



Mary Taylor, CPA
Auditor of State

VILLAGE OF PIONEER
WILLIAMS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Pioneer, Williams County, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pioneer, Williams County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General and Economic Development funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

August 30, 2010

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED

The discussion and analysis of the Village of Pioneer's (the Village) financial performance provides an overview of the Village's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the Village's financial performance as a whole, within the limitations of the cash basis of accounting.

Highlights

Highlights for 2008 are as follows:

In total, the Village's net assets increased almost 7 percent from the prior year; governmental activities decreased almost 19 percent and business-type activities increased 16 percent.

General receipts accounted for 82 percent of total receipts for governmental activities and reflect the Village's significant dependence on property and income taxes.

Of the Village's major enterprise funds, the Sewer fund had an operating loss due to the retirement of debt, while the Electric fund reflected an operating income. Both funds reflect positive net assets at year end.

Using this Annual Report

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

The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the Village's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds, with all other nonmajor funds presented in total in a single column. The Village's major funds are the General, Economic Development, Sewer, and Electric funds.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at fiscal year end. The statement of activities compares cash disbursements with program receipts for each department of the Village's governmental and business-type activities. Program receipts include charges paid by the recipient of the

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)

program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each department draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Factors which contribute to these changes may also include the Village's property tax base and other factors.

In the statement of net assets and the statement of activities, the Village is divided into two distinct types of activities:

Governmental Activities - Most of the Village's programs and services are reported here including security of persons and property, public health, leisure time activities, community environment, basic utility services, transportation, and general government. These services are funded primarily by taxes and intergovernmental receipts, including federal and state grants and other shared receipts.

Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The Village's sewer, electric, water, and refuse services are reported here.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, the General, Economic Development, Sewer, and Electric funds. While the Village uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The Village's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the Village's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services being provided.

Proprietary Funds - Enterprise funds are used to report the operating activity of the business-type activities on the government-wide financial statements.

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)

Government-Wide Financial Analysis

Table 1 provides a summary of the Village's net assets for 2008 and 2007.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Current and Other Assets	\$543,677	\$667,225	\$2,082,797	\$1,793,618	\$2,626,474	\$2,460,843
<u>Net Assets</u>						
Restricted	\$432,206	\$541,381			\$432,206	\$541,381
Unrestricted	111,471	125,844	\$2,082,797	\$1,793,618	2,194,268	1,919,462
Total Net Assets	\$543,677	\$667,225	\$2,082,797	\$1,793,618	\$2,626,474	\$2,460,843

Net assets for governmental activities decreased by \$123,548, or almost 19 percent. While total receipts increased slightly and disbursements decreased slightly, disbursements exceeded receipts again in 2008 resulting in the decrease in net assets.

Net assets for business-type activities increased 16 percent. Although there was an 11 percent increase in overall receipts, overall disbursements increased 22 percent; however, because receipts continued to exceed disbursements, there was an increase in net assets.

Table 2 reflects the change in net assets for 2008 and 2007.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$105,112	\$72,490	\$3,451,362	\$3,327,862	\$3,556,474	\$3,400,352
Operating Grants, Contributions, and Interest	81,950	85,964			81,950	85,964
Total Program Receipts	187,062	158,454	3,451,362	3,327,862	3,638,424	3,486,316

(continued)

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)

Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Receipts</u> (continued)						
General Receipts						
Property Taxes Levied for						
General Purposes	\$68,110	\$71,516			\$68,110	\$71,516
Municipal Income Taxes	401,110	387,034			401,110	387,034
Other Local Taxes	146,132	140,316			146,132	140,316
Grants and Entitlements	135,161	112,044			135,161	112,044
Franchise Fees	904	977			904	977
Interest	59,597	111,376	\$2,183		61,780	111,376
Notes Issued				\$200,000		200,000
Miscellaneous	37,931	36,350	12,412		50,343	36,350
Proceeds from OPWC				104,499		104,499
Proceeds from AMP-Ohio			566,056		566,056	
Total General Receipts	848,945	859,613	580,651	304,499	1,429,596	1,164,112
Total Receipts	1,036,007	1,018,067	4,032,013	3,632,361	5,068,020	4,650,428
<u>Program Disbursements</u>						
Security of Persons and Property	412,969	332,884			412,969	332,884
Public Health	9,989	9,375			9,989	9,375
Leisure Time Activities	32,529	99,946			32,529	99,946
Community Environment	167,741	72,482			167,741	72,482
Basic Utility Services	25,255	166,422			25,255	166,422
Transportation	240,781	240,077			240,781	240,077
General Government	225,491	211,824			225,491	211,824
Debt Service:						
Principal Retirement	33,957	65,878			33,957	65,878
Interest and Fiscal Charges	10,843	6,586			10,843	6,586
Sewer			463,593	390,303	463,593	390,303
Electric			3,046,760	2,481,294	3,046,760	2,481,294
Water			162,037	142,736	162,037	142,736
Refuse			70,444	59,184	70,444	59,184
Total Disbursements	1,159,555	1,205,474	3,742,834	3,073,517	4,902,389	4,278,991
Increase (Decrease) in Net Assets Before Advances	(123,548)	(187,407)	289,179	558,844	165,631	371,437
Advances		104,499		(104,499)		
Change in Net Assets	(123,548)	(82,908)	289,179	454,345	165,631	371,437
Net Assets at Beginning of Year	667,225	750,133	1,793,618	1,339,273	2,460,843	2,089,406
Net Assets at End of Year	\$543,677	\$667,225	\$2,082,797	\$1,793,618	\$2,626,474	\$2,460,843

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)

For governmental activities, receipts were comparable to the prior year with an overall increase of less than 2 percent. Disbursements decreased almost 4 percent from the prior year, which was not significant; however, there were several changes worth noting. Disbursements for security of persons and property increased due to adding an additional full-time officer and purchasing some computer software, firearms/holsters, and a cruiser. The leisure time activities disbursements decreased due to a reduction in staff. Disbursements increased in the community environment program due to a new revolving loan. In the prior year, there were more capital related projects in the basic utilities program.

For business-type activities, receipts increased 11 percent, in part, due to additional loan proceeds from AMP-Ohio. With the exception of the Electric Fund, disbursements remained fairly comparable to the prior year. Disbursements increased in the Electric Fund as loan proceeds were spent on the construction and installation of the new substation and transmission lines.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted intergovernmental receipts.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Security of Persons and Property	\$412,969	\$332,884	\$355,623	\$297,395
Public Health	9,989	9,375	(1,929)	(784)
Leisure Time Activities	32,529	99,946	32,529	99,946
Community Environment	167,741	72,482	153,986	57,262
Basic Utility Services	25,255	166,422	25,255	166,422
Transportation	240,781	240,077	144,317	146,483
General Government	225,491	211,824	217,912	207,832
Debt Service:				
Principal Retirement	33,957	65,878	33,957	65,878
Interest and Fiscal Charges	10,843	6,586	10,843	6,586
Total Disbursements	<u>\$1,159,555</u>	<u>\$1,205,474</u>	<u>\$972,493</u>	<u>\$1,047,020</u>

As can be seen in the above table, the Village is very dependent on its general receipts (primarily income taxes and unrestricted intergovernmental receipts) to pay for the services provided. For 2008, 84 percent of these services were provided through general receipts. However, note that a couple of the programs are well funded through program receipts. The public health program had program receipts in excess of disbursements for both 2008 and 2007. This is due to charges for services provided. The transportation program receives operating grants in the form of State levied motor vehicle license fees and gas taxes.

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)

Governmental Funds Financial Analysis

The Village's major governmental funds are the General Fund and Economic Development special revenue fund. The General Fund had an 11 percent decrease in fund balance. Receipts decreased in 2008, primarily interest receipts, a reflection of the declining economic conditions. Disbursement also decreased for reasons identified earlier (reduction of staff in the leisure time program, fewer basic utility capital projects). The Economic Development special revenue fund also had a decrease in fund balance. There was no activity in this fund in the prior year. In 2008, a new revolving loan was provided to a local business.

Business-Type Activities Financial Analysis

The Village's major enterprise funds are the Sewer and Electric funds. The Sewer fund had an operating loss again for 2008, due to principal retirement. The Electric fund had an operating income as well as an increase in net assets. There was an increase in receipts as well as disbursements as the Village obtained and spent loan proceeds for the construction and installation of a new substation and transmission lines.

Budgetary Highlights

The Village prepares an annual budget of receipts and disbursements for all funds of the Village for use by Village officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The Village's most significant budgeted fund is the General Fund. There was no change from the original budget to the final budget for receipts or disbursements. For receipts, the change from the final budget to actual receipts was not significant. The change from the final budget to actual disbursements was a decrease of almost 12 percent, or a little over \$120,000. The biggest changes were in security of persons and property, due to budgeted disbursements for equipment and capital outlay in the fire department not being spent, and leisure time activities changed due to personnel being moved to other departments.

Debt Activity

The Village had \$3,239,302 in outstanding long term obligations at year end, \$157,921 was payable from governmental type activities and \$3,081,381 from business type activities. See Note 12 to the financial statement for additional information.

Current Issues

During 2009, there have been some personnel changes at the Village. The personnel changes have occurred in the positions of Police Chief, Village Administrator, and Street Supervisor.

The Village has accepted bids to improve six streets within the Village, which will also include new water and sewer lines.

There have been some layoffs at the businesses in the Village which will affect the income tax revenue stream in the coming months.

The Village is paying a little less for health insurance this year, due to adjustments being made in deductibles and co-pay amounts.

Request for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Robert Dearing, Fiscal Officer, 409 South State Street, Pioneer, Ohio 43554-9657.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Net Assets
Cash Basis
December 31, 2008**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$543,677	\$2,076,381	\$2,620,058
Cash and Cash Equivalents with Fiscal Agent		6,416	6,416
	<u>\$543,677</u>	<u>6,416</u>	<u>6,416</u>
Total Assets	<u>\$543,677</u>	<u>\$2,082,797</u>	<u>\$2,626,474</u>
<u>Net Assets</u>			
Restricted for			
Debt Service	\$54,921		54,921
Economic Development	108,857		108,857
Other Purposes	212,569		212,569
Cemetery Trust			
Expendable	55,859		55,859
Unrestricted	<u>111,471</u>	<u>\$2,082,797</u>	<u>2,194,268</u>
Total Net Assets	<u>\$543,677</u>	<u>\$2,082,797</u>	<u>\$2,626,474</u>

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Activities
Cash Basis
For the Year Ended December 31, 2008**

	<u>Program Revenues</u>		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	
<u>Governmental Activities</u>			
Security of Persons and Property	\$412,969	\$57,346	
Public Health	9,989	11,735	\$183
Leisure Time Activities	32,529		
Community Environment	167,741	13,755	
Basic Utility Services	25,255		
Transportation	240,781	14,697	81,767
General Government	225,491	7,579	
Debt Service:			
Principal Retirement	33,957		
Interest and Fiscal Charges	10,843		
Total Governmental Activities	1,159,555	105,112	81,950
<u>Business-Type Activities</u>			
Sewer	463,593	242,170	
Electric	3,046,760	2,996,030	
Other Enterprise			
Water	162,037	160,449	
Refuse	70,444	52,713	
Total Business-Type Activities	3,742,834	3,451,362	
Total	\$4,902,389	\$3,556,474	\$81,950

General Revenues

Property Taxes Levied for General Purposes
Municipal Income Taxes
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Franchise Fees
Interest
Miscellaneous
Proceeds of AMP-Ohio Loan

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$355,623)		(\$355,623)
1,929		1,929
(32,529)		(32,529)
(153,986)		(153,986)
(25,255)		(25,255)
(144,317)		(144,317)
(217,912)		(217,912)
(33,957)		(33,957)
(10,843)		(10,843)
(972,493)		(972,493)
	(\$221,423)	(221,423)
	(50,730)	(50,730)
	(1,588)	(1,588)
	(17,731)	(17,731)
	(291,472)	(291,472)
(972,493)	(291,472)	(1,263,965)
68,110		68,110
401,110		401,110
146,132		146,132
135,161		135,161
904		904
59,597	2,183	61,780
37,931	12,412	50,343
	566,056	566,056
848,945	580,651	1,429,596
(123,548)	289,179	165,631
667,225	1,793,618	2,460,843
\$543,677	\$2,082,797	\$2,626,474

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008**

	General	Economic Development	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$111,471	\$108,857	\$323,349	\$543,677
<u>Fund Balances</u>				
Reserved for Encumbrances	1,165			\$1,165
Unreserved, Reported in				
General Fund	110,306			110,306
Special Revenue Funds		108,857	212,569	321,426
Debt Service Fund			54,921	54,921
Permanent Fund			55,859	55,859
Total Fund Balances	\$111,471	\$108,857	\$323,349	\$543,677

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008**

	General	Economic Development	Other Governmental	Total Governmental Funds
<u>Cash Receipts</u>				
Property Taxes	\$68,110			\$68,110
Income Taxes	401,110			401,110
Other Local Taxes	146,132		\$3,853	149,985
Intergovernmental	124,559		86,549	211,108
Special Assessments			10,844	10,844
Charges for Services	61,136		11,735	72,871
Fees, Licenses, and Permits	1,244			1,244
Fines and Forfeitures	7,239		9,965	17,204
Interest	59,597		6,003	65,600
Miscellaneous	21,933	\$13,789	2,209	37,931
Total Cash Receipts	891,060	13,789	131,158	1,036,007
<u>Cash Disbursements</u>				
Current:				
Security of Persons and Property	409,780		3,189	412,969
Public Health	8,682		1,307	9,989
Leisure Time Activities	32,529			32,529
Community Environment	67,741	100,000		167,741
Basic Utility Services	25,255			25,255
Transportation	135,955		104,826	240,781
General Government	225,491			225,491
Debt Service:				
Principal Retirement			33,957	33,957
Interest and Fiscal Charges			10,843	10,843
Total Cash Disbursements	905,433	100,000	154,122	1,159,555
Changes in Fund Balances	(14,373)	(86,211)	(22,964)	(123,548)
Fund Balances at Beginning of Year	125,844	195,068	346,313	667,225
Fund Balances at End of Year	<u>\$111,471</u>	<u>\$108,857</u>	<u>\$323,349</u>	<u>\$543,677</u>

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Cash Receipts</u>				
Property Taxes	\$69,898	\$69,898	\$68,110	(\$1,788)
Income Taxes	387,000	387,000	401,110	14,110
Other Local Taxes	140,000	140,000	146,132	6,132
Intergovernmental	120,282	120,282	124,559	4,277
Charges for Services	43,000	43,000	61,136	18,136
Fees, Licenses, and Permits	500	500	1,244	744
Fines and Forfeitures	3,200	3,200	7,239	4,039
Interest	109,000	109,000	59,597	(49,403)
Miscellaneous	18,000	18,000	21,933	3,933
Total Cash Receipts	890,880	890,880	891,060	180
<u>Cash Disbursements</u>				
Current:				
Security of Persons and Property	458,980	458,980	409,780	49,200
Public Health	8,514	8,514	8,682	(168)
Leisure Time Activities	89,752	89,752	32,529	57,223
Community Environment	76,380	76,380	67,793	8,587
Basic Utility Services	27,547	27,547	25,255	2,292
Transportation	151,858	151,858	135,955	15,903
General Government	214,014	214,014	226,604	(12,590)
Total Cash Disbursements	1,027,045	1,027,045	906,598	120,447
Changes in Fund Balance	(136,165)	(136,165)	(15,538)	120,627
Fund Balance at Beginning of Year	125,844	125,844	125,844	
Fund Balance (Deficit) at End of Year	<u>(\$10,321)</u>	<u>(\$10,321)</u>	<u>\$110,306</u>	<u>\$120,627</u>

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Cash Receipts</u>				
Miscellaneous			\$13,789	\$13,789
<u>Cash Disbursements</u>				
Current:				
Community Environment	\$50,000	\$150,000	100,000	(50,000)
Changes in Fund Balance	(50,000)	(150,000)	(86,211)	63,789
Fund Balance at Beginning of Year	195,068	195,068	195,068	
Fund Balance at End of Year	<u>\$145,068</u>	<u>\$45,068</u>	<u>\$108,857</u>	<u>\$63,789</u>

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Fund Net Assets
Cash Basis
Enterprise Funds
December 31, 2008**

	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$208,310	\$1,790,897	\$77,174	\$2,076,381
Cash and Cash Equivalents with Fiscal Agent		6,416		6,416
Total Assets	<u>\$208,310</u>	<u>\$1,797,313</u>	<u>\$77,174</u>	<u>\$2,082,797</u>
<u>Net Assets</u>				
Unrestricted	<u>\$208,310</u>	<u>\$1,797,313</u>	<u>\$77,174</u>	<u>\$2,082,797</u>

See Accompanying Notes to the Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Cash Basis
Enterprise Funds
For the Year Ended December 31, 2008**

	Sewer	Electric	Other Enterprise	Total Enterprise Funds
<u>Operating Revenues</u>				
Charges for Services	\$242,170	\$2,996,030	\$213,162	\$3,451,362
Miscellaneous		12,412		12,412
Total Operating Revenues	242,170	3,008,442	213,162	3,463,774
<u>Operating Expenses</u>				
Personal Services	159,491	228,025	70,270	457,786
Transportation		10,458	81	10,539
Contractual Services	25,993	1,914,635	87,495	2,028,123
Materials and Supplies	23,456	55,968	30,659	110,083
Capital Outlay	8,903	685,720	9,207	703,830
Miscellaneous		9,421		9,421
Debt Service:				
Principal Retirement	237,595	10,231	27,419	275,245
Total Operating Expenses	455,438	2,914,458	225,131	3,595,027
Operating Income (Loss)	(213,268)	93,984	(11,969)	(131,253)
<u>Non-Operating Revenues (Expenses)</u>				
Income from Joint Venture		2,183		2,183
Interest Expense	(8,155)	(132,302)	(7,350)	(147,807)
Proceeds of AMP-Ohio Loan		566,056		566,056
Total Non-Operating Revenues (Expenses)	(8,155)	435,937	(7,350)	420,432
Changes in Net Assets	(221,423)	529,921	(19,319)	289,179
Net Assets at Beginning of Year	429,733	1,267,392	96,493	1,793,618
Net Assets at End of Year	\$208,310	\$1,797,313	\$77,174	\$2,082,797

See Accompanying Notes to the Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Cash Flows
Cash Basis
Enterprise Funds
For the Year Ended December 31, 2008**

	Sewer	Electric	Other Enterprise	Total
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$242,170	\$2,996,030	\$213,162	\$3,451,362
Cash Received from Miscellaneous Revenues		12,412		12,412
Cash Payments for Personal Services	(159,491)	(228,025)	(70,270)	(457,786)
Cash Payments for Transportation		(10,458)	(81)	(10,539)
Cash Payments for Contractual Services	(25,993)	(1,914,635)	(87,495)	(2,028,123)
Cash Payments for Materials and Supplies	(23,456)	(55,968)	(30,659)	(110,083)
Cash Payments for Capital Outlay	(8,903)	(685,720)	(9,207)	(703,830)
Cash Payments for Miscellaneous		(9,421)		(9,421)
Net Cash Provided by Operating Activities	<u>24,327</u>	<u>104,215</u>	<u>15,450</u>	<u>143,992</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on Bond Anticipation Notes	(200,000)			(200,000)
Interest Paid on Bond Anticipation Notes	(8,155)			(8,155)
Principal Paid on OPWC Loans	(37,595)		(27,419)	(65,014)
Interest Paid on OPWC Loans			(7,350)	(7,350)
Principal Paid on AMP-Ohio Payable - JV6		(10,231)		(10,231)
Interest Paid on AMP-Ohio Payable - JV6		(3,854)		(3,854)
Proceeds from AMP-Ohio Loan		566,056		566,056
Interest Paid on AMP-Ohio Loan		(128,448)		(128,448)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(245,750)</u>	<u>423,523</u>	<u>(34,769)</u>	<u>143,004</u>
<u>Cash Flows from Investing Activities</u>				
Income from Joint Venture		2,183		2,183
Net Increase (Decrease) in Cash and Cash Equivalents	(221,423)	529,921	(19,319)	289,179
Cash and Cash Equivalents at Beginning of Year	<u>429,733</u>	<u>1,267,392</u>	<u>96,493</u>	<u>1,793,618</u>
Cash and Cash Equivalents at End of Year	<u>\$208,310</u>	<u>\$1,797,313</u>	<u>\$77,174</u>	<u>\$2,082,797</u>

See Accompanying Notes to the Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 1 - Reporting Entity

The Village of Pioneer (the Village) is a body politic and corporate established in 1849 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is governed by a six-member Village Council elected at large for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village streets, bridges, park operations, police services, a volunteer fire department, and sewer, electric, water and refuse utilities.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Village in that the Village approves the budget, the issuance of debt, or the levying of taxes. The Village has no component units.

The Village participates in an insurance pool and four joint ventures. A joint venture is a legal entity or other organization that results from a contractual agreement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility under the cash basis of accounting. These organizations are the Ohio Government Risk Management Plan, the Ohio Municipal Electric Generation Agency Joint Venture 2 (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). These organizations are presented in Notes 13 and 14 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities.

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

Fund Financial Statements

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

B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are presented in two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from property taxes, income taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund and the Economic Development special revenue fund.

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Economic Development Fund - This fund receives revolving loan repayments to be used for economic development within the Village.

The other governmental funds of the Village account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Sewer Fund - This fund accounts for the provision of sanitary sewer service to residential and commercial users within the Village.

Electric Fund - This fund accounts for the provision of electricity to residential and commercial users within the Village.

The other enterprise funds of the Village account for the provision of water and refuse services to residential and commercial users within the Village.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund level for all funds.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Investments

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

Cash and cash equivalents that are held separately for the Village by AMP-Ohio are recorded as "Cash and Cash Equivalents with Fiscal Agent".

During 2008, the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 were \$59,597 which includes \$56,487 assigned from other Village funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

F. Accumulated Leave

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

G. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions included portions for pension benefits and for postretirement healthcare benefits.

H. Long-Term Obligations

Cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include resources restricted for maintenance and repair of streets and state highways, various police department related activities, fire protection, and cemetery maintenance. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

J. Fund Balance Reserves

The Village reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

K. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the enterprise funds. For the Village, these receipts are charges for services for sewer, electric, water, and refuse services. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements not meeting these definitions are reported as nonoperating.

Note 3 – Budgetary Basis of Accounting

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget to Actual – Budgetary Basis presented for the General fund and the Economic Development fund are prepared on a budgetary basis to provide a meaningful comparison of actual results within the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,165 for the General fund.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 4 - Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

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

Note 4 - Deposits and Investments (continued)

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 4 - Deposits and Investments (continued)

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,581,546 of the Village's bank balance of \$2,480,945 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2008, the carrying value of funds on deposit with Star Ohio was \$273,096. The Village's investment in Star Ohio has an average maturity of 54.7 days. STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no policy for interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax revenues received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 5 - Property Taxes (continued)

Public utility property tax revenues received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Village of Pioneer. The County Auditor periodically remits to the Village its portion of the taxes collected.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$3.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$18,045,390
Commercial/Industrial/Mineral	6,634,120
Public Utility Property	
Personal	71,870
Tangible Personal Property	1,037,840
Total Assessed Value	<u><u>\$25,789,220</u></u>

Note 6 - Income Taxes

The Village levies and collects an income tax of 1 percent on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the tax paid to another municipality, not to exceed the amount owed. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 7 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Village contracted with the Ohio Government Risk Management Plan for insurance coverage. Coverage provided was as follows:

General Liability	
Per Occurrence	\$3,000,000
Aggregate	5,000,000
Employee Benefits Liability	
Each Incident	1,000,000
Aggregate	3,000,000
Employer's Liability	3,000,000
Public Officials Liability	
Each Wrongful Act	3,000,000
Aggregate	5,000,000
Law Enforcement Liability	
Each Wrongful Act	3,000,000
Aggregate	5,000,000
Boiler and Machinery	7,846,974
Property	7,846,974
Automobile Liability	3,000,000

There has been no significant reduction in insurance coverage from 2007 and settled claims have not exceeded this coverage in the past three years.

Note 8 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 8 - Defined Benefit Pension Plans (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Village's contribution rate for 2008 was 14 percent of covered payroll. For 2008, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Village of 14 percent.

The Village's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 was \$33,562, \$31,155, and \$38,271, respectively; 94 percent has been contributed for 2008 and 100 percent has been contributed for 2007 and 2006.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The Village's required contribution for pension obligations for police for the year ended December 31, 2008, was \$14,816, for the year ended December 31, 2007, was \$12,670, and for the year ended December 31, 2006, was \$12,331. For 2008, 91 percent has been contributed for police. The full amount has been contributed for 2007 and 2006.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 9 - Postemployment Benefits (continued)

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll for 2008.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Village's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2008, 2007, and 2006 was \$33,562, \$20,521, and \$18,719, respectively; 94 percent has been contributed for 2008 and 100 percent has been contributed for 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides healthcare benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium reimbursement, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit, or is a spouse or eligible dependent child of such person.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 9 - Postemployment Benefits (continued)

The Ohio Revised Code permits, but does not require, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - OPF's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OPF. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of section 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contribution to OPF which was allocated to fund postemployment health care benefits for police for the year ended December 31, 2008, was \$7,844, for the year ended December 31, 2007, was \$6,708, and for the year ended December 31, 2006, was \$8,133. For 2008, 91 percent has been contributed and the full amount has been contributed for 2007 and 2006.

Note 10 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from the personnel policies of the Village and State laws. Employees earn five to fifteen days of vacation per year, depending upon length of service. After completion of six years of continuous employment, employees shall receive an additional four hours of vacation for each year in excess of five years of continuous employment, to a maximum of twenty days. Accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at the rate of 2.31 hours per pay period. Sick leave may be accumulated up to a maximum of nine hundred sixty hours. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of two hundred forty hours for all employees.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 11 - Note Obligations

The changes in the Village's note obligations during 2008 were as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Business-Type Activities</u>					
Various Purpose Improvement Notes, Series 2007	4.10%	\$200,000		\$200,000	

The various purpose notes, in the amount of \$200,000, were issued on May 24, 2007, with an interest rate of 4.10 percent to partially retire notes previously issued to pay the costs of sanitary sewer improvements. These notes were fully retired in 2008 from the Sewer enterprise fund.

Note 12 - Long-Term Obligations

The Village's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
OPWC Loans						
1995 Baubice Street (Original Amount \$408,500)	4%	\$191,878		\$33,957	\$157,921	\$11,775
<u>Business-Type Activities</u>						
OPWC Loans						
1993 Water Treatment Plant Improvements (Original Amount \$317,044)	4%	\$131,525		\$27,419	\$104,106	\$9,508
2000 Lynn Street Storm Sewer (Original Amount \$122,787)	0%	76,742		9,209	67,533	3,069
2000 Elm and Church Street Drainage Improvements (Original Amount \$108,283)	0%	37,898		16,242	21,656	5,414
2004 Storm Sewer Improvements (Original Amount \$161,926)	0%	161,926		12,144	149,782	4,048
Total OPWC Loans		408,091		65,014	343,077	22,039
Other Long-Term Obligations						
AMP-Ohio Payable - JV6		107,479		10,231	97,248	12,953
AMP-Ohio Loan		2,075,000	\$566,056		2,641,056	
Total Business-Type Activities		\$2,590,570	\$566,056	\$75,245	\$3,081,381	\$34,992

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 12 - Long-Term Obligations (continued)

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

1995 Baubice Street - This loan is for street improvements. The term of the loan is 20 years, with the final maturity in 2015. This loan is being retired from the Street special revenue fund.

1993 Water Treatment Plant Improvements - This loan is for water treatment plant improvements. The term of the loan is 20 years, with the final maturity in 2014. This loan is being retired from the Water enterprise fund.

2000 Lynn Street Storm Sewer - This loan is for storm sewer reconstruction. The term of the loan is 20 years, with the final maturity in 2020. This loan is being retired from the Sewer enterprise fund.

2000 Elm and Church Street - This loan is for street drainage improvements. The term of the loan is 10 years, with the final maturity in 2011. This loan is being retired from the Sewer enterprise fund.

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

AMP-Ohio Payable-JV6 - The Village is a participant, with ten other subdivisions within the State of Ohio, in the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), a joint venture to provide low-polluting capacity electricity to the participants. During 2004, AMP-Ohio issued bonds, in the amount of \$9,861,000, to acquire capital assets for JV6. Under a financing agreement between the participants of JV6 and AMP-Ohio, the participants have agreed to pay the debt service requirements of the bonds. Payments are to be made solely from resources of the Electric enterprise fund.

AMP-Ohio Loan - On November 7, 1997, 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 and to refinance notes previously issued for the Village's share of the OMEGA JV4 transmission project, in the amount of \$2,500,000.

On November 2, 2000, the loan agreement was amended to finance the cost of the Village's share of the OMEGA JV2 distributed generation project, in the amount of \$500,000. As of October 27, 2005, the balance of this \$2,500,000 original issue loan was \$2,075,000.

On October 27, 2005, the loan agreement was restructured and an additional \$1,000,000 was made available for a new substation transformer and transmission line interconnecting with Toledo Edison.

In October 2008, because 85 percent of the \$1,000,000 funds were not spent within three years of the October 27, 2005, loan agreement, \$400,000 of the available monies was forfeited, leaving \$600,000 for the Village to draw on. The Village drew \$566,056 in 2008. The new loan amount is \$2,641,056. Payments are not due for five years and there is currently no amortization schedule; however, the debt must be fully retired by the end of 2025. This loan will be repaid from the Electric enterprise fund.

At December 31, 2008, the Village's overall debt margin was \$2,707,868.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 12 - Long-Term Obligations (continued)

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

Year	OPWC Loans	
	Principal	Interest
2009	\$11,775	\$3,158
2010	24,260	5,606
2011	25,240	4,626
2012	26,260	3,606
2013	27,321	2,545
2014-2015	43,065	1,734
	\$157,921	\$21,275

The following is a summary of the Village's future annual debt service requirements for business-type activities:

Year	OPWC Loans		AMP-Ohio Payable-JV6	
	Principal	Interest	Principal	Interest
2009	\$22,039	\$2,082	\$12,953	\$1,147
2010	44,653	3,590	12,476	1,624
2011	40,030	2,798	12,035	2,065
2012	35,439	1,976	11,826	2,274
2013	36,296	1,118	12,304	1,796
2014-2018	82,541	227	35,654	2,325
2019-2023	49,691			
2024-2027	32,388			
	\$343,077	\$11,791	\$97,248	\$11,231

Note 13 - Insurance Pool

The Village participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The plan's business and affairs are conducted by an eleven member board consisting of public officials selected from the membership. Financial information can be obtained from Ohio Government Risk Management Plan, 420 Madison Avenue, Toledo, Ohio 43204.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 14 - Joint Ventures

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

The Village is a participant, with thirty-five other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis, the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2). The Village is an owner participant with percentage of ownership of .86 percent. Owner participants own undivided interests, as tenants in common, in JV2 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.

In accordance with the JV2 Agreement (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 JV2, including such portions of JV2 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of operation and maintenance expenses 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. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV2 debt service and any other outstanding senior lien electric system revenue obligations.

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 134.081 MW is the participant's entitlement and 4.569 MW are held in reserve). Upon dissolution of JV2, the net assets will be shared by the participants on a percentage of ownership basis. JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of twenty year fixed rate bonds on behalf of the financing participants of JV2. The net proceeds of the bond issue, in the amount of \$45,904,712, were contributed to JV2. The Village's net investment in JV2 was \$317,360 at December 31, 2008. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

B. Ohio Municipal Electric Generation Agency Joint Venture 4 (JV4)

The Village is a participant, 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 (JV4). 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 costs incurred from using electric generated by the joint venture. JV4 does not have any debt outstanding. In the event of a shortfall, the Joint Venture participants are billed for their respective shares of the estimated shortfall.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 14 - Joint Ventures (continued)

The Village's net investment in JV4 was \$662,220 at December 31, 2008. Complete financial statements for JV4 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

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

The Village is a participant, with forty-one other subdivisions within the State of Ohio, in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation, the Ohio Municipal Electric Generation Agency Joint Venture (JV5). The Village is a financing participant with an ownership percentage of .76 percent. Financing participants own undivided interests, as tenants in common, without right of partition in JV5.

In accordance with the JV5 Agreement (Agreement), the participants jointly undertook, as financing participants, the acquisition, construction, and equipping of JV5, including such portions of JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

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 operation and maintenance expenses 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. Under the terms of the Agreement, each participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV5 debt service and any other outstanding senior lien electric system revenue obligations. Upon dissolution of JV5, the net assets will be shared by the participants on a percentage of ownership basis. As of December 31, 2008, the Village had 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, JV5 may take certain actions, including the termination of a defaulting participant's entitlement to power. Each participant may purchase a pro rata share of the defaulting participant's entitlement to power, which together with the share of the other non-defaulting participants, is equal to the defaulting 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 participants, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting participant's ownership share of the project prior to any such increases.

JV5 was created to construct a 42 MW run-of-the-river hydroelectric plant (including 40 MW of backup generation) and associated transmission facilities and sells electricity from its operations to JV5 participants.

JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001, AMP-Ohio issued \$153,415,000 and \$13,899,981, respectively, of thirty year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the financing participants of JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds were used to construct the JV5 project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates, in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from 2005 through 2024.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 14 - Joint Ventures (continued)

The Village's net investment in JV5 was \$68,088 at December 31, 2008. Complete financial statements for JV5 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6)

The Village is a participant, with ten other subdivisions within the State of Ohio, in a joint venture to provide low-polluting capacity electricity to the participants, the Ohio Municipal Electric Generation Agency Joint Venture (JV6). The Village is a financing participant with a percentage of ownership of 1.39 percent. Financing participants own undivided interests, as tenants in common, in JV6 in the amount of their respective project shares.

In accordance with the JV6 Agreement (Agreement), the participants jointly undertook (as either financing participants or non-financing participants) the acquisition, construction, and equipping of JV6, including such portions of JV6 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

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 operation and maintenance expenses 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. Under the terms of the Agreement, each financing participant is to fix, charge, and collect rates, fees, and charges at least sufficient enough to maintain a debt coverage ratio equal to 110 percent of the sum of JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008, Pioneer has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, JV6 may take certain actions, including the termination of a defaulting participant's entitlement to power. Each participant may purchase a pro rata share of the defaulting participant's entitlement to power, which together with the share of the other non-defaulting participants, is equal to the defaulting 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 participants, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting participant's ownership share of the project prior to any such increases.

JV6 was created to provide for low-polluting capacity electricity through wind energy. The project consists of four wind turbines with a nominal capacity of 3.6 MW and related facilities. Upon dissolution of JV6, the net assets will be shared by the participants on a percentage of ownership basis. JV6 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2004, AMP-Ohio issued \$9,861,000 of fifteen year adjustable rate bonds on behalf of the financing participants of JV6. The proceeds of the bond issue were contributed to JV6. The Village's net obligation for these bonds at December 31, 2008, was \$97,248. The Village's net investment in JV6 was \$122,555 at December 31, 2008. Complete financial statements for JV6 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.auditor.state.oh.us.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 15 - Contingent Liabilities

There are currently no matters in litigation with the Village as defendant.

For the period January 1, 2008, to December 31, 2008, the Village received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowances, if any, would be immaterial.

Note 16 – Related Party Transaction

The Village purchases various water and sewer parts from Artesian of Pioneer, Inc. which is owned by the Mayor of Pioneer. The Village paid \$2,287 in 2008.

Note 17 – Subsequent Events

The Village has plans to begin three large projects in 2010. The first is a KV transmission line for electric service to be run from the Village of Fayette to the Village of Pioneer. The accepted bid is \$378,500. Of this project, \$205,829 will be paid for by settlement money received from First Energy and the remaining portion, \$172,671, is the responsibility of the Village. The second project is a Streetscape project, the accepted bid is \$710,000. Of this amount, \$553,800 will be paid from an Ohio Department of Transportation grant and the remaining portion, \$156,200, is the responsibility of the Village. Finally, the Village accepted a bid of \$1,261,647 for a Water Tower project. For this project, \$400,000 will be paid by an Ohio Public Works Commission grant and \$259,000 will be paid for by a Community Development Block Grant. The remaining portion of \$602,647 is the responsibility of the Village. The Village is currently applying for a loan from the Ohio Water Development Authority to help cover the Village portion of the Water Tower project.

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Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pioneer, Williams County, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 30, 2010, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might

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be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated August 30, 2010.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated August 30, 2010.

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



Mary Taylor, CPA
Auditor of State

August 30, 2010

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery – Interim increases in Mayor’s compensation (\$1,600)	Yes	
2007-002	ORC 5705.09(F) – Ohio Public Works Commission (OPWC) monies were not posted to a separate fund	Yes	
2007-003	ORC 5705.38(A) and 5705.41(B) – Appropriations were not passed by the required date, which caused expenditures to exceed appropriations	Yes	

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Mary Taylor, CPA
Auditor of State

VILLAGE OF PIONEER

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 23, 2010**