

Debt Service Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Special Assessment Debt Service Fund The special assessment debt service fund accounts for and reports sewer assessments used to pay debt service on the Water Pollution Control Revolving Loan.

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

Permanent Improvement Fund The permanent improvement fund accounts for and reports distributions from the Income Tax special revenue fund to fund improvement projects in the Village.

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in a lease (as defined by GASB 87) related to other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$561,104	\$539,948	(\$21,156)
Special Revenue	792,786	723,003	(69,783)
Debt Service	1,500	57	(1,443)
Capital Projects	240,000	240,000	
Enterprise	4,066,400	2,673,809	(1,392,591)
Total	\$5,661,790	\$4,176,817	(\$1,484,973)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$711,993	\$551,021	\$160,972
Special Revenue	1,102,645	845,509	257,136
Debt Service	1,000	5	995
Capital Projects	589,189	178,357	410,832
Enterprise	6,496,058	3,585,247	2,910,811
Total	\$8,900,885	\$5,160,139	\$3,740,746

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

<i>Cash Management Pool:</i>	<u>2022</u>
Demand deposits	\$129,008
Certificates of deposit	954,878
Other time deposits (savings and NOW accounts)	<u>3,509,315</u>
Total Deposits	<u><u>\$4,593,201</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding no unremitted employee payroll withholdings.

Deposits

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

At December 31, 2022, \$182,484 of deposits were not insured or collateralized, due to a reduced collateral floor of 50% through OPCS.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Interfund Transfers

During 2022, the Income Tax fund made transfers totaling \$600,000 to the General fund (\$360,000) and the Permanent Improvement fund (\$240,000), to distribute income taxes per Village ordinance.

Note 7 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022:

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

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

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan #CT09G	\$4,298	
Ohio Water Development Authority Loan #5369	577,504	2.75%
Ohio Water Development Authority Loan #7269	449,432	2.46%
Ohio Public Works Commission Loan #CE07S	60,615	
Ohio Public Works Commission Loan #CE35S	19,031	
Ohio Public Works Commission Loan #CE04V	144,623	
Ohio Water Development Authority Loan #8712	346,269	1.85%
Ohio Public Works Commission Loan #CE21W	180,000	
Ohio Water Development Authority Loan #9999	186,588	
Total	<u><u>\$1,968,360</u></u>	

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

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

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

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE07S) for the State Route 105 (Front Street) Improvements. The amount of the loan financed was \$80,820 at zero-interest, and it will be repaid in semiannual installments of \$2,021 over 20 years.

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

The Ohio Water Development Authority (OWDA) loan #8712 relates to waterline replacement on College Avenue. The loan will be repaid in semiannual installments of \$11,353, including interest, over 20 years. Water receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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The Ohio Public Works Commission (OPWC) administered financial assistance from the State Capital Improvement Program (Loan #CE04V) for the Water Street and Bierley Avenue Improvements. The amount of the loan financed was \$170,144 and it will be repaid in semiannual installments of \$4,254 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the State Capital Improvement Program (Loan #CE21W) for the College Avenue and Hickory Street/Wegman Road Improvements. The amount of the loan financed was \$200,000 at zero-interest and it will be repaid in semiannual installments of \$5,000 over 20 years.

The Ohio Water Development Authority (OWDA) loan #9999 relates to the South End Looping Project. The related project was still ongoing at December 31, 2022, and the total loan amount was not finalized. The loan will be repaid in semiannual installments, including interest, over 20 years, beginning in July of 2023. Water receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. An amortization schedule is not yet available for this loan.

Financed Purchases

The Village has entered into financed purchases agreements for other equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$26,890 to pay these costs for the fiscal year ended December 31, 2022.

Amortization

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

Year Ending December 31:	Financed Purchases	OPWC #CT09G	OWDA #5369	OWDA #7269	OPWC #CE35S	OPWC #CE07S	OWDA #8712
2023	\$26,890	\$2,149	\$80,913	\$58,918	\$1,313	\$4,041	\$22,706
2024	26,890	2,149	80,913	58,919	1,312	4,041	22,706
2025			80,913	58,918	1,313	4,041	22,706
2026			80,913	58,918	1,312	4,041	22,706
2027			80,913	58,918	1,313	4,041	22,706
2028-2032			242,738	206,214	6,562	20,205	113,528
2033-2037					5,906	20,205	113,528
2038-2041							68,115
Total	<u>\$53,780</u>	<u>\$4,298</u>	<u>\$647,303</u>	<u>\$500,805</u>	<u>\$19,031</u>	<u>\$60,615</u>	<u>\$408,701</u>

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Year Ending December 31:	OPWC #CE04V	OPWC #CE21W
2023	\$8,507	\$10,000
2024	8,507	10,000
2025	8,507	10,000
2026	8,507	10,000
2027	8,507	10,000
2028-2032	42,536	50,000
2033-2037	42,536	50,000
2038-2041	17,016	30,000
Total	<u>\$144,623</u>	<u>\$180,000</u>

Note 11 – Long-Term Purchase Commitments

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,058 kilowatts of a total 771,281 kilowatts, giving the Village a 0.14 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$183,460. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$47,848 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PFHU). In addition, the Village made payments of \$60,000 leaving a net impaired cost estimate of \$47,135. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

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

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Since March 31, 2014, the Village has made payments of \$53,788 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,283 and interest expense incurred on AMP's line-of-credit of (\$228), resulting in a net impaired cost estimate at December 31, 2022 of (\$4,598). The Village does have a potential PHFU Liability of \$55,730 resulting in a net total potential liability of \$51,132, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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

Combined Hydroelectric Projects (79 members)

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), in an original aggregate principal amount of \$2,142,071,461 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

As of December 31, 2022, the total outstanding Hydro Project debt on AMP's books is approximately \$2,095,038,235.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 100 Kw, or 0.05 percent of capacity and associated energy from the Combined hydro facilities.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio (the "Court") against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (the "Projects"). In the lawsuit, AMP alleged, among other things, that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claimed were due under the contract, amounts held by AMP as purported liquidated damages and additional damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith's cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

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Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the Participants in either of the Projects.

Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000 kW or an effective 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project. As of December 31, 2022, the outstanding obligation on Prairie State project is \$1,380,660,000.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 498 kW or 0.14 percent of capacity and associated energy from the Prairie State facility.

AMP Fremont Energy Center (AFEC)

AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the City of Fremont, Ohio. AMP acquired AFEC on July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, repay the \$600,000,000 principal amount of an interim loan that financed the acquisition and development costs and completion of construction and commissioning of AFEC; (ii) make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures; (iii) fund deposits to certain reserve accounts; and (iv) pay the costs of issuance of the Series 2012 Bonds.

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On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2022, the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$393,905,000.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 265 kW or 0.06 percent of capacity and associated energy from the AFEC facility.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

Note 13 – Joint Ventures

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

The Village of Pemberville is a Non-Financing Participant and an Owner Participant with an ownership percentage of 0.15 and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 31, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2022, \$87,500 principal amount of JV2 obligations was outstanding and held on the Line of Credit. The Village's net investment in OMEGA JV2 was \$(1,549) at December 31, 2022.

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Complete financial statement for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 were as follows:

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

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

The Village of Pemberville is a Financing Participant with an ownership percentage of 0.92, 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.

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OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants. Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, Pemberville has not met their debt coverage obligation.

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

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

The Village's net investment to date in OMEGA JV5 was \$27,460 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

Note 14 – Jointly Governed Organizations

Pemberville Union Cemetery Board: The Board is comprised of three members alternating between the Freedom Township Trustees and Village Council. In 2022, one member of Council was on the Cemetery Board. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations.

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Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 8,889	\$ 6,678	\$ 7,744	\$ 23,311

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – Subsequent Events

The Village entered into the following loans and projects during 2023:

- The Village entered into a project related to the East Front Street storm sewer. This project will be funded with \$138,300 of local funds.
- The Village entered into the East Front Street Force Main and Waterline Replacement project at an estimated cost of \$1,457,000. This project was awarded to Underground Utilities with a bid of \$1,406,016. Funding sources for this project are an Ohio Public Works Commission (OPWC) grant totaling \$325,000, an OPWC 0% loan totaling \$162,500, Water Supply Revolving Loan Account (WSRLA) and Water Pollution Control Loan Fund (WPCLF) loans totaling \$895,265, and a local share totaling \$23,251.
- The Village also entered into an agreement to purchase a Main Pump Station back-up generator through Cummings Sales & Services at a cost of \$50,391, with an additional installation contract awarded to Transtar Electric totaling \$32,467.
- The Village has also secured funding for Water Tower Construction with an estimated project cost of \$2,218,000. Funding sources for this project are \$1,000,000 from the Wood County Commissioners ARPA grant, an OPWC grant totaling \$418,000, an OPWC 0% loan totaling \$418,000, and a local matching share totaling \$382,000. Engineering costs related to this project have been awarded to Dixon Engineering at a cost of \$41,050.
- The Village has contracted for South Electrical Substation Repair with RMS; the cost for these repairs are approximately \$189,686, however they are expected to increase.
- Lastly, the Village recently authorized the Mayor and Fiscal Officer to enter into a contract with Tetra Tech, Inc. to provide design engineering services for the Bridge Street bridge replacement at a cost of \$242,000. The Village was awarded a grant from the Ohio Department of Transportation in 2022 totaling \$1,565,790, with a local share of \$259,410, plus design costs, to cover the cost of this replacement.

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For the Year Ended December 31, 2022

Note 17 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 13. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2022</u>
Total Fund Cash Balance	\$1,394,172
Total Long-Term Debt	168,571
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$1,256,014
Other Operating Receipts	<u>13,660</u>
Total Operating Receipts	1,269,674
 Operating Expenses	
Personal Services	146,970
Employee Fringe Benefits	53,963
Contractual Services	1,033,907
Supplies and Materials	<u>25,728</u>
Total Operating Expenses	1,260,568
 Operating Income	 9,106
 Nonoperating Receipts (Disbursements)	
Principal Payments	(81,772)
Interest Payments	(138)
Other Nonoperating Receipts (Disbursements)	<u>(20,695)</u>
Change in Fund Cash Balance	(93,499)
Beginning Fund Cash Balance	<u>1,487,671</u>
Ending Fund Cash Balance	<u><u>\$1,394,172</u></u>

Village of Pemberville, Ohio
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Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$97,018				\$97,018
Municipal Income Tax		\$493,415			493,415
Intergovernmental	26,076	182,088			208,164
Special Assessments			\$2,466		2,466
Charges for Services	35	515			550
Fines, Licenses and Permits	21,293	50			21,343
Earnings on Investments	3,203	137			3,340
Miscellaneous	57,328	4,000			61,328
<i>Total Cash Receipts</i>	<u>204,953</u>	<u>680,205</u>	<u>2,466</u>		<u>887,624</u>
Cash Disbursements					
Current:					
Security of Persons and Property	283,202				283,202
Public Health Services	3,379	68,429			71,808
Leisure Time Activities		7,458			7,458
Transportation		62,784			62,784
General Government	235,064	62,193	140		297,397
Capital Outlay		205		\$50,467	50,672
Debt Service:					
Principal Retirement				11,274	11,274
<i>Total Cash Disbursements</i>	<u>521,645</u>	<u>201,069</u>	<u>140</u>	<u>61,741</u>	<u>784,595</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(316,692)</u>	<u>479,136</u>	<u>2,326</u>	<u>(61,741)</u>	<u>103,029</u>
Other Financing Receipts (Disbursements)					
Transfers In	240,000			160,000	400,000
Transfers Out	(15,500)	(400,000)			(415,500)
Other Financing Sources	1,251				1,251
Other Financing Uses		(11,661)			(11,661)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>225,751</u>	<u>(411,661)</u>		<u>160,000</u>	<u>(25,910)</u>
<i>Net Change in Fund Cash Balances</i>	(90,941)	67,475	2,326	98,259	77,119
<i>Fund Cash Balances, January 1</i>	390,563	732,805	9,614	511,408	1,644,390
<i>Fund Cash Balances, December 31</i>	<u>\$299,622</u>	<u>\$800,280</u>	<u>\$11,940</u>	<u>\$609,667</u>	<u>\$1,721,509</u>

