



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, 2009, 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, 2009, and the respective changes in cash financial position and where applicable, cash flows, there of 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, 2009
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, 2009. 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 2009 are as follows:

In total, the Village's net assets decreased less than 1 percent from the prior year; governmental activities decreased 2.5 percent and business-type activities increased less than 1 percent.

General receipts accounted for 92 percent of total receipts for governmental activities; however, for 2009, general receipts included the proceeds from several loans. Without consideration of these one-time receipts, the Village's governmental activities continue to be largely funded by municipal income taxes.

Of the Village's major enterprise funds, the Sewer fund had an operating loss due to the expenses exceeding revenues, 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, Capital Project, Sewer, and Electric funds.

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(CONTINUED)

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, 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 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, general government, capital outlay, and debt service disbursements. 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, Capital Project, 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, 2009
UNAUDITED
(CONTINUED)

Government-Wide Financial Analysis

Table 1 provides a summary of the Village's net assets for 2009 and 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$529,957	\$543,677	\$2,089,606	\$2,082,797	\$2,619,563	\$2,626,474
<u>Net Assets</u>						
Restricted	\$461,522	\$432,206			\$461,522	\$432,206
Unrestricted	68,435	111,471	\$2,089,606	\$2,082,797	2,158,041	2,194,268
Total Net Assets	\$529,957	\$543,677	\$2,089,606	\$2,082,797	\$2,619,563	\$2,626,474

Net assets for governmental activities remained similar to the prior year, decreasing only slightly, by \$13,720, or 2.5 percent.

Net assets for business-type activities increased \$6,809 or less than one-half percent.

Table 2 reflects the change in net assets for 2009 and 2008.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$85,514	\$105,112	\$3,443,062	\$3,451,362	\$3,528,576	\$3,556,474
Operating Grants, Contributions, and Interest	80,484	81,950			80,484	81,950
Capital Grants and Contributions	273,129				273,129	
Total Program Receipts	439,127	187,062	3,443,062	3,451,362	3,882,189	3,638,424

(continued)

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(CONTINUED)

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Receipts (continued)</u>						
General Receipts						
Property Taxes Levied for						
General Purposes	\$65,980	\$68,110			\$65,980	\$68,110
Municipal Income Taxes	350,225	401,110			350,225	401,110
Other Local Taxes	117,813	146,132			117,813	146,132
Grants and Entitlements	114,280	135,161			114,280	135,161
Franchise Fees	435	904			435	904
Interest	25,136	59,597	\$407	\$2,183	25,543	61,780
Miscellaneous	64,588	37,931		12,412	64,588	50,343
OWDA Loan Proceeds	4,418,862				4,418,862	
Administration Building Loan Proceeds	12,720		72,080		84,800	
AMP-Ohio Loan Proceeds			4,623	566,056	4,623	566,056
Total General Receipts	5,170,039	848,945	77,110	580,651	5,247,149	1,429,596
Total Receipts	5,609,166	1,036,007	3,520,172	4,032,013	9,129,338	5,068,020
<u>Disbursements</u>						
Security of Persons and Property	376,064	412,969			376,064	412,969
Public Health	15,575	9,989			15,575	9,989
Leisure Time Activities	36,062	32,529			36,062	32,529
Community Environment	41,846	167,741			41,846	167,741
Basic Utility Services	11,731	25,255			11,731	25,255
Transportation	195,383	240,781			195,383	240,781
General Government	211,649	225,491			211,649	225,491
Capital Outlay	4,704,711				4,704,711	
Debt Service:						
Principal Retirement	23,784	33,957			23,784	33,957
Interest and Fiscal Charges	6,081	10,843			6,081	10,843
Sewer			381,247	463,593	381,247	463,593
Electric			2,890,287	3,046,760	2,890,287	3,046,760
Water			186,553	162,037	186,553	162,037
Refuse			55,276	70,444	55,276	70,444
Total Disbursements	5,622,886	1,159,555	3,513,363	3,742,834	9,136,249	4,902,389
Change in Net Assets	(13,720)	(123,548)	6,809	289,179	(6,911)	165,631
Net Assets at Beginning of Year	543,677	667,225	2,082,797	1,793,618	2,626,474	2,460,843
Net Assets at End of Year	\$529,957	\$543,677	\$2,089,606	\$2,082,797	\$2,619,563	\$2,626,474

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(CONTINUED)

For governmental activities, receipts increased over \$4.5 million due to the proceeds of an OWDA loan for water line and storm sewer reconstruction. Disbursements increased by a similar amount due to disbursements for capital outlay for the above mentioned projects.

For business-type activities, receipts decreased due to a reduction in AMP-Ohio loan proceeds. Disbursements remained fairly comparable to the prior year.

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	
	2009	2008	2009	2008
Security of Persons and Property	\$376,064	\$412,969	\$343,438	\$355,623
Public Health	15,575	9,989	(513)	(1,929)
Leisure Time Activities	36,062	32,529	36,062	32,529
Community Environment	41,846	167,741	31,748	153,986
Basic Utility Services	11,731	25,255	(261,398)	25,255
Transportation	195,383	240,781	102,492	144,317
General Government	211,649	225,491	197,354	217,912
Capital Outlay	4,704,711		4,704,711	
Debt Service:				
Principal Retirement	23,784	33,957	23,784	33,957
Interest and Fiscal Charges	6,081	10,843	6,081	10,843
Total Disbursements	\$5,622,886	\$1,159,555	\$5,183,759	\$972,493

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 2009, 92 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 2009 and 2008. This is due to charges for services provided. For 2009, basic utility services had program receipts in excess of disbursements due to a grant from OPWC. 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, 2009
UNAUDITED
(CONTINUED)

Governmental Funds Financial Analysis

The Village's major governmental funds are the General Fund, Economic Development special revenue fund, and the Capital Project capital projects fund. The General Fund had a 39 percent decrease in fund balance. Overall receipts decreased 15 percent from the prior year; primarily due to a decrease in income taxes and interest receipts, a reflection of the decline in economic conditions. Disbursements also decreased 12 percent overall with modest decreases in most programs. However, as disbursements exceeded receipts for the year, cash carryover spending resulted in the decrease in fund balance. The Economic Development special revenue fund had a 23 percent increase in fund balance; there were no disbursements made during the year.

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 2009, due to expenses exceeding revenues. The Electric fund had an operating income as well as an increase in net assets.

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 a decrease of 14 percent, or almost \$122,000. The most significant decreases were income tax and interest receipts. The change from the final budget to actual disbursements was a decrease of over 12 percent, or almost \$114,000. There were modest decreases in all programs.

Debt Activity

The Village had \$7,545,901 in outstanding long-term obligations at year end; \$4,565,719 was payable from governmental activities and \$2,980,182 from business-type activities. See Note 11 to the financial statements for additional information.

Current Issues

The Village anticipates completing the current street project in April or May of 2010.

Beginning March 1, 2010, the Village will switch to Medical Mutual of Ohio as the health care provider in an effort to maintain health care related costs.

VILLAGE OF PIONEER
WILLIAMS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(CONTINUED)

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, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$529,957	\$2,082,783	\$2,612,740
Cash and Cash Equivalents with Fiscal Agent		6,823	6,823
	<u>529,957</u>	<u>2,089,606</u>	<u>2,619,563</u>
Total Assets	<u>\$529,957</u>	<u>\$2,089,606</u>	<u>\$2,619,563</u>
<u>Net Assets</u>			
Restricted for			
Debt Service	65,364		65,364
Economic Development	134,313		134,313
Other Purposes	205,757		205,757
Cemetery Trust			
Expendable	56,088		56,088
Unrestricted	<u>68,435</u>	<u>2,089,606</u>	<u>2,158,041</u>
Total Net Assets	<u>\$529,957</u>	<u>\$2,089,606</u>	<u>\$2,619,563</u>

See Accompanying Notes to Basic Financial Statements

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**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Activities
Cash Basis
For the Year Ended December 31, 2009**

	Program Receipts		
Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants
<u>Governmental Activities</u>			
Security of Persons and Property	\$376,064	\$31,134	\$1,492
Public Health	15,575	15,859	229
Leisure Time Activities	36,062		
Community Environment	41,846	10,098	
Basic Utility Services	11,731		\$273,129
Transportation	195,383	14,128	78,763
General Government	211,649	14,295	
Capital Outlay	4,704,711		
Debt Service:			
Principal Retirement	23,784		
Interest and Fiscal Charges	6,081		
Total Governmental Activities	5,622,886	85,514	80,484
<u>Business-Type Activities</u>			
Sewer	381,247	240,932	
Electric	2,890,287	2,914,254	
Other Enterprise			
Water	186,553	227,993	
Refuse	55,276	59,883	
Total Business-Type Activities	3,513,363	3,443,062	
Total	\$9,136,249	\$3,528,576	\$80,484

General Receipts

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

Total General Receipts

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 (Disbursements) Receipts
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$343,438)		(\$343,438)
513		513
(36,062)		(36,062)
(31,748)		(31,748)
261,398		261,398
(102,492)		(102,492)
(197,354)		(197,354)
(4,704,711)		(4,704,711)
(23,784)		(23,784)
(6,081)		(6,081)
<u>(5,183,759)</u>		<u>(5,183,759)</u>
	(\$140,315)	(140,315)
	23,967	23,967
	41,440	41,440
	4,607	4,607
	<u>(70,301)</u>	<u>(70,301)</u>
<u>(5,183,759)</u>	<u>(70,301)</u>	<u>(5,254,060)</u>
65,980		65,980
350,225		350,225
117,813		117,813
114,280		114,280
435		435
25,136	407	25,543
64,588		64,588
4,418,862		4,418,862
12,720	72,080	84,800
	4,623	4,623
<u>5,170,039</u>	<u>77,110</u>	<u>5,247,149</u>
(13,720)	6,809	(6,911)
<u>543,677</u>	<u>2,082,797</u>	<u>2,626,474</u>
<u>\$529,957</u>	<u>\$2,089,606</u>	<u>\$2,619,563</u>

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009**

	<u>General</u>	<u>Economic Development</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$68,435	\$134,313	\$327,209	\$529,957
<u>Fund Balances</u>				
Unreserved, Reported in				
General Fund	\$68,435			\$68,435
Special Revenue Funds		\$134,313	\$205,757	340,070
Debt Service Fund			65,364	65,364
Permanent Fund			56,088	56,088
Total Fund Balances	\$68,435	\$134,313	\$327,209	\$529,957

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, 2009**

	General	Economic Development	Capital Project	Other Governmental	Total Governmental Funds
<u>Receipts</u>					
Property Taxes	\$65,980				\$65,980
Income Taxes	350,225				350,225
Other Local Taxes	117,813			\$3,685	121,498
Intergovernmental	100,956		\$273,129	86,715	460,800
Special Assessments				10,443	10,443
Charges for Services	40,470			15,859	56,329
Fees, Licenses, and Permits	535				535
Fines and Forfeitures	14,195			762	14,957
Interest	25,136			7,093	32,229
Miscellaneous	39,132	\$25,456			64,588
Total Receipts	754,442	25,456	273,129	124,557	1,177,584
<u>Disbursements</u>					
Current:					
Security of Persons and Property	375,814			250	376,064
Public Health	9,893			5,682	15,575
Leisure Time Activities	36,062				36,062
Community Environment	41,846				41,846
Basic Utility Services	11,731				11,731
Transportation	110,483			84,900	195,383
General Government	211,649				211,649
Capital Outlay			4,691,991	12,720	4,704,711
Debt Service:					
Principal Retirement				23,784	23,784
Interest and Fiscal Charges				6,081	6,081
Total Disbursements	797,478		4,691,991	133,417	5,622,886
Excess of Receipts Over (Under) Disbursements	(43,036)	25,456	(4,418,862)	(8,860)	(4,445,302)
<u>Other Financing Sources</u>					
Administration Building Loan Proceeds				12,720	12,720
OWDA Loan Proceeds			4,418,862		4,418,862
Total Other Financing Sources			\$4,418,862	12,720	4,431,582
Changes in Fund Balances	(43,036)	25,456		3,860	(13,720)
Fund Balances at Beginning of Year	111,471	108,857		323,349	543,677
Fund Balances at End of Year	\$68,435	\$134,313		\$327,209	\$529,957

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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Property Taxes	\$71,800	\$71,800	\$65,980	(\$5,820)
Income Taxes	400,000	400,000	350,225	(49,775)
Other Local Taxes	146,000	146,000	117,813	(28,187)
Intergovernmental	117,100	117,100	100,956	(16,144)
Charges for Services	60,500	60,500	40,470	(20,030)
Fees, Licenses, and Permits	400	400	535	135
Fines and Forfeitures	2,000	2,000	14,195	12,195
Interest	51,500	51,500	25,136	(26,364)
Miscellaneous	26,700	26,700	39,132	12,432
Total Receipts	876,000	876,000	754,442	(121,558)
<u>Disbursements</u>				
Current:				
Security of Persons and Property	388,900	388,900	375,814	13,086
Public Health	11,150	11,150	9,893	1,257
Leisure Time Activities	47,000	47,000	36,062	10,938
Community Environment	52,352	52,352	41,846	10,506
Basic Utility Services	27,000	27,000	11,731	15,269
Transportation	134,100	134,100	110,483	23,617
General Government	250,663	250,663	211,649	39,014
Total Disbursements	911,165	911,165	797,478	113,687
Changes in Fund Balance	(35,165)	(35,165)	(43,036)	(7,871)
Fund Balance at Beginning of Year	110,306	110,306	110,306	
Prior Year Encumbrances Appropriated	1,165	1,165	1,165	
Fund Balance at End of Year	\$76,306	\$76,306	\$68,435	(\$7,871)

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, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts</u>				
Miscellaneous	\$13,000	\$13,000	\$25,456	\$12,456
<u>Disbursements</u>				
Current:				
Community Environment	100,000	100,000		(100,000)
Changes in Fund Balance	(87,000)	(87,000)	25,456	112,456
Fund Balance at Beginning of Year	108,857	108,857	108,857	
Fund Balance at End of Year	<u>\$21,857</u>	<u>\$21,857</u>	<u>\$134,313</u>	<u>\$112,456</u>

See Accompanying Notes to Basic Financial Statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**Statement of Fund Net Assets
Cash Basis
Enterprise Funds
December 31, 2009**

	Sewer	Electric	Other Enterprise	Total Enterprise Funds
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$76,475	\$1,874,607	\$131,701	\$2,082,783
Cash and Cash Equivalents with Fiscal Agent		6,823		6,823
	<u>\$76,475</u>	<u>\$1,881,430</u>	<u>\$131,701</u>	<u>\$2,089,606</u>
Total Assets	<u>\$76,475</u>	<u>\$1,881,430</u>	<u>\$131,701</u>	<u>\$2,089,606</u>
<u>Net Assets</u>				
Unrestricted	<u>\$76,475</u>	<u>\$1,881,430</u>	<u>\$131,701</u>	<u>\$2,089,606</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, 2009**

	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise</u>	<u>Total Enterprise Funds</u>
<u>Operating Revenues</u>				
Charges for Services	\$240,932	\$2,914,254	\$287,876	\$3,443,062
<u>Operating Expenses</u>				
Personal Services	176,277	255,009	63,029	494,315
Transportation		7,411	620	8,031
Contractual Services	149,056	2,136,434	98,913	2,384,403
Materials and Supplies	17,251	27,543	43,530	88,324
Capital Outlay	13,599	187,251	12,558	213,408
Miscellaneous		7,200		7,200
Debt Service:				
Principal Retirement	25,064	120,679	19,205	164,948
Total Operating Expenses	381,247	2,741,527	237,855	3,360,629
Operating Income (Loss)	(140,315)	172,727	50,021	82,433
<u>Non-Operating Revenues (Expenses)</u>				
Administration Building Loan Proceeds	8,480	55,120	8,480	72,080
Proceeds of AMP-Ohio Loan		4,623		4,623
Interest Income		407		407
Interest Expense		(148,760)	(3,974)	(152,734)
Total Non-Operating Revenues (Expenses)	8,480	(88,610)	4,506	(75,624)
Changes in Net Assets	(131,835)	84,117	54,527	6,809
Net Assets at Beginning of Year	208,310	1,797,313	77,174	2,082,797
Net Assets at End of Year	\$76,475	\$1,881,430	\$131,701	\$2,089,606

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, 2009**

	Sewer	Electric	Other Enterprise	Total Enterprise Funds
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$240,932	\$2,914,254	\$287,876	\$3,443,062
Cash Payments for Personal Services	(176,277)	(255,009)	(63,029)	(494,315)
Cash Payments for Transportation		(7,411)	(620)	(8,031)
Cash Payments for Contractual Services	(149,056)	(2,136,434)	(98,913)	(2,384,403)
Cash Payments for Materials and Supplies	(17,251)	(27,543)	(43,530)	(88,324)
Cash Payments for Capital Outlay	(13,599)	(187,251)	(12,558)	(213,408)
Cash Payments for Miscellaneous		(7,200)		(7,200)
Net Cash Provided by (Used by) Operating Activities	<u>(115,251)</u>	<u>293,406</u>	<u>69,226</u>	<u>247,381</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on OPWC Loans	(25,064)		(19,205)	(44,269)
Interest Paid on OPWC Loans			(3,974)	(3,974)
Administration Building Loan Proceeds	8,480	55,120	8,480	72,080
AMP-Ohio Loan Proceeds		4,623		4,623
Principal Paid on AMP-Ohio Loan		(120,679)		(120,679)
Interest Paid on AMP-Ohio Loan		(148,760)		(148,760)
Net Cash Used for Capital and Related Financing Activities	<u>(16,584)</u>	<u>(209,696)</u>	<u>(14,699)</u>	<u>(240,979)</u>
<u>Cash Flows from Investing Activities</u>				
Interest		407		407
Net Increase (Decrease) in Cash and Cash Equivalents	(131,835)	84,117	54,527	6,809
Cash and Cash Equivalents at Beginning of Year	<u>208,310</u>	<u>1,797,313</u>	<u>77,174</u>	<u>2,082,797</u>
Cash and Cash Equivalents at End of Year	<u>\$76,475</u>	<u>\$1,881,430</u>	<u>\$131,701</u>	<u>\$2,089,606</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, 2009**

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 an ongoing financial interest or 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 12 and 13 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, 2009
(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 receipts 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 segregated 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, the Economic Development special revenue fund, and the Capital Project capital projects 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, 2009
(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.

Capital Project Fund - This fund receives monies from the Ohio Water Development Authority for water line and storm sewer reconstruction 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. Except for modifications having substantial support, 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/department level in the General Fund and at the fund level for all other funds.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 final amended certificate of estimated resources requested by the Village prior to year end.

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 2009, the Village invested in nonnegotiable certificates of deposit, which are reported at cost.

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 2009 were \$25,136 which includes \$24,138 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.

G. 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

H. 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.

I. 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.

J. 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 - Compliance

The Capital Project capital projects fund and the Water enterprise fund had expenditures in excess of appropriations for the year ended December 31, 2009, in the amount of \$4,562,843 and \$16,556, respectively.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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.

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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 - Deposits and Investments (continued)

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.

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.

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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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.

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, 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 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the values as of December 31, 2008. 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 - Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2009, was \$3.10 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$17,649,180
Commercial/Industrial/Mineral	6,595,210
Public Utility Property	
Personal	73,700
Total Assessed Value	\$24,318,090

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.

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 2009, 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	3,000,000
Aggregate	5,000,000
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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 - Risk Management (continued)

Boiler and Machinery	\$8,160,854
Property	8,160,854
Automobile Liability	3,000,000

There has been no significant reduction in insurance coverage from 2008 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.

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, 2009, members in state and local classifications contributed 10 percent of covered payroll.

The Village's contribution rate for 2009 was 14 percent of covered payroll. For 2009, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan from January 1 through March 31 and 8.5 percent was allocated from April 1 through December 31. 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, 2009, 2008, and 2007 was \$35,545, \$33,562, and \$31,155, respectively; 92 percent has been contributed for 2009 and 100 percent has been contributed for 2008 and 2007.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 8 - Defined Benefit Pension Plans (continued)

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 2009, 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, 2009, was \$16,952, for the year ended December 31, 2008, was \$14,816, and for the year ended December 31, 2007, was \$12,670. For 2009, 92 percent has been contributed for police. The full amount has been contributed for 2008 and 2007.

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.

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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 - Postemployment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, 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 from January 1 through March 31, 2009, and 8.5 percent of covered payroll for the remainder of the year.

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, 2009, 2008, and 2007 was \$26,658, \$33,562, and \$20,521, respectively; 92 percent has been contributed for 2009 and 100 percent has been contributed for 2008 and 2007.

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.

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 IRS Code Section 115 trust for health care benefits and Internal Revenue Code 401(h) account for Medicare Part B reimbursements, both 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 115 Trust and 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, 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 sections 115 and 401(h).

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 - Postemployment Benefits (continued)

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, 2009, was \$8,975, for the year ended December 31, 2008, was \$7,844, and for the year ended December 31, 2007, was \$6,708. For 2009, 92 percent has been contributed and the full amount has been contributed for 2008 and 2007.

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.

Note 11 - Long-Term Obligations

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
OPWC Loan						
1995 Baubice Street (Original Amount \$408,500)	4.00%	\$157,921		\$23,784	\$134,137	\$12,250
Administration Building Loan (Original Amount \$12,720)	4.95		\$12,720		12,720	593
OWDA Loan						
2009 Water Line and Storm Sewer Reconstruction (Original Amount \$5,241,074)	2 -5.45		4,418,862		4,418,862	
Total Governmental Activities		\$157,921	\$4,431,582	\$23,784	\$4,565,719	\$12,843

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 - Long-Term Obligations (continued)

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Business-Type Activities</u>						
OPWC Loans						
1993 Water Treatment Plant Improvements (Original Amount \$317,044)	4%	\$104,106		\$19,205	\$84,901	\$9,892
2000 Lynn Street Storm Sewer (Original Amount \$122,787)	0%	67,533		6,139	61,394	3,070
2000 Elm and Church Street Drainage Improvements (Original Amount \$108,283)	0%	21,656		10,828	10,828	5,414
2004 Storm Sewer Improvements (Original Amount \$161,926)	0%	149,782		8,097	141,685	4,048
Total OPWC Loans		343,077		44,269	298,808	22,424
Other Long-Term Obligations						
Administration Building Loan (Original Amount \$72,080)	4.95%		\$72,080		72,080	3,363
AMP-Ohio Payable - JV6		97,248		12,954	84,294	13,733
AMP-Ohio Loan		2,641,056	4,623	120,679	2,525,000	106,732
Total Business-Type Activities		\$3,081,381	\$76,703	\$177,902	\$2,980,182	\$146,252

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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 - Long-Term Obligations (continued)

Administration Building Loan - During 2009, the Village obtained a loan, in the amount of \$84,800 to purchase a building. The loan has an interest rate of 4.95 percent and will mature in November 2024. The loan will be paid 15 percent from the Street special revenue fund, 10 percent from the Water enterprise fund, 10 percent from the Sewer enterprise fund, and 65 percent from the Electric enterprise fund.

OWDA Loan Payable - The OWDA loan represents amounts borrowed from the Ohio Water Development Authority for water line and storm sewer reconstruction. The loan has an interest rate of 2 to 5.45 percent. This project is not yet completed; however, the loan will be paid 60 percent from the Water enterprise fund and 40 percent 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 and \$4,623 in 2008 and 2009, respectively. The debt must be fully retired by the end of 2025. This loan will be repaid from the Electric enterprise fund.

At December 31, 2009, the Village's overall debt margin was \$2,606,043.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 - Long-Term Obligations (continued)

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

Year	OPWC Loan		Administration Building Loan	
	Principal	Interest	Principal	Interest
2010	\$12,250	\$2,683	\$593	\$619
2011	25,240	4,626	623	589
2012	26,260	3,606	653	559
2013	27,321	2,545	688	524
2014	28,426	1,441	722	490
2015-2019	14,640	293	4,196	1,865
2020-2024			5,245	694
	<u>\$134,137</u>	<u>\$15,194</u>	<u>\$12,720</u>	<u>\$5,340</u>

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

Year	OPWC Loans		Administration Building Loan		AMP-Ohio Payable-JV6	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$22,424	\$1,698	\$3,363	\$3,505	\$13,733	\$367
2011	40,030	2,798	3,533	3,336	12,752	1,348
2012	35,439	1,976	3,702	3,167	12,458	1,642
2013	36,296	1,118	3,897	2,972	12,409	1,691
2014	25,598	227	4,094	2,774	12,910	1,190
2015-2019	71,179		23,774	10,570	20,032	800
2020-2024	43,551		29,717	3,938		
2025-2027	24,291					
	<u>\$298,808</u>	<u>\$7,817</u>	<u>\$72,080</u>	<u>\$30,262</u>	<u>\$84,294</u>	<u>\$7,038</u>

AMP Ohio Loan		
Year	Principal	Interest
2010	\$106,732	\$126,250
2011	112,068	120,914
2012	117,671	115,311
2013	123,555	109,427
2014	129,733	103,249
2015-2019	752,698	412,212
2020-2024	960,656	204,254
2025	221,887	11,095
	<u>\$2,525,000</u>	<u>\$1,202,712</u>

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 12 - 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.

Note 13 - 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 \$296,531 at December 31, 2009. 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 13 - Joint Ventures (continued)

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.

The Village's net investment in JV4 was \$642,307 at December 31, 2009. 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, 2009, 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 13 - Joint Ventures (continued)

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.

The Village's net investment in JV5 was \$81,569 at December 31, 2009. 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, 2009, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 13 - Joint Ventures (continued)

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, 2009, was \$84,294. The Village's net investment in JV6 was \$116,320 at December 31, 2009. 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.

Note 14 - Contingent Liabilities

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

For the period January 1, 2009, to December 31, 2009, 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 15 - 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 \$1,535 in 2009.

Note 16 - 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, 2009, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report 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, Village Council and others within the Village. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

August 30, 2010

VILLAGE OF PIONEER
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Material Noncompliance

Ohio Revised Code §5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been lawfully appropriated.

The Village's expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Authority</u>	<u>Disbursements</u>	<u>Variance</u>
Capital Projects Fund	129,148	4,691,991	(4,562,843)
Water Fund	169,997	186,553	(16,556)

The budgetary process is an essential monitoring control that, when properly used, reduces the possibility of the Village encountering deficit spending. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response:

We did not receive a response from Officials to this finding.

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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**