



VILLAGE OF PIONEER
WILLIAMS COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Pioneer, Williams County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 15 to the 2021 financial statements and Note 16 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. 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 August 22, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 22, 2022

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VILLAGE OF PIONEER
WILLIAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 191,968				\$ 191,968
Municipal Income Tax	558,764				558,764
Intergovernmental Revenue	113,366	\$ 184,961		\$ 344,577	642,904
Special Assessments		21,278	\$ 20,762		42,040
Charges for Services	61,765	16,500			78,265
Fines, Licenses and Permits	3,063				3,063
Earnings on Investments	2,837	665			3,502
Miscellaneous	75,868	5,757			81,625
Total Cash Receipts	1,007,631	229,161	20,762	344,577	1,602,131
Cash Disbursements					
Current:					
Security of Persons and Property	396,995				396,995
Public Health Services		16,849			16,849
Leisure Time Activities	47,594				47,594
Community Environment	10,897				10,897
Basic Utility Services	7,840				7,840
Transportation	261,830	214,883			476,713
General Government	193,371	25,185			218,556
Capital Outlay	402,952	77,954		456,589	937,495
Debt Service:					
Redemption of Principal	12,651	8,372	17,046		38,069
Interest and Other Fiscal Charges	13,323	8,689	10,000		32,012
Total Cash Disbursements	1,347,453	351,932	27,046	456,589	2,183,020
Excess of Disbursements Over Receipts	(339,822)	(122,771)	(6,284)	(112,012)	(580,889)
Other Financing Receipts					
Sale of Notes				103,743	103,743
Sale of Fixed Assets				1,758,624	1,758,624
Other Financing Sources		70,869			70,869
Total Other Financing Receipts		70,869		1,862,367	1,933,236
Net Change in Fund Cash Balances	(339,822)	(51,902)	(6,284)	1,750,355	1,352,347
Fund Cash Balances, January 1	612,782	587,163	14,148	198,219	1,412,312
Fund Cash Balances, December 31	<u>\$ 272,960</u>	<u>\$ 535,261</u>	<u>\$ 7,864</u>	<u>\$ 1,948,574</u>	<u>\$ 2,764,659</u>

See accompanying notes to the basic financial statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 4,199,908
Miscellaneous	215,659
	<u>4,415,567</u>
<i>Total Operating Cash Revenues</i>	<u>4,415,567</u>
Operating Cash Disbursements	
Personal Services	567,869
Transportation	3,689
Contractual Services	2,741,668
Supplies and Materials	234,271
	<u>3,547,497</u>
<i>Total Operating Cash Disbursements</i>	<u>3,547,497</u>
<i>Operating Income</i>	<u>868,070</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(881,848)
Miscellaneous	24,774
Redemption of Principal	(264,079)
Interest and Other Fiscal Charges	(171,517)
Other Financing Sources	6,100
Other Financing Uses	(5,765)
	<u>(1,292,335)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,292,335)</u>
<i>Net Change in Fund Cash Balances</i>	(424,265)
<i>Fund Cash Balances, January 1</i>	<u>4,163,997</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,739,732</u></u>

See accompanying notes to the basic financial statements

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Public Entity Risk Pools and Joint Ventures

The Village participates in an insurance pool, four joint ventures, and a public entity risk pool. These organizations are the Ohio Plan Risk Management, Inc., the Ohio Municipal Electric Generation Agency Joint Venture2 (JV2), the Ohio Municipal Electric Generation Agency Joint Venture 4 (JV4), the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5), and the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6) and Ohio Municipal League Group Rating Plan. These organizations are presented in Notes 6, 10 and 11.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Maintenance and Repair Fund - This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for for constructing, maintaining, and repairing Village streets.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Street Debt - This fund accounts and reports property assessments restricted for loan repayments.

Water/Sewer Debt Fund - This fund accounts and reports property assessments restricted for loan repayments.

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

Capital Project Fund This fund accounts and reports proceeds of an income tax and loans restricted for permanent improvements.

