



Dave Yost • Auditor of State

VILLAGE OF PIONEER
WILLIAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Pioneer, Williams County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Pioneer, Williams County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 of the financial statements, during 2012, the Village changed its accounting of the Cemetery Trust Fund. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 4, 2014

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$208,544				\$208,544
Municipal Income Tax	384,147				384,147
Intergovernmental	88,828	\$71,472		\$18,919	179,219
Special Assessments		13,833	\$26,637		40,471
Charges for Services	49,713	12,126			61,838
Fines, Licenses and Permits	7,444	200			7,644
Earnings on Investments	4,171	32		1	4,204
Miscellaneous	70,630	2,025		15,000	87,655
<i>Total Cash Receipts</i>	<u>813,478</u>	<u>99,688</u>	<u>26,637</u>	<u>33,920</u>	<u>973,723</u>
Cash Disbursements					
Current:					
Security of Persons and Property	327,456				327,456
Public Health Services		15,361			15,361
Leisure Time Activities	60,122				60,122
Community Environment	9,206				9,206
Basic Utility Services	5,319				5,319
Transportation	52,569	90,880			143,449
General Government	167,014				167,014
Capital Outlay	35,995	6,564		18,919	61,478
Debt Service:					
Principal Retirement		10,885	38,821		49,706
Interest and Fiscal Charges		130	14,045		14,175
<i>Total Cash Disbursements</i>	<u>657,681</u>	<u>123,820</u>	<u>52,866</u>	<u>18,919</u>	<u>853,286</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>155,797</u>	<u>(24,132)</u>	<u>(26,229)</u>	<u>15,001</u>	<u>120,437</u>
Other Financing Receipts					
Other Financing Sources		26,403			26,403
<i>Net Change in Fund Cash Balances</i>	155,797	2,270	(26,229)	15,001	146,840
<i>Fund Cash Balances, January 1</i>	<u>475,294</u>	<u>437,357</u>	<u>57,225</u>		<u>969,876</u>
Fund Cash Balances, December 31					
Restricted		439,626	30,996	15,001	485,623
Unassigned	631,091				631,091
<i>Fund Cash Balances, December 31</i>	<u>\$631,091</u>	<u>\$439,626</u>	<u>\$30,996</u>	<u>\$15,001</u>	<u>\$1,116,714</u>

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$3,953,371
Miscellaneous	138,641
	4,092,013
<i>Total Operating Cash Receipts</i>	<i>4,092,013</i>
Operating Cash Disbursements	
Personal Services	520,925
Employee Fringe Benefits	8,880
Contractual Services	2,537,802
Supplies and Materials	179,053
Other - Capital Outlay	69,206
	3,315,865
<i>Total Operating Cash Disbursements</i>	<i>3,315,865</i>
<i>Operating Income</i>	<i>776,148</i>
Non-Operating Receipts (Disbursements)	
Interest and Other Fiscal Charges	(595,354)
Discount on Debt	(191,016)
Other Financing Sources	7,050
Other Financing Uses	(6,137)
	(785,457)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(785,457)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(9,309)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,404,535</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,395,226</i>

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$229,696				\$229,696
Municipal Income Tax	419,100				419,100
Intergovernmental	59,367	\$75,814		\$469,129	604,310
Special Assessments		9,397	\$37,617		47,014
Charges for Services	49,403	9,866			59,269
Fines, Licenses and Permits	6,435	1,222			7,657
Earnings on Investments	8,764	135			8,898
Miscellaneous	56,956	8,347			65,303
<i>Total Cash Receipts</i>	<u>829,720</u>	<u>104,781</u>	<u>37,617</u>	<u>469,129</u>	<u>1,441,247</u>
Cash Disbursements					
Current:					
Security of Persons and Property	314,545	637			315,182
Public Health Services		12,018			12,018
Leisure Time Activities	38,832				38,832
Community Environment	17,991				17,991
Basic Utility Services	55,735				55,735
Transportation	12,359	42,042			54,401
General Government	169,495				169,495
Capital Outlay	77,156	75,402		489,682	642,240
Debt Service:					
Principal Retirement		653	37,760		38,413
Interest and Fiscal Charges		559	15,106		15,665
<i>Total Cash Disbursements</i>	<u>686,113</u>	<u>131,311</u>	<u>52,866</u>	<u>489,682</u>	<u>1,359,972</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>143,607</u>	<u>(26,530)</u>	<u>(15,249)</u>	<u>(20,553)</u>	<u>81,274</u>
Other Financing Receipts					
Other Financing Sources		27,912			27,912
<i>Net Change in Fund Cash Balances</i>	143,607	1,381	(15,249)	(20,553)	109,186
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>331,687</u>	<u>435,975</u>	<u>72,474</u>	<u>\$20,553</u>	<u>860,689</u>
Fund Cash Balances, December 31					
Restricted		437,357	57,225		494,581
Unassigned	475,294				475,294
<i>Fund Cash Balances, December 31</i>	<u>\$475,294</u>	<u>\$437,357</u>	<u>\$57,225</u>		<u>\$969,876</u>

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$3,973,122
Miscellaneous	112,568
	4,085,690
<i>Total Operating Cash Receipts</i>	<i>4,085,690</i>
Operating Cash Disbursements	
Personal Services	495,401
Employee Fringe Benefits	11,040
Contractual Services	2,434,258
Supplies and Materials	97,971
Other - Capital Outlay	142,863
	3,181,534
<i>Total Operating Cash Disbursements</i>	<i>3,181,534</i>
<i>Operating Income</i>	<i>904,157</i>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(532,943)
Interest and Other Fiscal Charges	(205,457)
Other Financing Sources	8,811
Other Financing Uses	(7,350)
	(736,940)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(736,940)</i>
<i>Net Change in Fund Cash Balances</i>	<i>167,217</i>
<i>Fund Cash Balances, January 1</i>	<i>2,237,318</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,404,535</i>

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

The Village participates in four joint ventures. Note 11 to the financial statements provides additional information for these entities. These organizations are:

Joint Venture Organizations:

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture 4 (OMEGA JV4)
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)
Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values certificates of deposit at cost.

D. Fund Accounting

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

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

2. Special Revenue Funds

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

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

3. Debt Service Funds

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

Street Debt Service Fund – This fund receives special assessments for repayment of Ohio Public Works Commission (OPWC) loan.

4. Capital Project Funds

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

Capital Projects Fund – This fund receives monies from the Ohio Water Development Authority (OWDA) and OPWC restricted for the water tower construction.

5. Enterprise Funds

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

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

E. Budgetary Process

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

VILLAGE OF PIONEER
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/department level in the General Fund and at the fund level for all other funds, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

F. Fund Balance

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

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Change in Accounting Principle and Restatement of Fund Balance

For 2012, the Village changed its accounting for the Cemetery Trust Fund, a permanent fund to the Cemetery Fund, a special revenue fund to better reflect its purpose. This change had the following effect on fund balances as previously reported:

	<u>Special Revenue</u>	<u>Permanent</u>
Fund Balance at December 31, 2011	\$379,346	\$56,629
Accounting Change	56,629	(56,629)
Adjusted Fund Balance at January 1, 2012	\$435,975	

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$3,261,940	\$3,077,203
Certificates of deposit	250,000	297,208
Total deposits	\$3,511,940	\$3,374,411

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$799,879	\$813,478	\$13,599
Special Revenue	120,775	126,091	5,316
Debt Service	28,450	26,637	(1,813)
Capital Projects	23,919	33,920	10,001
Enterprise	4,278,000	4,099,063	(178,937)
Total	\$5,251,023	\$5,099,189	(\$151,834)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$670,000	\$657,681	\$12,319
Special Revenue	287,095	123,820	163,275
Debt Service	52,867	52,866	1
Capital Projects	18,919	18,919	
Enterprise	4,142,080	4,108,372	33,708
Total	\$5,170,961	\$4,961,658	\$209,303

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$735,930	\$829,720	\$93,790
Special Revenue	124,925	132,693	7,768
Debt Service	25,900	37,617	11,717
Capital Projects	355,428	469,129	113,701
Enterprise	4,073,300	4,094,501	21,201
Total	\$5,315,483	\$5,563,660	\$248,177

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$711,250	\$686,113	\$25,137
Special Revenue	177,114	131,311	45,803
Debt Service	52,867	52,866	1
Capital Projects	489,681	489,681	
Enterprise	4,347,615	3,927,284	420,330
Total	\$5,778,527	\$5,287,256	\$491,271

5. Property Tax

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

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

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

6. Local Income Tax

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

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loans	\$207,686	0 - 4%
Ohio Water Development Authority (OWDA) Loans	5,381,501	3.5%
AMP Loan	1,395,000	2 - 5.45%
Total	\$6,984,187	

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. The 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 final maturity in 2014. The 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 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. The loan is being retired from the Sewer enterprise fund.

OWDA Loans – OWDA loans consist of monies owed to the Ohio Water Development Authority for the following:

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

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

AMP Loan – On November 7, 1997, the Village obtained a loan from AMP 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 7, 2000, the loan agreement was amended to finance the cost of the Village’s share of the OMEGA JV2 distribution generation project, in the amount of \$500,000.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Debt (Continued)

On October 27, 2005, the loan agreement was reconstructed 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% of the \$1,000,000 funds were not spent within 3 years of the October 17, 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 retired by the end of 2025. This loan will be repaid from the Electric enterprise fund.

Commercial Bank Loan – During 2009, the Village obtained a loan in the amount of \$84,000 to purchase a building. The loan was paid off during 2013.

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

Year ending December 31:	OWDA Loan	OPWC Loans	AMP OHIO
			JV6
2014	\$308,398	\$55,692	\$212,883
2015	308,398	29,169	212,883
2016	308,398	14,236	212,883
2017	308,398	14,235	212,883
2018	308,398	14,235	212,883
2019-2023	1,541,989	49,690	1,064,415
2024-2028	1,541,989	32,384	203,959
2029-2033	1,541,989		
2034-2038	1,541,989		
2040	169,064		
Total	<u>\$7,879,010</u>	<u>\$209,641</u>	<u>\$2,332,789</u>

8. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10 until July 1, 2013 then 10.75 percent of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

9. Risk Management

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

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

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

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

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

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

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

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

10. Related Party Transactions

The Village purchases various water and sewer parts from Artesian of Pioneer, Inc. which is owned by the Mayor of Pioneer. The Village paid \$7,691 in 2013.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

11. Joint Ventures

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

The Village of Pioneer is a Non-Financing Participant and an Owner Participant with an ownership percentage of .86% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2013, the outstanding debt was \$15,769,323. The Village's net investment in OMEGA JV2 was \$196,784 at December 31, 2013. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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 cost 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 Villages net investment in JV4 was \$573,518 at December 31, 2012. Complete financial statements for JV4 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at www.ohioauditor.gov.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

11. Joint Ventures (Continued)

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

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013, Pioneer has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

11. Joint Ventures (Continued)

The Village's net investment to date in OMEGA JV5 was \$74,267 at December 31, 2013. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

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

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Pioneer has met their debt coverage obligation.

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

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

11. Joint Ventures (Continued)

The Village's net investment to date in OMEGA JV6 was \$114,621 at December 31, 2013. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

E. American Municipal Power Generating Station (AMPGS)

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 500 kilowatts of a total 771,281 kilowatts, giving the Village a 0.06 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$85,329. The Village received a credit of \$56,955 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$22,612 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$25,508 leaving a net credit balance of impaired cost estimate of \$19,746. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable.

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

12. Long Term Purchase Commitments

A. Prairie State Project

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

Campus Revenue Bonds (the "*Prairie State Bonds*") to finance PSEC project costs and PSEC related expenses. The Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the aggregate principal amount of \$1,696,800,000.

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

12. Long Term Purchase Commitments (Continued)

The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated 1,000 kilowatts of this project.

B. Combined Hydroelectric Projects

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "Combined Hydroelectric Projects"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, are being constructed and will be operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take or- pay power sales contract with 79 of its Members. As of June 1, 2012, \$2,041,436,765 aggregate principal amount of the Combined Hydroelectric Bonds was outstanding.

The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated 1,000 kilowatts of this project.

13. Segment Information

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

13. Segment Information (Continued)

	2013	2012
Total Assets	\$1,895,082	\$1,878,701
Total Liabilities	2,429,252	2,781,700
Condensed Operating Information:		
Operating Receipts		
Charges for Services	3,227,299	3,244,744
Other Operating Receipts	133,379	82,826
Total Operating Receipts	<u>3,360,678</u>	<u>3,327,570</u>
Operating Expenses	2,896,056	2,824,120
Operating Income	464,622	503,450
Nonoperating Disbursements		
Principal Payments	(427,593)	(383,301)
Interest Payments	(20,648)	(27,711)
Change in Fund Cash Balance	16,381	92,438
Beginning Fund Cash Balance	1,878,701	1,786,263
Ending Fund Cash Balance	<u>\$1,895,082</u>	<u>\$1,878,701</u>

	2013	2012
Condensed Cash Flows Information:		
Net Cash Provided by:		
Operating Activities	\$464,622	\$503,450
Capital and Related Financing Activities		
Principal Payments on Capital and Related Debt	(427,593)	(383,301)
Interest Payments on Capital and Related Debt	(20,648)	(27,711)
Net Cash Used by Capital and Related Financing Activities	<u>(448,241)</u>	<u>(411,012)</u>
Net Increase	16,381	92,438
Beginning Fund Cash Balance	1,878,701	1,786,263
Ending Fund Cash Balance	<u>\$1,895,082</u>	<u>\$1,878,701</u>

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Pioneer, Williams County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements and have issued our report thereon dated June 4, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Village reclassified its accounting of the Cemetery Trust Fund.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

June 4, 2014

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness – Recording “On-Behalf” Grants

In 2012, Issue II grant monies, in the amount of \$113,701, were expended directly to contractors on behalf of the Village. These monies were not recorded in the Village's financial statements. Since the Ohio Public Works Commission (OPWC) paid the invoices, the Village did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The accompanying financial statements and budgetary activity were adjusted to reflect these amounts in a Capital Project Fund.

We recommend the Fiscal Officer record all benefits received from state or federal grants as a memo receipt and expenditure on the Village's records. In addition, Village management should review Auditor of State Bulletins 2000-008 and 2002-004.

Officials' Response:

The finding is due to an overlook of the correspondence received from OPWC. Corrective actions have been implemented by the Village to mitigate any further non-compliance.

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VILLAGE OF PIONEER
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material weakness due to not recording "On-Behalf" Grants.	No	Not Corrected. Reissued as finding number 2013-001 in this report.

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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
JUNE 24, 2014