



**Auditor of State
Betty Montgomery**

VILLAGE OF PIONEER
WILLIAMS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Pioneer
Williams County
205 S. State Street, P.O. Box 335
Pioneer, OH 43554-0335

To the Village Council:

We have audited the accompanying financial statements of the Village of Pioneer, Williams County, (the Village) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Pioneer
Williams County
Independent Accountants' Report
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This report is intended solely for the information and use of the finance committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 13, 2003

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$453,888	\$88,250			\$542,138
Special Assessments			\$16,080		16,080
Intergovernmental Receipts	153,834	151,285			305,119
Charges for Services	46,975	22,292			69,267
Fines, Licenses, and Permits	1,938	210			2,148
Earnings on Investments	24,501	4,253			28,754
Miscellaneous	26,446	40,031			66,477
	<u>707,582</u>	<u>306,321</u>	<u>16,080</u>	<u></u>	<u>1,029,983</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	234,820	12,033			246,853
Public Health Services	8,159	6,297			14,456
Leisure Time Activities	11,249				11,249
Community Environment	14,224				14,224
Basic Utility Services	8,745				8,745
Transportation	89,001	10,266			99,267
General Government	155,050				155,050
Debt Service:					
Principal Payments			49,184		49,184
Interest Payments			14,249		14,249
Capital Outlay	63,467	444,580			508,047
	<u>584,715</u>	<u>473,176</u>	<u>63,433</u>	<u></u>	<u>1,121,324</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>122,867</u>	<u>(166,855)</u>	<u>(47,353)</u>	<u></u>	<u>(91,341)</u>
Other Financing Receipts and (Disbursements):					
Sale of Bonds or Notes		425,000			425,000
Transfers-In			47,053		47,053
Transfers-Out	(148,317)			(\$19,628)	(167,945)
	<u>(148,317)</u>	<u>425,000</u>	<u>47,053</u>	<u>(19,628)</u>	<u>304,108</u>
Total Other Financing Receipts and (Disbursements)	<u>(148,317)</u>	<u>425,000</u>	<u>47,053</u>	<u>(19,628)</u>	<u>304,108</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,450)	258,145		(19,628)	212,767
Fund Cash Balances, January 1	102,611	111,702	15,599	19,628	249,540
Fund Cash Balances, December 31	<u>\$77,161</u>	<u>\$369,847</u>	<u>\$15,599</u>	<u>19,628</u>	<u>\$462,307</u>

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Charges for Services	\$2,486,122		\$2,486,122
Miscellaneous	213,118	\$2,521	215,639
Total Operating Cash Receipts	2,699,240	2,521	2,701,761
Operating Cash Disbursements:			
Personal Services	264,336		264,336
Contractual Services	1,601,490		1,601,490
Supplies and Materials	353,296		353,296
Capital Outlay	47,182		47,182
Total Operating Cash Disbursements	2,266,304		2,266,304
Operating Income	432,936	2,521	435,457
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	450,000		450,000
Other Non-Operating Receipts	10,022		10,022
Total Non-Operating Cash Receipts	460,022		460,022
Non-Operating Cash Disbursements:			
Debt Service	831,122		831,122
Other Non-Operating Cash Disbursements	7,350		7,350
Total Non-Operating Cash Disbursements	838,472		838,472
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	54,486	2,521	57,007
Transfers-In	120,592		120,592
Net Receipts Over Disbursements	175,078	2,521	177,599
Fund Cash Balances, January 1	889,206	61,683	950,889
Fund Cash Balances, December 31	\$1,064,284	\$64,204	\$1,128,488

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pioneer, Williams County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides electric, water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue funds:

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

Fire Levy Fund – This Fund receives levy money for the retirement of debt issued for fire trucks for the Village.

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

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Street Debt Service Fund – This fund receives special assessments for the retirement of debt issued to construct, maintain, and repair Village Streets.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Lynn Street Fund – This fund was used to improve Lynn Street in the Village.

5. Enterprise Funds

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

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund:

Cemetery Trust Fund – This fund receives a portion of the receipts from the sale of cemetery lots and interest earnings. Interest income is to be used for Cemetery maintenance and upkeep costs.

E. Budgetary Process

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

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

Cash on hand	\$100
Demand deposits	811,431
Certificates of deposit	551,173
Total deposits and cash on hand	<u>1,362,704</u>
STAR Ohio	228,391
Total deposits, cash on hand, and investments	<u><u>\$1,591,095</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$697,786	\$707,582	\$9,796
Special Revenue	661,900	731,321	69,421
Debt Service	15,000	63,433	48,433
Enterprise	2,891,174	3,279,854	388,680
Fiduciary	3,000	2,521	(479)
Total	\$4,268,860	\$4,784,711	\$515,851

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$735,610	\$733,032	\$2,578
Special Revenue	246,602	473,176	(226,574)
Debt Service	30,599	63,433	(32,834)
Capital Projects	19,629	19,628	1
Enterprise	3,290,806	3,104,776	186,030
Fiduciary	3,000	3,000	3,000
Total	\$4,326,246	\$4,394,045	(\$67,799)

Legally adopted appropriations varied significantly with amounts posted in the Village's ledgers in several funds, contrary to Ohio revised Code Section 5705.40.

Expenditures exceeded appropriations in the Fire Levy, Street Debt Service, Sanitary Sewer, and the Refuse Funds, contrary to Ohio Revised Code Section 5705.41(B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

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

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$703,027	0% - 4%
General Obligation Promissory Notes	95,586	5% - 5.4%
AMP Ohio Loan	2,430,000	2%
Bond Anticipation Notes	875,000	2.4% -2.5%
Total	<u>\$4,103,613</u>	

The Ohio Public Works Commission (OPWC) loans related to improvements made to the water treatment plant, various streets, and storm sewers. The loans will be repaid in semi-annual installments through the year 2020.

The Bond Anticipation Notes relate to sanitary sewer improvements and to a fire truck loan. The loans were financed with bond anticipation notes on May 22, 2002 and May 29, 2002 respectively.

The Promissory Notes relate to projects for water and street improvements. The loans will be repaid in varying annual installments through the year 2006.

The Village entered into a loan agreement with American Municipal Power – Ohio, Inc. (AMP-Ohio) for an amount of \$2,430,000 for the purpose of providing financing for the acquisition and installation of electric system improvements.

The Electric Operating Fund is to pay the loan made by AMP-Ohio together with interest thereon equal to the rate(s) of interest on the Electric System Improvement Bond Anticipation Notes (the Notes) to be issued by AMP-Ohio in one or more series, or on notes issued to refund the Notes, or on the Electric System Improvement Bonds to be issued by AMP-Ohio in anticipation of which Bonds the Notes are issued.

On the maturity date of each series of the Notes maturing on or before November 2, 2003, the Village will pay to AMP-Ohio all interest due on the Notes plus any amount of principal up to the original principal amount of such series, and on the maturity date of such series of the Notes plus

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

an amount of principal equal to the amount of principal amount which would be due in the corresponding year on a loan in the original amount of such series, for a term of 20 years, at the interest rate borne by such series of the Notes.

AMP-Ohio will use its best efforts to refinance any remaining principal of any series of the Notes; provided, however, that if AMP-Ohio is unable to refinance any series of the Notes, it shall give the Village and the original purchaser of the Notes 60 days notice of such inability, and the Village shall pay to AMP Ohio all amounts necessary to retire such series of the Notes at maturity.

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

Year ending December 31:	OPWC Loans	General Obligation Promissory Notes	Waterworks System Revenue Bond Anticipation Note	Fire Truck Bond Anticipation Note
2003	\$69,646	\$41,121	\$461,250	\$435,200
2004	69,631	39,224		
2005	69,615	14,809		
2006	69,599	8,202		
2007	69,582			
2008 – 2020	485,484			
Total	<u>\$833,557</u>	<u>\$103,356</u>	<u>\$461,250</u>	<u>\$435,200</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, crime, surety and bond, inland marine, and other coverages. The Plan pays judgment, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

The Plan uses conventional coverages and reinsures these coverages 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which may vary from member to member.

The Pool covers the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.
- Inland Marine.

10. Segment Information for Enterprise Funds

Included in the services provided by the Village financed primarily by user charges are refuse collection, water treatment and distribution, wastewater collection and treatment, electric utility services. The key financial information for the year ended December 31, 2002 for these enterprise activities are indicated below:

	Water Fund	Sewer Fund	Electric Fund	Other Misc. Funds	Total Enterprise Funds
Operating Cash Receipts	\$154,280	\$274,385	\$2,218,941	\$51,634	\$2,699,240
Debt Service	37,049	501,006	245,067	48,000	831,122
Capital Outlay					
Operating Cash Disbursements	89,547	149,346	1,984,306	43,105	2,266,304
Fund Cash Balances at 12-31-02	28,389	335,652	654,675	45,568	1,064,284
Operating Loss/Income	64,732	125,039	234,635	8,529	432,935
Net Receipt over Disbursements	27,683	74,033	111,604	(38,242)	175,078

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Pioneer
Williams County
205 S. State Street, P.O. Box 335
Pioneer, OH 43554-0335

To the Village Council:

We have audited the accompanying financial statements of the Village of Pioneer, Williams County, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 13, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The Reportable condition is described in the accompanying schedule of findings as item 2002-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly wouldn't necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 13, 2003.

This report is intended solely for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 13, 2003

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. Disbursements exceeded appropriations in the following funds by the following amounts:

Fund	Appropriation Authority	Actual Disbursements	Variance
Fire Levy Fund		\$446,785	(\$446,785)
Street Debt Service Fund	\$15,000	63,434	(48,434)
Sanitary Sewer Fund	493,618	650,352	(156,734)
Refuse Fund	29,050	43,105	(14,055)

Expenditures in excess of appropriations may result in deficit spending. We recommend that expenditures and appropriations be frequently reviewed by Council and the necessary adjustments be made to prevent expenditures from exceeding appropriations. These adjustments should be formally approved by Village Council in the minutes and the Clerk should only make amendments to the computerized appropriations ledger based on these formally documented approvals.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Revised Code § 5705.40 provides that appropriation measures may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. Legally adopted appropriations differed from amounts booked in the Village's ledgers, in the amounts identified below:

Fund	Legally Adopted Appropriations	Appropriations Per Ledgers	Variance
General Fund	\$735,610	\$826,842	(\$91,232)
Street Construction Maintenance and Repair Fund	73,473	175,473	(102,000)
Cemetery Fund	28,880		28,880
Fire Levy Fund		425,000	(425,000)
Street Debt Service Fund	15,000	57,100	(42,100)
Lynn Street Reconstruction Fund	15,464		15,464
Church & Elm Street Reconstruction Fund	4,165		4,165
Refuse Fund	29,050	28,881	169

Lack of Council approval for amendments to annual appropriations may allow the Village to make expenditures in excess of amounts intended by Council. Further, it does not allow Council to adequately monitor budgeted versus actual disbursements. We recommend that the Clerk only make amendments to the appropriations ledger based on formally documented approval of Village Council.

FINDING NUMBER 2002-003

Reportable Condition - Estimated Revenue Posting

Estimated resources booked in the Village's ledgers should reflect amounts approved by the County budget commission and Village Council. The Clerk did not enter any estimated resources in the Village's ledgers during 2002. As a result, legally adopted estimated revenue as approved by Village Council did not agree with estimated revenue amounts included in the Village's ledgers. This resulted in inaccurate budgetary reports which could make it difficult for management to make informed decisions regarding whether the Village's actual receipts are sufficient to support apportioned disbursements.

We recommend that the Clerk post estimated revenues to the Village's computerized ledgers based upon amounts approved by Village Council and the County budget commission on the Amended Official Certificate of Estimated Resources. As part of the monitoring process, the Clerk-Treasurer and Council should review the records to ensure that all budgeted amounts are properly reflected in the appropriate funds and the actual receipts are sufficient to cover appropriated disbursements.

**VILLAGE OF PIONEER
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30186-001	Ohio Revised Code § 133.22 Copy of anticipatory securities with the County Auditor.	Yes	Fully Corrected.
2001-30186-002	Ohio Revised Code § 5705.10 Negative fund balances.	No	Partially Corrected. This matter is reported in the Management Letter.
2001-30186-003	Ohio Revised Code § 5705.36 Filing certificate of total amount from all sources	No	Partially Corrected. This matter is reported in the Management Letter.
2001-30186-004	Ohio Revised Code § 5705.38 Failure to adopt a permanent appropriation measure	Yes	Fully Corrected.
2001-30186-005	Ohio Revised Code § 5705.40 Amending appropriation measure	No	Not Corrected. Reissued as Finding Number 2002-002.
2001-30186-006	Ohio Revised Code § 5705.41(B) Expenditures exceed appropriations	No	Not Corrected. Reissued as Finding Number 2002-001.
2001-30186-007	Ohio Revised Code § 5705.41(D) Prior certification of expenditures	No	Partially Corrected. This matter is reported in the Management Letter.
2001-30186-008	Recommendation: Monitoring Financial Activity	Yes	Fully Corrected.
2001-30186-009	Recommendation: Estimated Revenue Posting	No	Not Corrected. Reissued as Finding Number 2002-003.
2001-30186-010	Recommendation: Complete Disclosure of Debt Activity	Yes	Fully Corrected.



**Auditor of State
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VILLAGE OF PIONEER

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2003**