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 accounts and reports for the provision of electric transmission and distribution to residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$904,133	\$1,007,631	\$103,498
Special Revenue	280,161	300,030	19,869
Debt Service	20,200	20,762	562
Capital Projects	448,320	2,206,944	1,758,624
Enterprise	5,708,898	4,446,441	(1,262,457)
Total	<u>\$7,361,712</u>	<u>\$7,981,808</u>	<u>\$620,096</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,475,947	\$1,400,464	\$75,483
Special Revenue	527,449	351,932	175,517
Debt Service	27,167	27,046	121
Capital Projects	333,269	456,589	(123,320)
Enterprise	5,140,051	4,870,706	269,345
Total	<u>\$7,503,883</u>	<u>\$7,106,737</u>	<u>\$397,146</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$6,504,291
Cash on Hand	100
Total carrying amount of deposits and investments held in the Pool	\$6,504,391
 <i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in Pool)	\$11,958

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

Deposits

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 6 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to 771 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2020 (the latest information available):

Assets	\$18,826,974
Liabilities	(\$13,530,267)
Members’ Equity	\$5,296,707

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

Other Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loans	\$156,081	0%
Ohio Water Development Authority (OWDA) Loans	6,068,989	1.25-4%
Total	\$6,225,070	

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

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 2021. This loan is being retired from Sewer enterprise fund.

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

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

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

AMP-Ohio Loan- On November 23, 2021 the Village obtained a loan from AMP-Ohio to finance the construction and installation of a new substation and transmission line for the municipal electric system in the industrial park, in the amount of \$3,950,000. An amortization schedule is not available. This is a line of credit and there was no draw made on it at December 31, 2021.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2022	\$397,309	\$15,263
2023	398,105	15,263
2024	398,944	15,263
2025	399,830	15,263
2026	400,765	15,263
2027-2031	2,019,762	43,931
2032-2036	2,052,221	35,835
2037-2041	1,645,377	
2042-2046	338,793	
Total	<u>\$8,051,106</u>	<u>\$156,081</u>

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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 \$21,090. The Village received a credit of \$25,449 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$4,359. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable. The Village made no payments in 2021, leaving a net impaired cost estimate of \$4,359 at December 31, 2021.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – 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 January 1, 2019, \$3,781,466 principal amount of JV2 obligations was outstanding and held on the line of credit. On an audited basis, the Village's net investment to date in OMEGA JV2 was (\$274) at December 31, 2020. 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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

On an audited basis, the Village's net investment to date in OMEGA JV4 was \$426,773 at December 31, 2020. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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.

Also pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2020, Pioneer has met its debt coverage obligation.

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

OMEGA JV5 (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the “Belleville Project,” a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia and an associated transmission line in Ohio owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of January 1, 2019, \$35,966,390 of the 2001 Belleville Beneficial Interest Certificates (“2001 BICs”) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the “JV5 Note”). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the “2016 BICs”) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of January 1, 2019, \$28,315,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP.

The Village’s net investment and its share of operating results of OMEGA JV5 are reported in the Village’s electric fund (an enterprise fund). The Village’s net investment to date in OMEGA JV5 was \$22,836 at December 31, 2020. 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.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021, Pioneer has met its debt coverage obligation.

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

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

The Village's net investment to date in OMEGA JV6 was \$59,203 at December 31, 2020. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The ten participating subdivisions and their respective ownership shares at December 31, 2020 are:

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

E. American Municipal Power Generating System (AMPGS)

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

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

As of December 31, 2017, the Village of Pioneer allocated share of the stranded costs recoverable from the AMPGS Participants is \$19,375.

Note 11 – Public Entity Risk Pool

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Related Party Transactions

The Village purchased various items in the amount of \$10,505 from Pioneer Hometown Hardware, which is owned by Councilman Will Cable. The Village purchased various items in the amount of \$704 from Artesian of Pioneer and food in the amount of \$767 from Bob Mor, which are both owned by Mayor Ed Kidston. The transactions were approved at arm’s length, with full knowledge of Village officials. The Mayor and Councilman did not take part in the deliberation of decision by Village officials with respect to the transactions.

Note 13 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 53,011

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – AMP Revenue Coverage

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

	2021
Total Fund Cash Balance	\$2,340,426
Total Long-Term Debt as of December 31, 2021	302,147
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	3,319,073
Other Operating Receipts	201,754
Total Operating Receipts	3,520,827
 Operating Expenses	
Personal Services	349,683
Transportation	3,689
Contractual Services	2,591,761
Supplies and Materials	112,999
Total Operating Expenses	3,058,132
Operating Income	462,695
 Nonoperating Disbursements	
Capital Outlay	(108,133)
Principal Payments	(69,084)
Total Other Nonoperating Disbursements	(177,217)
Change in Fund Cash Balance	285,478
Beginning Fund Cash Balance	2,054,948
Ending Fund Cash Balance	\$2,340,426

	2021
Condensed Cash Flows Information:	
Net Cash Provided by:	
Operating Activities	\$462,695
 Noncapital Financing Activities	
Principal Payments on Noncapital Debt	(69,083)
Net Cash Used by Noncapital Financing Activities	(69,083)
 Capital and Related Financing Activities	
Other Capital and Related Financing Activities	(108,133)
Net Cash Used by Capital and Related Financing Activities	(108,133)
Net Increase	285,478
Beginning Fund Cash Balance	2,054,948
Ending Fund Cash Balance	\$2,340,426

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$15,000 which was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the applicable Special Revenue Fund on the accompanying financial statements

Note 16 - Purchase Power

The Village's electric distribution system during 2021 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the City. Included in these contracts with AMP are; the Prairie State Energy Campus Project (1.0 megawatt), generation started during 2012, Fremont Natural Gas Energy Center (0.5 megawatts), generation started in 2012, and the Combined Hydroelectric Project (1.0 megawatt), generation that started during Spring 2016. AMP provides the remaining power requirements with market based purchases from various sources including New York Power Authority, Blue Creek Wind Farm, and other pooled market sources.

Note 17 – Compliance

Contrary to Ohio law, the Village inappropriately recorded the sale of a permanent improvement in the wrong fund.

Note 18 – Miscellaneous Receipts

General fund miscellaneous receipts primarily consisted of various rental receipts, workers' comp refunds, park donations, SRO reimbursement, and employee dental income.

Note 19 – Subsequent Events

In 2022, the Village accepted a bid of Bryan Excavating in the amount of \$1,617,557 for the Kexon Drive Extension project and also accepted bid of Virginia Transformer Corporation in the amount of \$1,091,390 for the purchase of 2 15/20/25/28 MVA Transformers.

In 2022, the Village advanced \$3,000,000 from the Electric Fund to Water Fund in the amount of \$900,000, to the Sewer Fund in the amount of \$900,000, and into the General Fund in the amount of \$1,200,000.

VILLAGE OF PIONEER
WILLIAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 185,181				\$ 185,181
Municipal Income Tax	486,584				486,584
Intergovernmental Revenue	56,048	\$ 256,623		\$ 225,621	538,292
Special Assessments		17,808	\$ 20,343		38,151
Charges for Services	54,224	10,975			65,199
Fines, Licenses and Permits	2,535				2,535
Earnings on Investments	15,063	651			15,714
Miscellaneous	110,565	2,256			112,821
Total Cash Receipts	910,200	288,313	20,343	225,621	1,444,477
Cash Disbursements					
Current:					
Security of Persons and Property	227,336				227,336
Public Health Services		15,778			15,778
Leisure Time Activities	48,787				48,787
Community Environment	7,954				7,954
Basic Utility Services	5,852				5,852
Transportation	133,541	32,077			165,618
General Government	170,841	125,488			296,329
Capital Outlay	100,466	5,200		1,545,986	1,651,652
Debt Service:					
Redemption of Principal	12,277	8,007	13,233		33,517
Interest and Other Fiscal Charges	13,697	8,933	9,650		32,280
Total Cash Disbursements	720,751	195,483	22,883	1,545,986	2,485,103
Excess of Receipts Over / (Under) Disbursements	189,449	92,830	(2,540)	(1,320,365)	(1,040,626)
Other Financing Receipts					
Sale of Notes				1,505,265	1,505,265
Sale of Fixed Assets				5,050	5,050
Other Financing Sources		34,000			34,000
Total Other Financing Receipts		34,000		1,510,315	1,544,315
Net Change in Fund Cash Balances	189,449	126,830	(2,540)	189,950	503,689
Fund Cash Balances, January 1	423,333	460,333	16,688	8,269	908,623
Fund Cash Balances, December 31	<u>\$ 612,782</u>	<u>\$ 587,163</u>	<u>\$ 14,148</u>	<u>\$ 198,219</u>	<u>\$ 1,412,312</u>

See accompanying notes to the basic financial statements

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,690,685
Miscellaneous	83,597
	<u>3,774,282</u>
<i>Total Operating Cash Revenues</i>	<u>3,774,282</u>
Operating Cash Disbursements	
Personal Services	572,241
Transportation	441
Contractual Services	2,598,037
Supplies and Materials	146,279
	<u>3,316,998</u>
<i>Total Operating Cash Disbursements</i>	<u>3,316,998</u>
<i>Operating Income</i>	<u>457,284</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(70,335)
Earnings on Investments	3,431
Miscellaneous	25,489
Redemption of Principal	(257,657)
Interest and Other Fiscal Charges	(177,658)
Other Financing Sources	6,300
Other Financing Uses	(5,902)
	<u>(476,332)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(476,332)</u>
<i>Loss Before Transfers</i>	(19,048)
Transfers-In	1,000,000
Transfers-Out	(1,000,000)
	<u>(19,048)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(19,048)</u>
<i>Fund Cash Balances, January 1</i>	<u>4,183,045</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,163,997</u>

See accompanying notes to the basic financial statements

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

Public Entity Risk Pools and Joint Ventures

The Village participates in an insurance pool, four joint ventures, and a public entity risk pool. These organizations are the Ohio Plan Risk Management, Inc., 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), the Ohio Municipal Electric Generation Agency Joint Venture 6 (JV6), American Municipal Power Generating System (AMPGS) and Ohio Municipal League Group Rating Plan. These organizations are presented in Notes 7, 11 and 12.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

COVID Relief Fund This fund accounts and reports federal grants used to cover expenses related to the COVID19 pandemic.

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

Water/Sewer Debt Service Fund This fund accounts and reports property assessments restricted for loan repayments.

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

Capital Project Fund This fund accounts and reports proceeds of loan restricted for water projects and for water line and storm sewer reconstruction and water distribution improvements.

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 accounts and reports for the provision of electric transmission and distribution to residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,004,643	\$910,200	(\$94,443)
Special Revenue	291,661	322,313	30,652
Debt Service	23,000	20,343	(2,657)
Capital Projects	1,854,206	1,735,936	(118,270)
Enterprise	4,906,789	4,809,502	(97,287)
Total	\$8,080,299	\$7,798,294	(\$282,005)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$945,112	\$746,473	\$198,639
Special Revenue	354,673	210,483	144,190
Debt Service	27,167	22,883	4,284
Capital Projects	1,854,206	1,545,986	308,220
Enterprise	5,393,030	4,828,550	564,480
Total	\$8,574,188	\$7,354,375	\$1,219,813

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Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$5,576,209
Cash on Hand	100
Total carrying amount of deposits and investments held in the Pool	\$5,576,309
 <i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in Pool)	\$7,904

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

Deposits

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

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

Note 6 – Interfund Transfers

During 2020, \$1,000,000 was transferred from the Electric Fund to the Water Fund and the Sanitary Sewer Fund in the amounts of \$400,000 and \$600,000, respectively, in compliance with Ohio Revised Code sections 5705.15 and 5705.16 to provide funding for designated projects. Moneys in an electric fund can be transferred to any other fund and be used for any municipal purpose, because no code section restricts the use of such money according to *Niles v. Union Ice Corp.*, (1938), 133 Ohio St. 169, at 178.

Note 7 – Risk Management

Risk Pool Membership

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

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

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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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets		\$18,826,974
Liabilities		(13,530,267)
Members’ Equity		\$ 5,296,707

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Other Village’s certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages. The Village has paid all contributions required through December 31, 2020.

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Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (OPWC) Loans	\$171,344	0%
Ohio Water Development Authority (OWDA) Loans	6,183,045	2-4%
Total	\$6,354,389	

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

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 this loan is 20 years, with final maturity in 2027. This loan is being retired from the Sewer enterprise fund.

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

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

Amortization

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

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2021	\$396,555	\$15,263
2022	397,309	15,263
2023	398,105	15,263
2024	398,944	15,263
2025	399,830	15,263
2026-2030	2,014,253	52,027
2031-2035	2,045,013	35,835
2036-2040	1,945,928	7,167
2041-2045	451,724	
Total	<u>\$8,447,661</u>	<u>\$171,344</u>

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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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 \$21,090. The Village received a credit a credit of \$25,449 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$4,359. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable. The Village made no payments in 2020, leaving a net impaired cost estimate of \$4,359 at December 31, 2020.

Note 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

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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 January 1, 2019, \$3,781,466 principal amount of JV2 obligations was outstanding and held on the line of credit.

The Village's net investment in OMEGA JV2 was \$27,533 on December 31, 2019 (the latest information available). Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

The Village is a participant, with three other subdivisions within the State of Ohio, in a joint venture to oversee construction and operation of a 69 kilowatt transmission line in Williams County, the Ohio Municipal Electric Generation Agency Joint Venture (JV4). JV4 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated, by agreement to remit on a monthly basis those 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 and its operating results of OMEGA JV4 are reported in the Village's electric (an enterprise fund).The Village's equity interest in Omega jv-4 was \$98,947 at December 31, 2018 (the latest information available). 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 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.

Also pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a

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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, 2020, Pioneer has met its debt coverage obligation.

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

OMEGA JV5 (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia and an associated transmission line in Ohio owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of January 1, 2019, \$35,966,390 of the 2001 Belleville Beneficial Interest Certificates ("2001 BICs") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the "JV5 Note"). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "2016 BICs") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of January 1, 2019, \$28,315,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP.

The Village's net investment and its share of operating to date results of OMEGA JV5 was \$69,083.76 at December 31, 2019 (the latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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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, 2020, Pioneer has met its debt coverage obligation.

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

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

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The Village’s net investment to date in OMEGA JV6 was \$63,369 at December 31, 2019 (the latest information available). Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

The ten participating subdivisions and their respective ownership shares at December 31, 2019 are:

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

E. American Municipal Power Generating System (AMPGS)

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

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

As of December 31, 2017, the Village of Pioneer allocated share of the stranded costs recoverable from the AMPGS Participants is \$19,375.

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Note 12 – Public Entity Risk Pool

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

Note 13 – Related Party Transactions

The Village purchased various items form Pioneer Hometown Hardware, which is owned by Councilman Will Cable. The Village paid Pioneer Hometown Hardware \$10,992 in 2020.

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 25,722	\$ 15,000	\$ 40,722

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – AMP Revenue Coverage

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

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	2020
Total Fund Cash Balance	\$2,054,948
Total Long-Term Debt	450,521
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	2,972,613
Other Operating Receipts	73,570
Total Operating Receipts	3,046,183
 Operating Expenses	
Personal Services	353,307
Transportation	441
Contractual Services	2,480,451
Supplies and Materials	74,498
Total Operating Expenses	2,908,697
 Operating Income	 137,486
 Nonoperating Receipts (Disbursements)	
Intergovernmental Receipts	
Investment Income	2,359
Capital Outlay	(61,578)
Principal Payments	(69,082)
Transfers	(1,000,000)
Change in Fund Cash Balance	(990,815)
Beginning Fund Cash Balance	3,045,763
Ending Fund Cash Balance	\$2,054,948

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Condensed Cash Flows Information:	2020
Net Cash Provided by:	
Operating Activities	\$137,486
Noncapital Financing Activities	
Principal Payments on Noncapital Debt	(69,082)
Other Noncapital Financing Activities	(1,000,000)
Net Cash Used by Noncapital Financing Activities	(1,069,082)
Capital and Related Financing Activities	
Other Capital and Related Financing Activities	(61,578)
Net Cash Used by Capital and Related Financing Activities	(61,578)
Investing Activities	
Earnings on Investments	2,359
Net Cash Provided by Investing Activities	2,359
Net Decrease	(990,815)
Beginning Fund Cash Balance	3,045,763
Ending Fund Cash Balance	\$2,054,948

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$15,000 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

On March 21, 2020, in response to the COVID-19 public health crisis, Council adopted Ordinance 102-2020 which waived all base and usage rates for water and sewer services for residential customers for the months of April, May and June 2020. In addition, residential electric customers received a \$100 credit for the same three months. As a result of this action, the Village did not receive, water, sewer and electric collections of approximately \$63,810, \$65,457 and \$198,000, respectively.

Village of Pioneer, Ohio
Williams County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 17 – Purchased Power

The Village's electric distribution system during 2018 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the City. Included in these contracts with AMP are; the Prairie State Energy Campus Project (1.0 megawatt), generation started during 2012, Fremont Natural Gas Energy Center (0.5 megawatts), generation started in 2012, and the Combined Hydroelectric Project (1.0 megawatt), generation that started during Spring 2016. AMP provides the remaining power requirements with market based purchases from various sources including New York Power Authority, Blue Creek Wind Farm, and other pooled market sources.

Note 18 – Compliance

Contrary to Ohio law, the Village inappropriately recorded load proceeds in the wrong fund.

Note 19 – Miscellaneous Receipts

General fund miscellaneous receipts primarily consisted of various rental receipts, workers' comp refunds, park donations, SRO reimbursement, and employee dental income.

Note 20 - Change in Accounting Principle

For 2020, the Village has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Pioneer, Williams County, Ohio (the Village), and have issued our report thereon dated August 22, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 and 2021-003.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 22, 2022

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying notes to the financial statements:

- Budgetary expenditures in the budgetary activity note to the financial statements were understated in the Capital Projects Fund in the amounts of \$123,320 and \$1,545,000 in 2021 and 2020, respectively.
- In 2021, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved. Appropriation authority was overstated in the General Fund in the amount of \$13,270,031.
- In 2021, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Electric Fund in the amount of \$1,758,624.

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

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

FINDING NUMBER 2021-002

Material Weakness and Noncompliance

Ohio Rev. Code § 5705.10(E) provides in part that all proceeds from the sale of public obligations or fractionalized interests in public obligations as defined in section 133.01 of the Revised Code, except premium and accrued interest, shall be paid into a special fund for the purpose of such issue.

Due of the deficiency in the implementation of controls over recording of debt proceeds, the Village inappropriately recorded \$184,900 of loan proceeds from Ohio Water Development Authority in the General Fund as miscellaneous revenues in 2020. Given the source of the revenue, this should have been recorded in the Capital Project Fund as loan proceeds. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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

FINDING NUMBER 2021-003

Material Weakness and Noncompliance

Ohio Rev. Code § 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

Due to a deficiency in the implementation of controls over the sale of assets and recording of assets, the Village inappropriately recorded \$1,758,624 from the sale of a permanent improvement (a 69 KV transmission line) in the Electric Fund in 2021. Given the source of the revenue, this should have been recorded in the Capital Projects fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

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

Officials' Response:

We did not receive a response from Officials to the above findings.

VILLAGE OF PIONEER

409 S. STATE STREET

PIONEER, OH 43554

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

MAYOR

Edward A. Kidston

COUNCIL

Randy Cochran President

Will Cable

Traci Filson

Ben Fiser

William Turner

Trevor West

ADMINISTRATOR

Al Fiser

FISCAL OFFICER

Elizabeth Kidston

UTILITIES CLERK

Gina Gruber

POLICE CHIEF

Tim Livengood

FIRE CHIEF

Denny Fackler

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material weakness for financial reporting errors regarding reporting federal grant monies.	Not corrected and repeated as Finding 2021-001 in this report.	Additional errors occurred which were not reported by management. Management is aware and understands the importance of properly reporting funds and will ensure that future errors are identified and properly reported.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PIONEER

WILLIAMS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/6/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov