



Dave Yost • Auditor of State

VILLAGE OF PEMBERVILLE
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Enterprise Funds - For the Year Ended December 31, 2012	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Enterprise Funds - For the Year Ended December 31, 2011	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Prior Audit Findings.....	25

This page intentionally left blank



Dave Yost • Auditor of State

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 Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Pemberville, Wood County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Pemberville, Wood County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 4, 2013

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$85,141				\$85,141
Municipal Income Tax		\$339,480			339,480
Intergovernmental	71,718	75,100			146,818
Special Assessments			\$110,717	\$3,114	113,831
Charges for Services	300	615			915
Fines, Licenses and Permits	17,977	135			18,112
Earnings on Investments	13,694	167			13,861
Miscellaneous	3,898	911			4,809
<i>Total Cash Receipts</i>	<u>192,728</u>	<u>416,408</u>	<u>110,717</u>	<u>3,114</u>	<u>722,967</u>
Cash Disbursements					
Current:					
Security of Persons and Property	142,665				142,665
Public Health Services	2,780				2,780
Leisure Time Activities		2,367			2,367
Basic Utility Services	81				81
Transportation		47,572			47,572
General Government	152,295	42,967	1,305	31	196,598
Capital Outlay				49,382	49,382
Debt Service:					
Principal Retirement			87,246		87,246
Interest and Fiscal Charges			20,884		20,884
<i>Total Cash Disbursements</i>	<u>297,821</u>	<u>92,906</u>	<u>109,435</u>	<u>49,413</u>	<u>549,575</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,093)</u>	<u>323,502</u>	<u>1,282</u>	<u>(46,299)</u>	<u>173,392</u>
Other Financing Receipts (Disbursements)					
Transfers In	180,000			70,000	250,000
Transfers Out	(15,000)	(300,000)			(315,000)
Advances In	15,000				15,000
Other Financing Sources	1,669				1,669
Other Financing Uses	(250)	(3,850)			(4,100)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>181,419</u>	<u>(303,850)</u>		<u>70,000</u>	<u>(52,431)</u>
<i>Net Change in Fund Cash Balances</i>	76,326	19,652	1,282	23,701	120,961
<i>Fund Cash Balances, January 1</i>	<u>491,518</u>	<u>389,124</u>	<u>8,032</u>	<u>345,307</u>	<u>1,233,981</u>
Fund Cash Balances, December 31					
Restricted		216,571	9,314	373	226,258
Committed		192,205		368,635	560,840
Unassigned	567,844				567,844
<i>Fund Cash Balances, December 31</i>	<u>\$567,844</u>	<u>\$408,776</u>	<u>\$9,314</u>	<u>\$369,008</u>	<u>\$1,354,942</u>

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,619,573
Miscellaneous	22,866
	1,642,439
<i>Total Operating Cash Receipts</i>	<i>1,642,439</i>
Operating Cash Disbursements	
Personal Services	268,996
Employee Fringe Benefits	93,886
Contractual Services	958,009
Supplies and Materials	84,028
Other	6,484
	1,411,403
<i>Total Operating Cash Disbursements</i>	<i>1,411,403</i>
<i>Operating Income</i>	<i>231,036</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	2,914
Special Assessments	328,277
Miscellaneous Receipts	2,626
Capital Outlay	(81,438)
Principal Retirement	(118,917)
Interest and Other Fiscal Charges	(90,497)
	42,965
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>42,965</i>
<i>Income before Transfers and Advances</i>	<i>274,001</i>
Transfers In	65,000
Advances Out	(15,000)
	324,001
<i>Net Change in Fund Cash Balances</i>	<i>324,001</i>
<i>Fund Cash Balances, January 1</i>	<i>2,000,683</i>
	2,324,684
<i>Fund Cash Balances, December 31</i>	<i>\$2,324,684</i>

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$90,761				\$90,761
Municipal Income Tax		\$333,931			333,931
Intergovernmental	53,137	74,717			127,854
Special Assessments			\$106,790	\$3,023	109,813
Charges for Services	285	840			1,125
Fines, Licenses and Permits	23,289	415			23,704
Earnings on Investments	19,054	415			19,469
Miscellaneous	5,495	868			6,363
<i>Total Cash Receipts</i>	<u>192,021</u>	<u>411,186</u>	<u>106,790</u>	<u>3,023</u>	<u>713,020</u>
Cash Disbursements					
Current:					
Security of Persons and Property	175,793				175,793
Public Health Services	3,610				3,610
Leisure Time Activities		1,765			1,765
Basic Utility Services	73				73
Transportation		62,792			62,792
General Government	164,652	38,956	1,145	23	204,776
Capital Outlay				23,119	23,119
Debt Service:					
Principal Retirement			85,445		85,445
Interest and Fiscal Charges			22,685		22,685
<i>Total Cash Disbursements</i>	<u>344,128</u>	<u>103,513</u>	<u>109,275</u>	<u>23,142</u>	<u>580,058</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(152,107)</u>	<u>307,673</u>	<u>(2,485)</u>	<u>(20,119)</u>	<u>132,962</u>
Other Financing Receipts (Disbursements)					
Transfers In	180,000			70,000	250,000
Transfers Out		(300,000)			(300,000)
Advances In	15,000				15,000
Other Financing Sources	1,669				1,669
Other Financing Uses	(1,000)	(4,907)			(5,907)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>195,669</u>	<u>(304,907)</u>		<u>70,000</u>	<u>(39,238)</u>
<i>Net Change in Fund Cash Balances</i>	43,562	2,766	(2,485)	49,881	93,724
<i>Fund Cash Balances, January 1</i>	<u>447,956</u>	<u>386,358</u>	<u>10,517</u>	<u>295,426</u>	<u>1,140,257</u>
Fund Cash Balances, December 31					
Restricted		189,582	8,032	373	197,987
Committed		199,542		344,934	544,476
Unassigned	491,518				491,518
<i>Fund Cash Balances, December 31</i>	<u>\$491,518</u>	<u>\$389,124</u>	<u>\$8,032</u>	<u>\$345,307</u>	<u>\$1,233,981</u>

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,505,788
Miscellaneous	32,432
	<u>1,538,220</u>
<i>Total Operating Cash Receipts</i>	<u>1,538,220</u>
Operating Cash Disbursements	
Personal Services	271,337
Employee Fringe Benefits	109,384
Contractual Services	1,000,524
Supplies and Materials	121,773
Other	5,051
	<u>1,508,069</u>
<i>Total Operating Cash Disbursements</i>	<u>1,508,069</u>
<i>Operating Income</i>	<u>30,151</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	23,993
Special Assessments	179,923
Other Debt Proceeds	283,443
Miscellaneous Receipts	2,870
Capital Outlay	(445,132)
Principal Retirement	(114,332)
Interest and Other Fiscal Charges	(95,081)
	<u>(164,316)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(164,316)</u>
<i>Loss before Transfers and Advances</i>	(134,165)
Transfers In	50,000
Advances Out	(15,000)
	<u>(99,165)</u>
<i>Net Change in Fund Cash Balances</i>	(99,165)
<i>Fund Cash Balances, January 1</i>	<u>2,099,848</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,000,683</u></u>

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Pemberville, Wood County, Ohio (the Village), as a body corporate and politic. 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.

The Village participates in the Ohio Plan Risk Management public entity risk pool, two joint ventures, one long term purchase commitment, and one jointly governed organization. Notes 8, 9, 10, 11, and 12 to the financial statements provide additional information for these entities. These organizations are:

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.

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 (AMPGS)

Jointly Governed Organization:

Pemberville Union Cemetery

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values certificates of deposit at cost.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Income Tax Fund – This fund receives municipal income tax, a portion of which is transferred into the General and Permanent Improvement Funds.

3. Debt Service Funds

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

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

4. Capital Project Funds

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

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

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. 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 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

For fiscal year 2011, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. This changed had no effect on the previously stated fund balances.

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:

1. Nonspendable

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$1,128,350	\$684,341
Certificates of deposit	1,350,000	2,050,000
Other time deposits (savings accounts)	1,201,276	500,323
Total deposits	\$3,679,626	\$3,234,664

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$325,331	\$389,397	\$64,066
Special Revenue	372,593	416,408	43,815
Debt Service	110,000	110,717	717
Capital Projects	70,000	73,114	3,114
Enterprise	2,078,350	2,041,256	(37,094)
Total	\$2,956,274	\$3,030,892	\$74,618

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$429,739	\$313,071	\$116,668
Special Revenue	495,880	396,756	99,124
Debt Service	116,400	109,435	6,965
Capital Projects	128,100	49,413	78,687
Enterprise	2,127,396	1,717,255	410,141
Total	\$3,297,515	\$2,585,930	\$711,585

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$299,870	\$388,690	\$88,820
Special Revenue	314,470	411,186	96,716
Debt Service	110,000	106,790	(3,210)
Capital Projects	55,900	73,023	17,123
Enterprise	2,273,023	2,078,449	(194,574)
Total	\$3,053,263	\$3,058,138	\$4,875

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$412,615	\$345,128	\$67,487
Special Revenue	487,740	408,420	79,320
Debt Service	109,732	109,275	457
Capital Projects	128,100	23,142	104,958
Enterprise	2,259,361	2,177,614	81,747
Total	\$3,397,548	\$3,063,579	\$333,969

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

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

5. Local Income Tax

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

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Debt

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan #CT09G	\$25,786	0%
OMEGA JV5 Loan Series 2004	708,664	Variable
Ohio Water Development Authority Loan #2465	748,283	3.12%
Ohio Water Development Authority Loan #5369	1,095,316	2.75%
Total	<u>\$2,578,049</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.

Information regarding the OMEGA JV5 Certificates Series 2004 is included in Note 10 to the financial statements.

The Ohio Water Development Authority (OWDA) loan #2465 relates to a sewer system expansion project the Ohio Environmental Protection Agency mandated. The loan will be repaid in semiannual installments, 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 #5369 relates to a sewer plant 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 Village will repay the loans in semiannual installments of \$40,456, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OPWC			
	<u>#CT09G</u>	<u>OMEGA JV5</u>	<u>OWDA #2465</u>	<u>OWDA #5369</u>
2013	\$2,149	\$82,972	\$137,719	\$80,913
2014	2,149	82,866	137,718	80,913
2015	2,149	82,870	137,719	80,913
2016	2,149	84,046	137,718	80,913
2017	2,149	82,744	137,719	80,913
2018-2022	10,744	412,344	137,718	404,565
2023-2027	4,297	164,472		404,565
2028-2030				242,738
Total	<u>\$25,786</u>	<u>\$992,314</u>	<u>\$826,311</u>	<u>\$1,456,433</u>

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2012. The Village picks up 2% of the OP&F participant and OPERS member contributions.

8. Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Risk Pool Membership (Continued)

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

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

9. Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 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, 2012, the outstanding debt was \$20,030,648. The Village's net investment in OMEGA JV2 was \$38,470 at December 31, 2012. Complete financial statements 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, 2012 are:

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) (Continued)

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

10. Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The Village of Pemberville is a Financing Participant with an ownership percentage of .92 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

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

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

10. Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) (Continued)

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, 2012 Pemberville has met their debt coverage obligation. As of December 31, 2011, the Village failed to meet their debt coverage obligation. However, the Village has requested, and received, a waiver from AMP-Ohio regarding their compliance with this requirement.

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.

The Village's net investment to date in OMEGA JV5 was \$89,902 at December 31, 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

11. Long Term Purchase Commitment - American Municipal Power Generating Station Project

The Village is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

**11. Long Term Purchase Commitment - American Municipal Power Generating Station Project
(Continued)**

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. (Joint Resolution No. 09-11-2891 dated November 24, 2009.) The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2012 AMP has a regulatory asset of \$96,544,650 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

**11. Long Term Purchase Commitment - American Municipal Power Generating Station Project
(Continued)**

Based on an allocation to the Village of 1,058 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2012 the Village has a potential stranded cost obligation of \$173,041 for the AMPGS Project. The Village has made payments of \$22,500, which are on deposit with AMP at December 31, 2012. Therefore, the Village's remaining unpaid potential stranded cost liability at December 31, 2012 is \$150,541.

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board (please see attached Amended Minutes of May 3, 2011). The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$27,744 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 265 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2012.

Recording of Stranded Costs

The Village has not recorded stranded costs for the AMPGS Project.

Village Not Current Expense but Recovered through Power Invoices

The Village has requested of AMP to incorporate the potential stranded cost liability into its monthly power cost invoices and will be recovering it directly from its customers through the Village's power costs adjustment over the next 5 years. As noted above, the Village has paid \$22,500 to AMP in 2012; this amount is included in the Contractual Services line item on the financial statements. The Village realizes that the AMPGS Project is still incurring costs beyond that amount.

Booking of this expense in 2012 resulted in the Village still passing its debt covenant obligations with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5. Please see footnote 10 regarding OMEGA JV5.

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon its Village Solicitor, information provided by AMP and its legal counsel with respect to the data, as well as Village management.

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

12. Jointly Governed Organization

Pemberville Union Cemetery Board: The Board is comprised of three members alternating between the Freedom Township Trustees and Village Council. In 2011, one member of Council was on the Cemetery Board and in 2012, two members of Council were on the Board. The Board makes decisions on cost of lot purchases, maintenance of the cemetery, and regulations.

13. Segment Information for Enterprise Funds

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Notes 9 and 10. 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:

	2012	2011
Total Assets	\$1,201,269	\$1,152,669
Total Liabilities	992,314	1,075,324
Condensed Operating Information:		
Operating Receipts		
Charges for Services	1,164,555	1,097,628
Other Operating Receipts	21,991	32,432
Total Operating Receipts	1,186,546	1,130,060
Operating Expenses	1,023,980	1,035,607
Operating Income	162,566	94,453
Nonoperating Receipts (Disbursements)		
Principal Payments	(43,777)	(42,104)
Interest Payments	(52,988)	(54,659)
Capital Outlay	(17,833)	(2,516)
Other Nonoperating Receipts	632	
Change in Fund Cash Balance	48,600	(4,826)
Beginning Fund Cash Balance	1,152,669	1,157,495
Ending Fund Cash Balance	<u>\$1,201,269</u>	<u>\$1,152,669</u>

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

13. Segment Information for Enterprise Funds (Continued)

	2012	2011
Condensed Cash Flows Information:		
Net Cash Provided by:		
Operating Activities	\$162,566	\$94,453
Capital and Related Financing Activities		
Principal Payments on Capital and Related Debt	43,777	42,104
Interest Payments on Capital and Related Debt	52,988	54,659
Other Capital and Related Financing Activities	17,201	2,516
Net Cash Provided by Capital and Related Financing Activities	113,966	99,279
Net Increase (Decrease)	48,600	(4,826)
Beginning Fund Cash Balance	1,152,669	1,157,495
Ending Fund Cash Balance	<u>\$1,201,269</u>	<u>\$1,152,669</u>

This page intentionally left blank.



Dave Yost • Auditor of State

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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Pemberville, Wood County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and the Village adopted Government Accounting Standards Board Statement No. 54 in 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

November 4, 2013

**VILLAGE OF PEMBERVILLE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	A finding for recovery was issued against the Utility Clerk for public money collected, but unaccounted for.	Yes	
2010-002	Significant Deficiency – for lack of Board of Public Affairs approval for all utility account adjustments.	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF PEMBERVILLE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 19, 2013**