See accompanying notes to the basic financial statements

Village of Pemberville, Ohio
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,883,581
Miscellaneous	22,467
	<u>1,906,048</u>
<i>Total Operating Cash Receipts</i>	<u>1,906,048</u>
Operating Cash Disbursements	
Personal Services	341,819
Employee Fringe Benefits	91,591
Contractual Services	1,092,526
Supplies and Materials	192,390
Other	4,045
	<u>1,722,371</u>
<i>Total Operating Cash Disbursements</i>	<u>1,722,371</u>
<i>Operating Income</i>	<u>183,677</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	9,794
Special Assessments	111,209
Other Debt Proceeds	5,411
Miscellaneous Receipts	53,526
Capital Outlay	(134,611)
Principal Retirement	(207,787)
Interest and Other Fiscal Charges	(39,553)
Other Financing Uses	(10,411)
	<u>(212,422)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(212,422)</u>
<i>Loss before Transfers</i>	(28,745)
Transfers In	15,500
	<u>15,500</u>
<i>Net Change in Fund Cash Balances</i>	(13,245)
<i>Fund Cash Balances, January 1</i>	<u>3,070,920</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,057,675</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Jointly Governed Organizations, Joint Ventures, Long-Term Purchase Commitments, and Public Entity Risk Pools

The Village participates in one jointly governed organization, two joint ventures, four long-term purchase commitments, and a public entity risk pool. Notes 11, 13, 14 and 18 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

Jointly Governed Organization:
Pemberville Union Cemetery

Joint Ventures:
Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

Long-Term Purchase Commitments:
American Municipal Power Generating Station Project
Combined Hydroelectric Projects
Prairie State Energy Campus
AMP Fremont Energy Center (AFEC)

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Income Tax Fund The income tax fund receives municipal income tax, a portion of which is transferred into the general and permanent improvement Funds.

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

Special Assessment Debt Service Fund The special assessment debt service fund accounts for and reports sewer assessments used to pay debt service on the Water Pollution Control Revolving Loan.

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

Permanent Improvement Fund The permanent improvement fund accounts for and reports distributions from the Income Tax special revenue fund to fund improvement projects in the Village.

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

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Village of Pemberville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Village of Pemberville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$419,178	\$446,204	\$27,026
Special Revenue	473,600	680,205	206,605
Debt Service	6,000	2,466	(3,534)
Capital Projects	160,000	160,000	0
Enterprise	2,188,000	2,101,488	(86,512)
Total	\$3,246,778	\$3,390,363	\$143,585

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$666,633	\$551,059	\$115,574
Special Revenue	825,106	623,654	201,452
Debt Service	1,000	140	860
Capital Projects	556,587	77,830	478,757
Enterprise	4,469,927	2,342,239	2,127,688
Total	\$6,519,253	\$3,594,922	\$2,924,331

Village of Pemberville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

	<u>2021</u>
Demand deposits	\$228,273
Certificates of deposit	954,878
Other time deposits (savings and NOW accounts)	<u>3,596,033</u>
Total Deposits	<u><u>\$4,779,184</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding no unremitted employee payroll withholdings.

Deposits

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

At December 31, 2021, \$79,753 of deposits were not insured or collateralized, due to a 50% reduced collateral floor through OPCS.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Village of Pemberville, Ohio
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For the Year Ended December 31, 2021

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

Note 6 – Interfund Transfers

During 2021, the Income Tax fund made transfers totaling \$400,000 to the General fund (\$240,000) and the Permanent Improvement fund (\$160,000), to distribute income taxes per Village ordinance.

Note 7 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$	21,777,439
Liabilities		<u>(15,037,383)</u>
Members' Equity	\$	<u>6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. The OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

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

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan #CT09G	\$7,521	
Ohio Water Development Authority Loan #5369	641,219	2.75%
Ohio Water Development Authority Loan #7269	496,425	2.46%
Ohio Public Works Commission Loan #CE07S	66,677	
Ohio Public Works Commission Loan #CE35S	21,000	
Ohio Public Works Commission Loan #CE04V	157,384	
Ohio Water Development Authority Loan #8712	362,345	1.85%
Ohio Public Works Commission Loan #CE21W	195,000	
Total	<u><u>\$1,947,571</u></u>	

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

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

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

The Ohio Public Works Commission (OPWC) administered financial assistance from the Ohio Small Government Capital Improvements Commission (Loan #CE07S) for the State Route 105 (Front Street) Improvements. The amount of the loan financed was \$80,820 at zero-interest, and it will be repaid in semiannual installments of \$2,021 over 20 years.

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

The Ohio Water Development Authority (OWDA) loan #8712 relates to waterline replacement on College Avenue. The loan will be repaid in semiannual installments of \$11,353, including interest, over 20 years. Water receipts and assessments collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) administered financial assistance from the State Capital Improvement Program (Loan #CE04V) for the Water Street and Bierley Avenue Improvements. The amount of the loan financed was \$170,144 and it will be repaid in semiannual installments of \$4,254 over 20 years.

The Ohio Public Works Commission (OPWC) administered financial assistance from the State Capital Improvement Program (Loan #CE21W) for the College Avenue and Hickory Street/Wegman Road Improvements. The amount of the loan financed was \$200,000 at zero-interest and it will be repaid in semiannual installments of \$5,000 over 20 years.

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Notes to the Financial Statements
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Amortization

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

Year Ending December 31:	OPWC #CT09G	OWDA #5369	OWDA #7269	OPWC #CE35S	OPWC #CE07S	OWDA #8712	OPWC #CE04V	OPWC #CE21W
2022	\$3,223	\$80,913	\$58,918	\$1,969	\$6,062	\$22,706	\$12,761	\$15,000
2023	2,149	80,913	58,918	1,313	4,041	22,706	8,507	10,000
2024	2,149	80,913	58,919	1,313	4,041	22,706	8,507	10,000
2025		80,913	58,918	1,313	4,041	22,706	8,507	10,000
2026		80,913	58,918	1,313	4,041	22,706	8,507	10,000
2027-2031		323,652	265,132	6,562	20,205	113,528	42,536	50,000
2032-2036				6,561	20,205	113,528	42,536	50,000
2037-2041				656	4,041	90,821	25,523	40,000
Total	<u>\$7,521</u>	<u>\$728,217</u>	<u>\$559,723</u>	<u>\$21,000</u>	<u>\$66,677</u>	<u>\$431,407</u>	<u>\$157,384</u>	<u>\$195,000</u>

Note 11 – Long-Term Purchase Commitments

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,058 kilowatts of a total 771,281 kilowatts, giving the Village a 0.14 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$183,460. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$47,848 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PFHU). In addition, the Village made payments of \$60,000 leaving a net impaired cost estimate of \$47,135. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

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

Village of Pemberville, Ohio
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Since March 31, 2014, the Village has made payments of \$53,788 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,255 and interest expense incurred on AMP's line-of-credit of (\$128), resulting in a net impaired cost estimate at December 31, 2021 of (\$4,526). The Village does have a potential PHFU Liability of \$54,347 resulting in a net total potential liability of \$49,821, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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

Combined Hydroelectric Projects (79 members)

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), in an original aggregate principal amount of \$2,142,071,461 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take or-pay power sales contract with 79 of its Members. As of December 31, 2021, the total outstanding Hydro Project debt on AMP's books is approximately \$2,119,182,647.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 100 Kw, or 0.05 percent of capacity and associated energy from the Combined hydro facilities.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio (the "Court") against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (the "Projects"). In the lawsuit, AMP alleged, among other things, that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claimed were due under the contract, amounts held by AMP as purported liquidated damages and additional damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith's cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

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Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the Participants in either of the Projects.

Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000 kW or an effective 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "Prairie State Power Sales Contract") with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project. As of December 31, 2021, the outstanding obligation on Prairie State project is \$1,413,165,000.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 498 kW or 0.14 percent of capacity and associated energy from the Prairie State facility.

AMP Fremont Energy Center (AFEC)

AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the City of Fremont, Ohio. AMP acquired AFEC on July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, repay the \$600,000,000 principal amount of an interim loan that financed the acquisition and development costs and completion of construction and commissioning of AFEC; (ii) make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures; (iii) fund deposits to certain reserve accounts; and (iv) pay the costs of issuance of the Series 2012 Bonds.

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On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2021, the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$405,280,000.

The Village of Pemberville has executed a take-or-pay power sales contract with AMP for 265 kW or 0.06 percent of capacity and associated energy from the AFEC facility.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

Note 13 – Joint Ventures

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

The Village of Pemberville is a Non-Financing Participant and an Owner Participant with an ownership percentage of 0.15 and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 31, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2021, \$936,441 principal amount of JV2 obligations was outstanding and held on the Line of Credit. The Village's net investment in OMEGA JV2 was \$(787) at December 31, 2021.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Complete financial statement for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 were as follows:

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

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

The Village of Pemberville is a Financing Participant with an ownership percentage of 0.92, 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.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants. Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021, Pemberville has not met their debt coverage obligation.

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

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

The Village's net investment to date in OMEGA JV5 was \$27,460 at December 31, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

Note 14 – Jointly Governed Organizations

Pemberville Union Cemetery Board: The Board is comprised of three members alternating between the Freedom Township Trustees and Village Council. In 2021, one member of Council was on the Cemetery Board. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations.

Note 15 – Miscellaneous Revenue

In 2021, the Village received Miscellaneous Revenue in the General Fund from the Estate of the Village's former mayor, James Opelt, to be used for the Village's Police Department.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$13,914	\$10,924	\$16,089	\$40,927

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 17 – Subsequent Events

The Village entered into the following loans and projects during 2023:

- The Village entered into a project related to the East Front Street storm sewer. This project will be funded with \$138,300 of local funds.
- The Village entered into the East Front Street Force Main and Waterline Replacement project at an estimated cost of \$1,457,000. This project was awarded to Underground Utilities with a bid of \$1,406,016. Funding sources for this project are an Ohio Public Works Commission (OPWC) grant totaling \$325,000, an OPWC 0% loan totaling \$162,500, Water Supply Revolving Loan Account (WSRLA) and Water Pollution Control Loan Fund (WPCLF) loans totaling \$895,265, and a local share totaling \$23,251.
- The Village also entered into an agreement to purchase a Main Pump Station back-up generator through Cummings Sales & Services at a cost of \$50,391, with an additional installation contract awarded to Transtar Electric totaling \$32,467.
- The Village has also secured funding for Water Tower Construction with an estimated project cost of \$2,218,000. Funding sources for this project are \$1,000,000 from the Wood County Commissioners ARPA grant, an OPWC grant totaling \$418,000, an OPWC 0% loan totaling \$418,000, and a local matching share totaling \$382,000. Engineering costs related to this project have been awarded to Dixon Engineering at a cost of \$41,050.
- The Village has contracted for South Electrical Substation Repair with RMS; the cost for these repairs are approximately \$189,686, however they are expected to increase.
- Lastly, the Village recently authorized the Mayor and Fiscal Officer to enter into a contract with Tetra Tech, Inc. to provide design engineering services for the Bridge Street bridge replacement at a cost of \$242,000. The Village was awarded a grant from the Ohio Department of Transportation in 2022 totaling \$1,565,790, with a local share of \$259,410, plus design costs, to cover the cost of this replacement.

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 18 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 13. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2021</u>
Total Fund Cash Balance	\$1,487,671
Total Long-Term Debt	250,343
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$1,231,380
Other Operating Receipts	13,667
Total Operating Receipts	<u>1,245,047</u>
 Operating Expenses	
Personal Services	116,533
Employee Fringe Benefits	48,571
Contractual Services	1,005,556
Supplies and Materials	25,947
Total Operating Expenses	<u>1,196,607</u>
 Operating Income	 48,440
 Nonoperating (Disbursements)	
Principal Payments	(82,418)
Interest Payments	(655)
Other Nonoperating (Disbursements)	<u>(25,647)</u>
Change in Fund Cash Balance	(60,280)
Beginning Fund Cash Balance	<u>1,547,951</u>
Ending Fund Cash Balance	<u><u>\$1,487,671</u></u>

Village of Pemberville, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Condensed Cash Flows Information:	<u>2021</u>
Net Cash Provided by:	
Operating Activities	\$48,440
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(82,418)
Interest Payments on Capital and Related Debt	(655)
Other Capital and Related Financing Activities	<u>(25,647)</u>
Net Cash (Used) by Capital and Related Financing Activities	(108,720)
Net (Decrease)	(60,280)
Beginning Fund Cash Balance	<u>1,547,951</u>
Ending Fund Cash Balance	<u><u>\$1,487,671</u></u>

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

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

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Pemberville, Wood County, Ohio (the Village) and have issued our report thereon dated December 6, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 6, 2023

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

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

The following errors were noted and required adjustment to the financial statements:

- In 2022 and 2021, the Village made reimbursements for sewer tap fees in the amount of \$20,000 and \$5,000, respectively. These reimbursements were incorrectly recorded as principal payments in the Enterprise Fund. This activity should have been posted as Other Financing Uses.
- In 2022, other debt proceeds in the amount of \$186,588 paid to the Village by the Ohio Water Development Authority (OWDA) were incorrectly recorded as special assessment revenue in the Enterprise fund.
- In 2022, Ohio Department of Development State Fiscal Recovery grant proceeds in the amount of \$283,649 were incorrectly recorded as special assessment revenue in the Enterprise fund. This activity should have been posted as intergovernmental revenue.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Council making misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$83 to \$6,653 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council, to identify and correct errors and omissions.

FINDING NUMBER 2022-002

Noncompliance

The Village of Pemberville is a Financing Participant with an ownership percentage of 0.92%, 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). Under the terms of the Agreement each participant is to fix, charge, and collect rates, fees, and charges at least sufficient in order to provide revenues equal to the greater of: (1) the sum of (i) the O&M Expenses, including its share of Operating Expenses under the Joint Venture Agreement and (ii) 110% of the sum of the debt service on any outstanding senior lien electric system revenue obligations of the JV5 Participant and its share of Bond Debt Service Payments, payable in such Year; or (2) the sum of (i) the O&M Expenses, including its share of Operating Expenses under this Joint Venture Agreement, (ii) its share of Bond Debt Service Payments, (iii) debt service on outstanding electric system revenue obligations of the JV5 Participant, and (iv) all other amounts payable from such revenues including, without limitation, debt service on general obligation or other tax supported debt incurred for purposes of the JV5 Participant's Electric System, and its share of Other Bond Payments and Other Required Payments, payable in such Year."

Due to the Village's failure to properly increase rates sufficient to meet the required coverage ratio, the Village failed to meet their O&M and debt coverage obligation in either year of the audit period.

Failure to set sufficient rates, could lead to the Village's inability to make payment due by the due date, constituting a default. This could then result in OMEGA JV5 taking certain actions including the termination of the Village's entitlement to Project Power.

The Village should perform a rate study and increase rates to ensure they are sufficient to meet and maintain the Village's O&M and debt coverage ratio equal to, or exceeding, the greater of the two options noted in the Rate Covenant above.

Officials' Response:

We did not receive responses from Officials to these findings.

Village of Pemberville

115 Main Street

P.O. Box 109

Pemberville, Ohio 43450

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding was first issued in the 2015-2016 audit. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and repeated in this report as Finding 2022-001.	Recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure monies are properly posted.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PEMBERVILLE

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/21/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov