



OHIO AUDITOR OF STATE
KEITH FABER

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

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**VILLAGE OF PIONEER
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Pioneer
Williams County
409 South State Street
Pioneer, Ohio 43554-9657

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 Pioneer, Williams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, 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 year ended December 31, 2023, 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, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year 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 January 28, 2025, 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

January 28, 2025

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**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$207,150				\$207,150
Municipal Income Tax	731,189				731,189
Intergovernmental	101,348	\$120,155	\$34,525	\$664,903	920,931
Special Assessments		29,170	29,576		58,746
Charges for Services	88,440	21,350			109,790
Fines, Licenses and Permits	1,756				1,756
Earnings on Investments	1,516	356			1,872
Miscellaneous	110,861	38,261			149,122
<i>Total Cash Receipts</i>	<i>1,242,260</i>	<i>209,292</i>	<i>64,101</i>	<i>664,903</i>	<i>2,180,556</i>
Cash Disbursements:					
Current:					
Security of Persons and Property	536,099	12,887			548,986
Public Health Services		16,365			16,365
Leisure Time Activities	57,931				57,931
Community Environment	12,625				12,625
Basic Utility Services	5,251				5,251
Transportation	57,895	45,971			103,866
General Government	237,895				237,895
Capital Outlay	132,476	48,178		2,150,176	2,330,830
Debt Service:					
Principal Retirement	20,454	30,163	15,985		66,602
Interest and Fiscal Charges	18,507	12,070	45,947		76,524
<i>Total Cash Disbursements</i>	<i>1,079,133</i>	<i>165,634</i>	<i>61,932</i>	<i>2,150,176</i>	<i>3,456,875</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>163,127</i>	<i>43,658</i>	<i>2,169</i>	<i>(1,485,273)</i>	<i>(1,276,319)</i>
Other Financing Receipts					
Sale of Capital Assets				14,965	14,965
<i>Net Change in Fund Cash Balances</i>	<i>163,127</i>	<i>43,658</i>	<i>2,169</i>	<i>(1,470,308)</i>	<i>(1,261,354)</i>
<i>Fund Cash Balances, January 1</i>	<i>503,095</i>	<i>433,712</i>	<i>18,655</i>	<i>1,216,273</i>	<i>2,171,735</i>
<i>Fund Cash Balances, December 31</i>	<i>\$666,222</i>	<i>\$477,370</i>	<i>\$20,824</i>	<i>(\$254,035)</i>	<i>\$910,381</i>

See accompanying notes to the basic financial statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$4,538,607
Miscellaneous	<u>184,699</u>
<i>Total Operating Cash Receipts</i>	<u>4,723,306</u>
Operating Cash Disbursements:	
Personal Services	649,846
Transportation	2,152
Contractual Services	3,007,386
Supplies and Materials	<u>200,940</u>
<i>Total Operating Cash Disbursements</i>	<u>3,860,324</u>
<i>Operating Income</i>	<u>862,982</u>
Non-Operating Receipts (Disbursements):	
Earnings on Investments	47,185
Other Debt Proceeds	1,892,938
Capital Outlay	(240,175)
Principal Retirement	(383,591)
Interest and Other Fiscal Charges	(364,225)
Other Financing Sources	5,400
Other Financing Uses	<u>(5,024)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>952,508</u>
<i>Net Change in Fund Cash Balances</i>	1,815,490
<i>Fund Cash Balances, January 1</i>	<u>1,461,563</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,277,053</u>

See accompanying notes to the basic financial statements

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Pioneer, Williams County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides maintenance of Village streets, park operations, police services, a volunteer fire department and electric, water, sewer and refuse utilities. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools and Joint Ventures

The Village participates in an insurance pool, four joint ventures, and a public entity risk pool. These organizations are the Ohio Government Risk Management Plan, the Ohio Municipal Electric Generation Agency Joint Venture2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 4 (JV4), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), and the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6) and Ohio Municipal league Group Rating Plan. These organizations are presented in Notes 7, 12 and 13.

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

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.

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 fund:

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

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:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Water/Sewer Debt Service Fund This fund receives property assessments and is used for loan repayments.

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 funds:

Capital Project Fund This fund receives grants and debt proceeds for various capital projects undertaken by the Village.

Kexon Drive Extension Fund This fund receives grants for the construction of an extension of Kexon Drive in the Village's industrial park.

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 fund:

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

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.

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-department level for the General Fund and fund level of control for all other funds, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled and reappropriated in the subsequent year.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

A summary of 2023 budgetary activity appears in Note 4.

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 lessor in various leases (as defined by GASB 87) related to copiers under noncancelable leases. Lease disbursements are recognized when they are 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.

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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 2023:

<u>Fund</u>	<u>Amount</u>
302 Street Debt Service Fund	(\$2,032)
303 Water/Sewer Debt Service Fund	(39,400)

Contrary to Ohio law, appropriation authority exceeded estimated resources in the following funds for the year ended December 31, 2023:

<u>Fund</u>	<u>Amount</u>
421 Parking Lot Capital Improvement Fund	(\$51,000)
424 Kiexon Drive Extension Fund	(180,262)
303 Water/Sewer Debt Service Fund	(29,939)

Contrary to Ohio law, Council approved appropriations were never submitted to and certified by the county budget commission.

Contrary to Ohio law, the Fiscal Officer did not certify the January 1, 2023 unencumbered balances to the County Auditor until October 16, 2023.

Contrary to Ohio law, Council established the K-9 special revenue fund without proper approval.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,210,967	\$1,242,260	\$31,293
Special Revenue	164,800	209,292	44,492
Debt Service	20,500	64,101	43,601
Capital Projects	4,879,305	679,868	(4,199,437)
Enterprise	6,575,896	6,668,829	92,933
Total	<u>\$12,851,468</u>	<u>\$8,864,350</u>	<u>(\$3,987,118)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,177,030	\$1,079,133	\$97,897
Special Revenue	290,803	165,634	125,169
Debt Service	20,500	61,932	(41,432)
Capital Projects	5,765,565	2,150,176	3,615,389
Enterprise	5,815,726	4,853,339	962,387
Total	<u>\$13,069,624</u>	<u>\$8,310,214</u>	<u>\$4,759,410</u>

Note 5 – 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 and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$2,640,249
Certificates of deposit	1,547,185
Total carrying amount of deposits held in the Pool	<u>\$4,187,434</u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in Pool)	<u>\$15,963</u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Deposits

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 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.

Note 7 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

	<u>2023</u>
Assets	\$23,113,696
Liabilities	<u>(\$16,078,587)</u>
Members' Equity	<u>\$7,035,109</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management 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, 2023.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong 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. 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, 2023.

Social Security

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loans	\$441,936	0.00%
Ohio Water Development Authority (OWDA) Loans	5,492,136	2.00-5.45%
AMP Ohio Loan	2,525,044	1.25%
Total	<u>\$8,459,116</u>	

OPWC Loans – OPWC Loans consist of monies owed to the Ohio Public Works Commission for the following:

2004 Storm Sewer Improvements – This loan is for storm sewer improvements. The term of this loan is 20 years, with final maturity in 2027. This loan is being retired from the Sewer enterprise fund.

2016 First Street Improvements – This loan is for reconstruction on First Street. The term of this loan is 20 years with maturity in 2036. This loan is being retired from the Street and Street Debt Service funds.

2022 North State Street, East Mulberry Street, and Lincoln Street Improvements – This loan is for reconstruction and water and sewer improvements on North State Street, East Mulberry Street, and Lincoln Street. The term of this loan is 20 years with maturity in 2042. This loan is being retired from the Street, Street Debt Service, Water/Sewer Debt Service, and Sewer funds.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2022 South State Street Improvements – This loan is for reconstruction and water and sewer improvements on South State Street. The term of this loan is 20 years with maturity in 2042. This loan is being retired from the Street and Street Debt Service funds.

OWDA Loans - OWDA loans represents amounts borrowed from the Ohio Water Development Authority for the following:

2009 Waterline and Storm Sewer Reconstruction – This loan is for waterline and storm sewer reconstruction. The term of this loan is 30 years, with final maturity in 2040. This loan is being retired from the water and sewer enterprise funds.

2010 Water Tower Construction – This loan is for construction of a new water tower. The term of this loan is 30 years, with maturity in 2040. This loan is being retired from the water and sewer enterprise funds.

2018 Water, Sewer and Storm Sewer Reconstruction – This loan is for waterline, sewer and storm sewer reconstruction of T&W Parkway. The term of this loan is 25 years, with maturity in 2044. This loan is being retired from the general fund, street construction, maintenance and repair special revenue fund, water and sewer enterprise funds.

AMP Ohio Loan – On November 23, 2021 the Village obtained a loan from AMP Ohio to finance the construction and installation of a new substation and transmission line for the municipal electric system in the industrial park, in the amount of \$3,950,000. An amortization schedule is not available. This is a line of credit.

Amortization

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

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2024	\$210,665	\$31,513
2025	421,329	31,513
2026	421,329	31,513
2027	421,329	31,513
2028	421,329	27,465
2029-2033	2,106,645	117,085
2034-2038	2,106,645	106,334
2039-2043	1,042,119	65,000
2044	112,931	
Total	<u>\$7,264,321</u>	<u>\$441,936</u>

Note 11 – Construction and Contractual Commitments

The Village will take delivery of a 1,000 gallon rescue engine at a cost of \$1,074,398. At the end of 2023, these costs were not encumbered.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Joint Ventures

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

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage 0.86% 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, 2023, (latest information available) there was no outstanding debt. The Village's net investment in OMEGA JV2 was a deficit of \$16,940 at December 31, 2023. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2023 are:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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
	95.20 %	127,640		4.80%	6,441
Grand Total		100%			134,081

Ohio Municipal Electric Generation Agency Joint Venture 4 (OMEGA JV4)

The Village is a Financing Participant with an ownership percentage of 30%, and shares participation with three other subdivisions within the State of Ohio in a joint venture to oversee construction and operation of a 69 kilowatt transmission line in Williams County, the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV4).

OMEGA JV4 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated, by agreement to remit on a monthly basis those cost incurred from using electric generated by the joint venture. In the event of a shortfall, the Joint Venture participants are billed for their respective shares of the estimated shortfall. OMEGA JV4 has no debt.

The Villages net investment in JV4 was \$415,639 at December 31, 2023. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at www.auditor.state.ohio.us.

The four participating subdivisions and their respective ownership shares at December 31, 2023 are: Participant Percent Project Ownership and Entitlement Bryan 42% Pioneer 30% Montpelier 25% Edgerton 3% Total 100%.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

The Village is a Financing Participant with an ownership percentage of .76%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023, the Village has met its 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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the “Belleville Project,” a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia and an associated transmission line in Ohio owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Projects runs through August 31, 2039. As of December 31, 2019 (latest information available) \$37,982,680 of the 2001 Belleville Beneficial Interest Certificates (2001 BICs) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the JV5 Note). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the 2016 BICs) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BIC's were redeemed in whole on February 15, 2021 with draw on the Line of Credit which is evidenced by a subordinated note (the 2021 JV5 Note). This note was paid in full in the first quarter of 2022.

The Village’s net investment to date in OMEGA JV5 was \$22,708 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The Village is a Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green Ohio. AMP is responsible for the operation of the JV6 assets. OMEGA JV6 has no debt outstanding.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) 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 JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share (Step Up Power).

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The Village's net investment to date in OMEGA JV6 was \$24,482 at December 31, 2023. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The ten participating subdivisions and their respective ownership shares at December 31, 2023 are:

Participant	KW Amount	% of Financing
Bowling Green	3,075	56.94%
Cuyahoga Falls	1,350	25.00%
Napoleon	225	4.17%
Oberlin	187.5	3.47%
Wadsworth	187.5	3.47%
Edgerton	75	1.39%
Elmore	75	1.39%
Montpelier	75	1.39%
Pioneer	75	1.39%
Monroeville	75	1.39%
Total	5,400	100.00%

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Related Party Transactions

The Village purchased various items in the amount of \$11,557 from Pioneer Hometown Hardware, which is owned by Councilman Will Cable. The Village purchased various items in the amount of \$563 from Artesian of Pioneer which is both owned by Mayor Ed Kidston. The transactions were approved at arm's length, with full knowledge of Village officials. The Mayor and Councilman did not take part in the deliberation of decision by Village officials with respect to the transactions.

Note 15 – Fund Balances

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.

Note 16 – 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 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	<u>2023</u>
Total Fund Cash Balance	\$1,749,055
Total Long-Term Debt	2,525,044
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$3,696,858
Other Operating Receipts	110,007
Total Operating Receipts	<u>3,806,865</u>
 Operating Expenses	
Personal Services	408,099
Transportation	2,152
Contractual Services	2,739,151
Supplies and Materials	133,977
Total Operating Expenses	<u>3,283,379</u>
 Operating Income	523,486
 Nonoperating Receipts (Disbursements)	
Investment Income	47,185
Other Debt Proceeds	1,892,938
Capital Outlay	(152,813)
Principal Payments	(68,029)
Interest Payments	<u>(159,405)</u>
Change in Fund Cash Balance	2,083,362
Beginning Fund Cash Balance	<u>(334,307)</u>
Ending Fund Cash Balance	<u><u>\$1,749,055</u></u>

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Condensed Cash Flows Information:	<u>2023</u>
Net Cash Provided by:	
Operating Activities	\$523,486
Noncapital Financing Activities	
Principal Payments on Noncapital Debt	(68,029)
Net Cash Used by Noncapital Financing Activities	<u>(68,029)</u>
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	1,892,938
Interest Payments on Capital and Related Debt	(159,405)
Other Capital and Related Financing Activities	<u>(152,813)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	1,580,720
Investing Activities	
Earnings on Investments	47,185
Net Cash Provided by Investing Activities	<u>47,185</u>
Net Increase	2,083,362
Beginning Fund Cash Balance	(334,307)
Ending Fund Cash Balance	<u>\$1,749,055</u>

Note 17 – Long Term Purchase Commitments

Prairie State Energy Campus (PSEC)

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (*PSEC*), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW 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. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the *Initial Prairie State Bonds*) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the *Prairie State Refunding Bonds* and, together with the Initial Prairie State Bonds, the *Prairie State Bonds*) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2023, AMP had \$1,315,450,000 aggregate principal amount of Prairie State Bonds.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 995 kW or 0.27% of capacity and associated energy from the PSEC.

American Municipal Power Generating Station Project

Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (AMPGS'), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (Bechtel), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (AMPGS Participants) voted to cease development of AMPGS as a coal fired project.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2023, \$1,777,944 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$3,661,454 on AMP's Line of Credit was allocable to plant held for future use.

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,082, and interest credited to the Village has been \$4,599, resulting in a net credit balance at December 31, 2023 of \$23,262. The Village does have a potential plate held for future use (PHFU) Liability of \$27,723 resulting in a net total potential liability of \$4,461, 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.

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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 \$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, 2023, \$2,059,888,824 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 999 kW or 0.48% of capacity and associated energy from the Combined Hydroelectric facilities.

AMP Fremont Energy Center (AFEC) (87 Members)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), a combined cycle, natural gas fueled electric generating plat, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AFEC has a capacity of 512 MW (unfired)/675MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “2012 AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “AFEC Refunding Bonds” and, together with the 2012 AFEC Bonds, the “AFEC Bonds”) to refund a portion of the 2012 AFEC Bonds. As of December 31, 2023, \$378,790,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 530 kW or .11% of capacity and associated energy from the AFEC.

Combustion Turbine Project

In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. The Combustion Turbine Project has no debt outstanding.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Village of Pioneer has executed a take-and-pay power sales contract with AMP as a participant of the AMP CT Project of 1,800 kW or 1.27% of capacity and associated energy from the AMP CT Project.

Note 18 – Miscellaneous Receipts

General fund miscellaneous receipts primarily consisted of utility pole rent, donations, and refunds.

Special revenue miscellaneous receipts primarily consisted of donations, insurance claims, and cemetery foundation orders.

Note 19 – Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$3,000,000 advanced from the Electric Fund to the General, Water, and Sewer Funds in the amount of \$1,200,00, \$900,000, and \$900,000, respectively, to provide working capital for infrastructure improvement projects.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Pioneer
Williams County
409 South State Street
Pioneer, Ohio 43554-9657

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (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 year ended December 31, 2023 and the related notes to the financial statements of the Village of Pioneer, Williams County, Ohio (the Village) and have issued our report thereon dated January 28, 2025, 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 purposes 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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-005 that we consider to be material weaknesses.

Village of Pioneer
Williams County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-002 through 2023-005.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

January 28, 2025

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2023-001

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 identified for the year ended December 31, 2023:

- School resource officer contract receipts were improperly reported as miscellaneous receipts instead of charges for services receipts in the General Fund in the amount of \$23,730.
- OWDA on-behalf-of credit enhancement interest payments were not recorded resulting in an understatement of intergovernmental receipts and debt service, interest and other fiscal charges in the Water/Sewer Debt Service Fund in the amount of \$34,525.
- Appropriation authority in the budgetary activity note to the financial statements was understated in the General, Capital Projects, and Enterprise funds in the amounts of \$14,931, \$2,976,733, and \$2,166,327, respectively.

These errors were not identified or corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate the Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and members of the Village Council, to help identify and correct errors and omissions.

Officials' Response:

Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.

FINDING NUMBER 2023-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had the following funds with expenditures in excess of appropriations as of December 31, 2023:

- Street Debt Service Fund (\$2,032)
- Water/Sewer Debt Service Fund (\$39,400)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

Management is aware and understands the importance of properly approving, recording, and monitoring budgetary compliance.

FINDING NUMBER 2023-003

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2023 the Village had the following funds in which appropriations exceeded the amount certified as available by the budget commission:

- Parking Lot – Capital Improvement Fund (\$51,000)
- Kexon Drive Extension Fund (\$180,262)
- Water/Sewer Debt Service Fund (\$29,939)

In addition, Council approved appropriations for 2023 were never filed and certified by the county auditor.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Council to reduce the appropriations.

Officials' Response:

Management is aware and understands the importance of properly approving, filing, recording, and monitoring budgetary compliance.

FINDING NUMBER 2023-004

Noncompliance

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission until October 16, 2023. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

The Village should implement procedures to help ensure proper fund balances are certified to the County Auditor to be included on the Amended Official Certificate of Estimated Resources.

Officials' Response:

Management is aware and understands the importance of properly certifying budgetary documents.

FINDING NUMBER 2023-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.09 describes the funds that each subdivision is required to establish. **Ohio Rev. Code § 5705.12** states that in addition to the funds provided for by sections 5705.09, 5705.121, 5705.13, and 5705.131 of the Revised Code, the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the auditor of state, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds. The auditor of state shall consult with the tax commissioner before approving such.

Due to inadequate controls over the establishment of funds, the Village established the K-9 fund during 2022 without formal approval from Council or the auditor of state. The Village's intent was to obtain restricted donations and grants to pay costs related to the police department's newly formed K-9 unit. The fund had donations of \$28,833 and disbursements of \$29,730 for the year ended December 31, 2023. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement. Failure to record activity in a separate fund could lead to disbursements of donation for purposes other than those intended.

The Village officials should establish funds only when permissible under the Code and seek the Auditor of State's permission to establish funds not explicitly allowed.

Officials' Response:

Management is aware and understands the importance of fund establishment requirements.

OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2023-006

Finding for Recovery Repaid Under Audit

Elizabeth Kidston was the Village's fiscal officer from January 22, 2022 through August 31, 2023. During 2023, several federal tax, state tax, Ohio Public Employees Retirement System (OPERS) contributions, Ohio Police and Fire Pension (OP&F) contributions, and kilowatt-hour tax remittances and required reporting were not made timely.

Federal tax:

The law requires employers to withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. §§ 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." 26 U.S.C. § 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. See *United States v Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008).

The Internal Revenue Service (IRS) assessed and the Village paid interest and penalties in the amount of \$3,837.19, due to failures to properly remit employee withholdings and matching employer amounts.

State Tax:

Ohio Rev. Code § 5747.06(A) provides every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payments of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as a result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation or the benefit of, the employee.

State tax withholdings for the months of February, April, May, June, and July 2023 were not remitted by their due dates, resulting in the assessment and payment of interest in the amount of \$41.95.

Ohio Police and Fire Pension Fund:

Ohio Rev. Code § 742.32(A) states, that the fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period.

The Ohio Police and Fire Pension Fund (OP&F) assessed and the Village paid penalties in the amount of \$400.00, due to failures to properly remit OP&F pension withholdings.

Ohio Public Employees Retirement System:

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Ohio Public Employees Retirement System (OPERS) assessed and the Village paid penalties in the amount of \$1,073.06, due to failures to properly remit OPERS pension withholdings.

Kilowatt-hour Tax:

Ohio Rev. Code § 5727.82(A)(3) provides, in part, that if the electric distribution company required to pay the tax imposed by section 5727.81 of the Revised Code is a municipal electric company, it may retain in its general fund that portion of the tax on the kilowatt hours distributed to end users located within the boundaries of the municipal corporation. However, the municipal electric utility shall make payment in accordance with division (A)(1) of this section of the tax due on the kilowatt hours distributed to end users located outside the boundaries of the municipal corporation.

Ohio Rev. Code § 5727.82(A)(1) provides, in part, that by the twentieth day of each month, each electric distribution company required to pay the tax imposed by section 5727.81 of the Revised Code shall file with the tax commissioner a return as prescribed by the tax commissioner and shall make payment of the full amount of tax due for the preceding month. The electric distribution company shall make payment to the tax commissioner unless required to remit the payment electronically as provided in section 5727.83 of the Revised Code.

Ohio Rev. Code § 5727.82(B) provides any electric distribution company required by this section to file a return who fails to file it and pay the tax within the period prescribed shall pay an additional charge of fifty dollars or ten per cent of the tax required to be paid for the reporting period, whichever is greater. The tax commissioner may collect the additional charge by assessment pursuant to section 5727.89 of the Revised Code.

Kilowatt-hour tax returns and remittances for the months of January, February, April, May, and July 2023 were not remitted by their due dates, resulting in the assessment of late fees in the amount of \$250.00.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Elizabeth Kidston, former fiscal officer, in the amount of \$5,602.20 against Elizabeth Kidston and in favor of the Village of Pioneer, General and Electric Funds, in the amount of \$5,352.20 and \$250.00, respectively.

Village Council should establish procedures to verify withholdings and payments are made in a timely manner to avoid interest and penalties delinquent submissions. Failure to do so could result in potential findings for recovery being issued in future audits.

On December 13, 2024, Elizabeth Kidston issued a check to the Village of Pioneer in the amount of \$5,602.20.

Officials' Response:

Management is aware and understands the importance of properly reporting and remitting tax and pension withholdings and related employer contributions.



VILLAGE OF PIONEER

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MAYOR

Edward A. Kidston

COUNCIL

Randy Cochran President

Alan Fiser

Ben Fiser

Dean Frisbie

Joseph Nickloy

Trevor West

ADMINISTRATOR

Anthony Burnett

FISCAL OFFICER

Nikki Mittelstaedt

UTILITIES CLERK

Joie Henry

POLICE CHIEF

Tim Livengood

FIRE CHIEF

Rodger Swank

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first issued in the 2019-2018 audit. Material weakness due to financial statement reporting errors.	Not corrected and repeated as Finding 2023-001 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.
2022-002	Ohio Rev. Code § 5705.41 (B) for expenditures in excess of appropriations.	Not corrected and repeated as Finding 2023-002 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of properly approving, recording, and monitoring budgetary compliance.
2022-003	Ohio Rev. Code § 5705.39 for appropriations in excess of estimated resources.	Not corrected and repeated as Finding 2023-003 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of properly approving, filing, recording, and monitoring budgetary compliance.
2022-004	Ohio Rev. Code § 5705.09 and .12 for establishing a fund without proper approval.	Not corrected and repeated as Finding 2023-006 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of fund establishment requirements.

Village of Pioneer
Williams County
Summary Schedule of Prior Audit Findings
Page 2

Finding Number	Finding Summary	Status	Additional Information
2022-005	Ohio Rev. Code § 5705.10 (D) for receipts posted to improper funds.	Partially corrected.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of properly posting restricted receipts to appropriate funds.
2022-006	Ohio Rev. Code § 117.38 finding for recovery of public monies illegally expended.	Not corrected and repeated as Finding 2023-007 in this report.	Additional errors occurred which were not detected by management. Management is aware and understands the importance of properly reporting and remitting tax and pension withholdings and related employer contributions.



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF PIONEER
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Pioneer
Williams County
409 South State Street
Pioneer, Ohio 43554-9657

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 Pioneer, Williams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, 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 year ended December 31, 2022, 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, or the changes in financial position or, where applicable, cash flows thereof for the year 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.

Emphasis of Matter

As discussed in Note 20 to the financial statements, for the year ended December 31, 2022, the Village restated the beginning fund balances in the General and Special Revenue fund types to properly report grant activity. Our opinion is not modified with respect to this matter.

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 *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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, 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

January 28, 2025

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**VILLAGE OF PIONEER
WILLIAMS 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	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$200,734				\$200,734
Municipal Income Tax	707,267				707,267
Intergovernmental	170,919	\$318,537	\$24,020	\$1,357,436	1,870,912
Special Assessments		14,238	26,519		40,757
Charges for Services	88,771	13,250			102,021
Fines, Licenses and Permits	2,738	404			3,142
Earnings on Investments	2,608	612			3,220
Miscellaneous	58,922	38,674			97,596
<i>Total Cash Receipts</i>	<i>1,231,959</i>	<i>385,715</i>	<i>50,539</i>	<i>1,357,436</i>	<i>3,025,649</i>
Cash Disbursements:					
Current:					
Security of Persons and Property	500,213				500,213
Public Health Services	5,487	13,970			19,457
Leisure Time Activities	46,375				46,375
Community Environment	16,954				16,954
Basic Utility Services	6,203				6,203
Transportation	27,077	204,289			231,366
General Government	201,650				201,650
Capital Outlay	1,561,838	245,401		2,224,787	4,032,026
Debt Service:					
Principal Retirement	13,134	15,232	8,115		36,481
Interest and Fiscal Charges	12,840	8,374	31,634		52,848
<i>Total Cash Disbursements</i>	<i>2,391,771</i>	<i>487,266</i>	<i>39,749</i>	<i>2,224,787</i>	<i>5,143,573</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(1,159,812)</i>	<i>(101,551)</i>	<i>10,790</i>	<i>(867,351)</i>	<i>(2,117,924)</i>
Other Financing Receipts (Disbursements):					
Loans Issued				325,000	325,000
Advances In	1,200,000				1,200,000
Other Financing Sources	5,050	2	1		5,053
Other Financing Uses	(3)			(5,050)	(5,053)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>1,205,047</i>	<i>2</i>	<i>1</i>	<i>319,950</i>	<i>1,525,000</i>
<i>Net Change in Fund Cash Balances</i>	<i>45,235</i>	<i>(101,549)</i>	<i>10,791</i>	<i>(547,401)</i>	<i>(592,924)</i>
<i>Fund Cash Balances, January 1 (restated)</i>	<i>457,860</i>	<i>535,261</i>	<i>7,864</i>	<i>1,763,674</i>	<i>2,764,659</i>
<i>Fund Cash Balances, December 31</i>	<i>\$503,095</i>	<i>\$433,712</i>	<i>\$18,655</i>	<i>\$1,216,273</i>	<i>\$2,171,735</i>

See accompanying notes to the basic financial statements

**VILLAGE OF PIONEER
WILLIAMS 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>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$4,398,585
Miscellaneous	<u>191,805</u>
<i>Total Operating Cash Receipts</i>	<u>4,590,390</u>
Operating Cash Disbursements:	
Personal Services	601,040
Transportation	5,044
Contractual Services	3,053,184
Supplies and Materials	<u>296,097</u>
<i>Total Operating Cash Disbursements</i>	<u>3,955,365</u>
<i>Operating Income</i>	<u>635,025</u>
Non-Operating Receipts (Disbursements):	
Other Debt Proceeds	632,105
Capital Outlay	(1,918,246)
Principal Retirement	(271,875)
Interest and Other Fiscal Charges	(155,626)
Other Financing Sources	5,998
Other Financing Uses	<u>(5,550)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,713,194)</u>
<i>Loss before Advances</i>	<u>(1,078,169)</u>
Advances In	1,800,000
Advances Out	<u>(3,000,000)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,278,169)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,739,732</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,461,563</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Pioneer, Williams County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides maintenance of Village streets, park operations, police services, a volunteer fire department and electric, water, sewer and refuse utilities. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools and Joint Ventures

The Village participates in an insurance pool, four joint ventures, and a public entity risk pool. These organizations are the Ohio Government Risk Management Plan, the Ohio Municipal Electric Generation Agency Joint Venture2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 4 (JV4), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), and the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6) and Ohio Municipal league Group Rating Plan. These organizations are presented in Notes 7, 12 and 13.

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

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.

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

Economic Development Fund This fund receives grants and revolving loan repayments restricted for economic development activities within the Village.

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American Rescue Plan Fund This fund accounts for federal grants received as part of the American Rescue Plan Act of 2021.

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:

Water/Sewer Debt Service Fund This fund receives property assessments and is used for loan repayments.

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:

Capital Project Fund This fund receives grants and debt proceeds for various capital projects undertaken by 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 fund:

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

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.

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-department level for the General Fund and fund level of control for all other funds, 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.

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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 4.

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 lessor in various leases (as defined by GASB 87) related to copiers under noncancelable leases. Lease disbursements are recognized when they are 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.

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.

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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 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 2022:

<u>Fund</u>	<u>Amount</u>
101 General Fund	(\$345,004)
201 Street Fund	(148,839)
510 Cemetery Fund	(386)
424 Kexon Drive Extension Fund	(373,629)
302 Water/Sewer Debt Service Fund	(19,249)
503 Electric Fund	(5,380,132)
504 Refuse Fund	(9,273)

Contrary to Ohio law, appropriation authority exceeded estimated resources in the following funds for the year ended December 31, 2022:

<u>Fund</u>	<u>Amount</u>
101 General Fund	(\$631,890)
501 Water Fund	(192,888)
502 Sewer Fund	(256,868)

Contrary to Ohio law, Council approved 2022 appropriation modifications after December 16, 2021 were never submitted to and certified by the county budget commission.

Contrary to Ohio law, Council established the K-9 special revenue fund without proper approval.

Contrary to Ohio law, some grant, inside kilowatt hour tax, gasoline excise and motor vehicle license tax receipts were recorded in the wrong fund.

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For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,027,633	\$2,437,009	\$1,409,376
Special Revenue	213,074	385,717	172,643
Debt Service	20,500	50,540	30,040
Capital Projects	4,272,436	1,682,436	(2,590,000)
Enterprise	<u>6,215,896</u>	<u>7,028,493</u>	<u>812,597</u>
Total	<u><u>\$11,749,540</u></u>	<u><u>\$11,584,195</u></u>	<u><u>(\$165,345)</u></u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,122,430	\$2,467,434	(\$345,004)
Special Revenue	361,104	487,266	(126,162)
Debt Service	20,500	39,749	(19,249)
Capital Projects	4,272,436	2,229,837	2,042,599
Enterprise	<u>5,512,555</u>	<u>10,339,310</u>	<u>(4,826,755)</u>
Total	<u><u>\$12,289,025</u></u>	<u><u>\$15,563,596</u></u>	<u><u>(\$3,274,571)</u></u>

Note 5 – 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 and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$2,633,298
Certificates of deposit	<u>1,000,000</u>
Total carrying amount of deposits held in the Pool	<u><u>\$3,633,298</u></u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in Pool)	<u><u>\$61,955</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

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Deposits

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

Note 6 – 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.

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.

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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.

	<u>2022</u>
Assets	\$21,662,291
Liabilities	(\$18,158,351)
Members' Equity	<u>\$3,503,940</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management 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 Village's full-time Police Officers belong 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. 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.

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.

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Note 9 – Postemployment Benefits

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

Note 10 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission (OPWC) Loans	\$473,450	0.00%
Ohio Water Development Authority (OWDA) Loans	5,842,991	2.00-5.45%
AMP Ohio Loan	632,105	1.25%
Total	\$6,948,546	

OPWC Loans – OPWC Loans consist of monies owed to the Ohio Public Works Commission for the following:

2004 Storm Sewer Improvements – This loan is for storm sewer improvements. The term of this loan is 20 years, with final maturity in 2027. This loan is being retired from the Sewer enterprise fund.

2016 First Street Improvements – This loan is for reconstruction on First Street. The term of this loan is 20 years with maturity in 2036. This loan is being retired from the Street and Street Debt Service funds.

2022 North State Street, East Mulberry Street, and Lincoln Street Improvements – This loan is for reconstruction and water and sewer improvements on North State Street, East Mulberry Street, and Lincoln Street. The term of this loan is 20 years with maturity in 2042. This loan is being retired from the Street, Street Debt Service, Water/Sewer Debt Service, and Sewer funds.

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2022 South State Street Improvements – This loan is for reconstruction and water and sewer improvements on South State Street. The term of this loan is 20 years with maturity in 2042. This loan is being retired from the Street and Street Debt Service funds.

OWDA Loans - OWDA loans represents amounts borrowed from the Ohio Water Development Authority for the following:

2009 Waterline and Storm Sewer Reconstruction – This loan is for waterline and storm sewer reconstruction. The term of this loan is 30 years, with final maturity in 2040. This loan is being retired from the water and sewer enterprise funds.

2010 Water Tower Construction – This loan is for construction of a new water tower. The term of this loan is 30 years, with maturity in 2040. This loan is being retired from the water and sewer enterprise funds.

2018 Water, Sewer and Storm Sewer Reconstruction – This loan is for waterline, sewer and storm sewer reconstruction of T&W Parkway. The term of this loan is 25 years, with maturity in 2044. This loan is being retired from the general fund, street construction, maintenance and repair special revenue fund, water and sewer enterprise funds.

AMP Ohio Loan – On November 23, 2021 the Village obtained a loan from AMP Ohio to finance the construction and installation of a new substation and transmission line for the municipal electric system in the industrial park, in the amount of \$3,950,000. An amortization schedule is not available. This is a line of credit.

Amortization

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

Year ending December 31:	OWDA Loans	OPWC Loans
2023	\$631,994	\$31,513
2024	210,665	31,513
2025	421,329	31,513
2026	421,329	31,513
2027	421,329	31,513
2028-2032	2,106,645	121,133
2033-2037	2,106,645	113,502
2038-2042	1,350,516	81,250
2043-2044	225,862	
Total	<u><u>\$7,896,314</u></u>	<u><u>\$473,450</u></u>

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Note 11 – Construction and Contractual Commitments

The Kexon Drive Extension Project is expected to be completed in 2023 at an expected cost of \$1,617,557. As of December 31, 2022, the Village had expensed \$793,462. The remaining costs were not encumbered in the 2022 financial statements.

The Village will take delivery of two MVA transformers at an expected cost of \$1,091,390. As of December 31, 2022, the Village had expended \$217,478. The remaining costs were not encumbered in the 2022 financial statements.

The Village will take delivery of nine power circuit breakers at an expected cost of \$199,554. These costs were encumbered in the Electric Fund in the 2022 financial statements.

The North Substation Control Building System project is expected to be completed in 2023 at an expected cost of \$554,036. These costs were encumbered in the Electric Fund in the 2022 financial statements.

Note 12 – Joint Ventures

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

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of 0.86% 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.

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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, 2022, (latest information available) there was no outstanding debt. The Village's net investment in OMEGA JV2 was a deficit of \$8,879 at December 31, 2022. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2022 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	95.20 %	127,640		4.80%	6,441
Grand Total		100%			134,081

Ohio Municipal Electric Generation Agency Joint Venture 4 (OMEGA JV4)

The Village is a Financing Participant with an ownership percentage of 30%, and shares participation with three other subdivisions within the State of Ohio in a joint venture to oversee construction and operation of a 69 kilowatt transmission line in Williams County, the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV4).

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OMEGA JV4 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated, by agreement to remit on a monthly basis those cost incurred from using electric generated by the joint venture. In the event of a shortfall, the Joint Venture participants are billed for their respective shares of the estimated shortfall. ONEGA JV4 has no debt.

The Villages net investment in JV4 was \$416,955 at December 31, 2022. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at www.auditor.state.ohio.us.

The four participating subdivisions and their respective ownership shares at December 31, 2022 are: Participant Percent Project Ownership and Entitlement Bryan 42% Pioneer 30% Montpelier 25% Edgerton 3% Total 100%.

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

The Village is a Financing Participant with an ownership percentage of .76%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the Village has met its 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.

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In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the “Belleville Project,” a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia and an associated transmission line in Ohio owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Projects runs through August 31, 2039. As of December 31, 2019 (latest information available) \$37,982,680 of the 2001 Belleville Beneficial Interest Certificates (2001 BICs) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the JV5 Note). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the 2016 BICs) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BIC's were redeemed in whole on February 15, 2021 with draw on the Line of Credit which is evidenced by a subordinated note (the 2021 JV5 Note). This note was paid in full in the first quarter of 2022.

The Village’s net investment to date in OMEGA JV5 was \$22,708 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The Village is a Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green Ohio. AMP is responsible for the operation of the JV6 assets. OMEGA JV6 has no debt outstanding.

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For the Year Ended December 31, 2022

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) 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 JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share (Step Up Power).

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The Village's net investment to date in OMEGA JV6 was \$38,025 at December 31, 2022. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The ten participating subdivisions and their respective ownership shares at December 31, 2022 are:

Participant	KW Amount	% of Financing
Bowling Green	3,075	56.94%
Cuyahoga Falls	1,350	25.00%
Napoleon	225	4.17%
Oberlin	187.5	3.47%
Wadsworth	187.5	3.47%
Edgerton	75	1.39%
Elmore	75	1.39%
Montpelier	75	1.39%
Pioneer	75	1.39%
Monroeville	75	1.39%
Total	5,400	100.00%

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

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 14 – Related Party Transactions

The Village purchased various items in the amount of \$11,828 from Pioneer Hometown Hardware, which is owned by Councilman Will Cable. The Village purchased various items in the amount of \$45 from Artesian of Pioneer which is both owned by Mayor Ed Kidston. The transactions were approved at arm's length, with full knowledge of Village officials. The Mayor and Councilman did not take part in the deliberation of decision by Village officials with respect to the transactions.

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
Outstanding Encumbrances	<u>\$ 75,660</u>

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, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – 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 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

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

	<u>2022</u>
Total Fund Cash Balance	(\$334,307)
Total Long-Term Debt	632,105
Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$3,544,792
Other Operating Receipts	144,691
Total Operating Receipts	<u>3,689,483</u>
Operating Expenses	
Personal Services	374,737
Transportation	5,044
Contractual Services	2,883,880
Supplies and Materials	212,578
Total Operating Expenses	<u>3,476,238</u>
Operating Income	213,245
Nonoperating Receipts (Disbursements)	
Other Debt Proceeds	632,105
Capital Outlay	(439,844)
Principal Payments	(68,117)
Other Nonoperating Receipts (Disbursements)	(12,122)
Advances Out	(3,000,000)
Change in Fund Cash Balance	(2,674,733)
Beginning Fund Cash Balance	2,340,426
Ending Fund Cash Balance	<u><u>(\$334,307)</u></u>

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

Condensed Cash Flows Information:	2022
Net Cash Provided by:	
Operating Activities	\$213,245
Noncapital Financing Activities	
Principal Payments on Noncapital Debt	(68,117)
Other Noncapital Financing Activities	<u>(3,012,122)</u>
Net Cash Used by Noncapital Financing Activities	(3,080,239)
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	632,105
Other Capital and Related Financing Activities	<u>(439,844)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	192,261
Net Decrease	(2,674,733)
Beginning Fund Cash Balance	<u>2,340,426</u>
Ending Fund Cash Balance	<u><u>(\$334,307)</u></u>

Note 17 – Long Term Purchase Commitments

Prairie State Energy Campus (PSEC)

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “*PSEC Ownership Interest*”) in the Prairie State Energy Campus (*PSEC*), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW 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. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the *Initial Prairie State Bonds*) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the *Prairie State Refunding Bonds* and, together with the Initial Prairie State Bonds, the *Prairie State Bonds*) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of July 1, 2022, AMP had \$1,380,660,000 aggregate principal amount of Prairie State Bonds outstanding (latest information available).

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. The capacity factor for the Prairie State Energy Campus for the fiscal year ending December 31, 2020 was 81.4%.

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

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 995 kW or 0.27% of capacity and associated energy from the PSEC.

American Municipal Power Generating Station Project

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 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 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, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 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 \$170,719. The Village received a credit of \$56,955 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$115,022 leaving a net credit balance of impaired cost estimate of \$46,483. The Village opted to leave the credit balance with AMP to offset any additional costs in the future.

Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's credit balance. These amounts will be recorded as they become estimable.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,076, and interest credited to the Village has been \$3,062, resulting in a net credit balance at December 31, 2022 of \$21,732. The Village does have a potential PHFU Liability of \$26,323 resulting in a net total potential liability of \$4,591, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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.

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

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 \$2,483,845,000 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 July 1, 2021, \$2,120,512,059 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$10.7 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds (latest information available).

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio 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. In the lawsuit, AMP alleges, 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. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP’s claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 999 kW or 0.48% of capacity and associated energy from the Combined Hydroelectric facilities.

AMP Fremont Energy Center (AFEC) (87 Members)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AFEC has a capacity of 512 MW (unfired)/675MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

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

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “2012 AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “AFEC Refunding Bonds” and, together with the 2012 AFEC Bonds, the “AFEC Bonds”) to refund a portion of the 2012 AFEC Bonds. As of July 1, 2022, \$410,696,664 aggregate principal amount of AFEC Bonds was outstanding (latest information available).

In April 2021, AMP executed a Gas Supply Contract (the “Gas Supply Contract”) with Tenenergy Corporation (“Tenenergy”) under the terms of which Tenenergy will provide a portion of the natural gas made available to Tenenergy under the terms of a Prepaid Natural Gas Sales Agreement (“Prepaid Natural Gas Sales Agreement”) between Tenenergy and a subsidiary of Morgan Stanley. Under the Gas Supply Contract, AMP receives the benefit of a discount from market index gas priced.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 530 kW or .11% of capacity and associated energy from the AFEC.

Note 18 – Miscellaneous Receipts

Special revenue miscellaneous receipts primarily consisted of donations, insurance claims, and cemetery foundation orders.

Note 19 – Contingent Liabilities

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

Note 20 – Restatement of Fund Balances

The Village restated beginning balances to properly report Capital Project fund activity as of January 1, 2022 and it had the following effect on beginning fund balances: This change in fund classifications had the following effect on fund balances previously reported for the year ended December 31, 2021:

					Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Fund Cash Balances, January 1, 2022	\$ 272,960	\$ 535,261	\$ 7,864	\$ 1,948,574	\$ 2,764,659
Adjustment	184,900	-	-	(184,900)	-
Restated fund balance at January 1, 2023	<u>\$ 457,860</u>	<u>\$ 535,261</u>	<u>\$ 7,864</u>	<u>\$ 1,763,674</u>	<u>\$ 2,764,659</u>

Note 21 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$3,000,000 advanced from the Electric Fund to the General, Water, and Sewer Funds in the amount of \$1,200,00, \$900,000, and \$900,000, respectively, to provide working capital for infrastructure improvement projects.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 133,485
<i>Passed Through Ohio Department of Development</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1956A1-181165	217,436
Total U.S. Department of Treasury			<u>350,921</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Williams County</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-X-20-1DA-1	490,000
Total U.S. Department of Housing and Urban Development			<u>490,000</u>
Total Expenditures of Federal Awards			<u>\$ 840,921</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Pioneer, Williams County, Ohio (the Village) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Village of Pioneer
Williams County
409 South State Street
Pioneer, Ohio 43554-9657

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (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 year ended December 31, 2022 and the related notes to the financial statements of the Village of Pioneer, Williams County, Ohio (the Village) and have issued our report thereon dated January 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the Village restated beginning fund balances to properly report grant activity.

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 purposes 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings as item 2022-001 to be a material weakness.

Village of Pioneer
Williams County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-004 and 2022-005 to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-002 through 2022-005.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

January 28, 2025



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Columbus, Ohio 43215
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800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Village of Pioneer
Williams County
409 South State Street
Pioneer, Ohio 43554-9657

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Village of Pioneer, Williams County, Ohio's (the Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of Pioneer's major federal program for the year ended December 31, 2022. The Village of Pioneer's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of Pioneer complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Village of Pioneer
Williams County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2025

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**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program - AL #14.228
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

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 identified for the year ended December 31, 2022:

- School resource officer contract receipts were improperly reported as miscellaneous receipts instead of intergovernmental receipts in the General Fund in the amount of \$22,706.
- Ohio Water Development Authority (OWDA) grant receipts in the General Fund were improperly reported as miscellaneous receipts instead of intergovernmental receipts in the amount of \$129,997.
- Community Development Block Grant (CDBG) on-behalf-of transaction for a pump station project was improperly reported as other financing sources instead of intergovernmental receipts in the Economic Development Fund in the amount of \$100,000.
- State grants for police training were improperly reported as miscellaneous receipts instead of intergovernmental receipts in the CPT Training Fund in the amount of \$1,792.
- Salaries were improperly reported as debt service, redemption of principal instead of transportation disbursements in the Street Fund in the amount of \$4,315.
- OWDA on-behalf-of credit enhancement interest payments were not recorded resulting in an understatement of intergovernmental receipts and debt service, interest and other fiscal charges in the Water/Sewer Debt Service Fund in the amount of \$24,020.
- Ohio Public Works Commission (OPWC) on-behalf-of transactions for the North and South State Street projects were not recorded resulting in an understatement of intergovernmental receipts, loan proceeds, and capital outlay in the Capital Projects Fund in the amount of \$1,140,000, \$325,000, and \$1,465,000, respectively.
- Electric utility receipts from American Municipal Power (AMP) were improperly reported as miscellaneous receipts instead of charges for services in the Electric Fund in the amount of \$42,762.
- Appropriation authority in the budgetary activity note to the financial statements was understated in the General fund and overstated in the Enterprise fund in the amounts of \$53,011 and \$5,854,648, respectively.
- Budgeted expenditures in the budgetary activity note to the financial statements were understated in the General and Enterprise fund types in the amounts of \$75,660 and \$1,032,649, respectively.

These errors were not identified or corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate the Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and members of the Village Council, to help identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village had the following funds with expenditures in excess of appropriations as of December 31, 2022:

- General Fund (\$345,004)
- Street Fund (\$148,839)
- Cemetery Fund (\$386)
- Kexon Drive Extension Fund (\$373,629)
- Water/Sewer Debt Service Fund (\$19,249)
- Electric Fund (\$5,380,132)
- Refuse Fund (\$9,273)

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-003

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022 the Village had the following funds in which appropriations exceeded the amount certified as available by the budget commission:

- General Fund (\$631,890)
- Water Fund (\$192,888)
- Sewer Fund (\$256,868)

In addition, Council approved appropriation modifications for 2022 subsequent to permanent appropriations approved December 16, 2021 were never filed and certified by the county auditor.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Council to reduce the appropriations.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-004

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.09 describes the funds that each subdivision is required to establish. **Ohio Rev. Code § 5705.12** states that in addition to the funds provided for by sections 5705.09, 5705.121, 5705.13, and 5705.131 of the Revised Code, the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the auditor of state, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds. The auditor of state shall consult with the tax commissioner before approving such.

Due to inadequate controls over the establishment of funds, the Village established the K-9 fund during 2022 without formal approval from Council or the auditor of state. The Village's intent was to obtain restricted donations and grants to pay costs related to the police department's newly formed K-9 unit. The fund had donations of \$20,100 and no cash disbursements for the year ended December 31, 2022. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement. Failure to record activity in a separate fund could lead to disbursements of donation for purposes other than those intended.

The Village officials should establish funds only when permissible under the Code and seek the Auditor of State's permission to establish funds not explicitly allowed.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-005

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due of inadequate controls over recording revenues, the following errors were identified for the year ended December 31, 2022:

- Ohio Water Development Authority (OWDA) grant receipts of \$29,332 were improperly recorded in the General Fund. Given the source of the revenues and the funds from which the reimbursed disbursements were made, these should have been recorded in the Street Fund.
- Electric charges for services receipts of \$29,472 were improperly recorded in the General Fund. Given the source of the revenues these should have been recorded in the Electric Fund.
- Gasoline excise and motor vehicle licenses taxes of \$552 were improperly recorded in the Street Fund. Given the source of the revenue, this should have been recorded in the State Highway Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2022-006

Finding for Recovery Repaid Under Audit

Elizabeth Kidston was the Village's fiscal officer from January 22, 2022 through August 31, 2023. During 2022, several federal tax, state tax, Ohio Public Employees Retirement System (OPERS) contributions, Ohio Police and Fire Pension (OP&F) contributions, and kilowatt-hour tax remittances and required reporting were not made timely.

State Tax:

Ohio Rev. Code § 5747.06(A) provides every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payments of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as a result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation of the benefit of, the employee.

State tax withholdings for the months of July, August, October, November, and December 2022 were not remitted by their due dates, resulting in the assessment of interest in the amount of \$38.59.

Ohio Police and Fire Pension Fund:

Ohio Rev. Code § 742.32(A) states, that the fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section 742.31 of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period.

The Ohio Police and Fire Pension Fund (OP&F) assessed and the Village paid penalties in the amount of \$950.00, due to failures to properly remit OP&F pension withholdings.

Ohio Public Employees Retirement System:

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

The Ohio Public Employees Retirement System (OPERS) assessed and the Village paid penalties in the amount of \$270.67, due to failures to properly remit OPERS pension withholdings.

Kilowatt-hour Tax:

Ohio Rev. Code § 5727.82(A)(3) provides, in part, that if the electric distribution company required to pay the tax imposed by section 5727.81 of the Revised Code is a municipal electric company, it may retain in its general fund that portion of the tax on the kilowatt hours distributed to end users located within the boundaries of the municipal corporation. However, the municipal electric utility shall make payment in accordance with division (A)(1) of this section of the tax due on the kilowatt hours distributed to end users located outside the boundaries of the municipal corporation.

Ohio Rev. Code § 5727.82(A)(1) provides, in part, that by the twentieth day of each month, each electric distribution company required to pay the tax imposed by section 5727.81 of the Revised Code shall file with the tax commissioner a return as prescribed by the tax commissioner and shall make payment of the full amount of tax due for the preceding month. The electric distribution company shall make payment to the tax commissioner unless required to remit the payment electronically as provided in section 5727.83 of the Revised Code.

Ohio Rev. Code § 5727.82(B) provides any electric distribution company required by this section to file a return who fails to file it and pay the tax within the period prescribed shall pay an additional charge of fifty dollars or ten per cent of the tax required to be paid for the reporting period, whichever is greater. The tax commissioner may collect the additional charge by assessment pursuant to section 5727.89 of the Revised Code.

Kilowatt-hour tax returns and remittances for the months of January, March, May, July, August, November, and December 2022 were not remitted by their due dates, resulting in the assessment of late fees in the amount of \$350.00.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issue against Elizabeth Kidston, former fiscal officer, in the amount of \$1,609.26, and in favor of the Village of Pioneer, General and Electric Funds, in the amount of \$1,259.26 and \$350.00, respectively.

Village Council should establish procedures to verify withholdings and payments are made in a timely manner to avoid interest and penalties delinquent submissions. Failure to do so could result in potential findings for recovery being issued in future audits.

On December 13, 2024, Elizabeth Kidston issued a check to the Village of Pioneer in the amount of \$1,609.26.

Officials' Response:

See Corrective Action Plan.

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VILLAGE OF PIONEER

409 S. STATE STREET

PIONEER, OH 43554

PHONE: (419)737-2614

FAX: (419)737-2066

www.villageofpioneer.com

MAYOR

Edward A. Kidston

COUNCIL

Randy Cochran President

Alan Fiser

Ben Fiser

Dean Frisbie

Joseph Nickloy

Trevor West

ADMINISTRATOR

Anthony Burnett

FISCAL OFFICER

Nikki Mittelstaedt

UTILITIES CLERK

Joie Henry

POLICE CHIEF

Tim Livengood

FIRE CHIEF

Rodger Swank

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first issued in the 2019-2018 audit. Material weakness due to financial statement reporting errors.	Not corrected and repeated as Finding 2022-001 in this report.	Additional errors occurred which were not reported by management. Management is aware and understands the importance of properly reporting funds and will ensure that future errors are identified and properly reported.
2021-002	Finding was first issued in the 2021-2020 audit. Ohio Rev. Code § 5705.10 (E) for failure to record debt proceeds into a special fund.	Corrective action taken and finding is fully corrected.	
2021-003	Finding was first issued in the 2021-2020 audit. Ohio Rev. Code § 5705.10 (F) for failure to record sale of assets into a special fund.	Corrective action taken and finding is fully corrected.	

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2022

Finding Number:	2022-001
Planned Corrective Action:	Management is aware and understands the importance of the information presented on the financial statements and will ensure the financial statements are properly presented.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer
Finding Number:	2022-002
Planned Corrective Action:	Management is aware and understands the importance of properly approving, recording, and monitoring budgetary compliance.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer
Finding Number:	2022-003
Planned Corrective Action:	Management is aware and understands the importance of properly approving, filing, recording, and monitoring budgetary compliance.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer
Finding Number:	2022-004
Planned Corrective Action:	Management is aware and understands the importance of fund establishment requirements.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer
Finding Number:	2022-005
Planned Corrective Action:	Management is aware and understands the importance of properly posting restricted receipts to appropriate funds.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer

Finding Number:	2022-006
Planned Corrective Action:	Management is aware and understands the importance of properly reporting and remitting tax and pension withholdings and related employer contributions.
Anticipated Completion Date:	December 31, 2024
Responsible Contact Person:	Nikki Mittelstaedt, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PIONEER

WILLIAMS 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 2/13/2025

65 East State 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