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**VILLAGE OF HASKINS
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2014 and 2013**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Haskins
405 North Findlay Road P.O. Box 182
Haskins, OH 43525

We have reviewed the *Independent Auditor's Report* of the Village of Haskins, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Haskins is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 2, 2015

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VILLAGE OF HASKINS
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 31, 2015

Village of Haskins
Wood County
405 North Findlay Road
P.O. Box 182
Haskins, OH 43525

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Haskins**, Wood County (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Haskins, Wood County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 80,714	\$ 94,789	\$ -	\$ 175,503
Municipal Income Tax	-	207,803	-	207,803
Intergovernmental	27,818	57,981	-	85,799
Fines, Licenses and Permits	22,653	210	-	22,863
Earnings on Investments	12	1	-	13
Miscellaneous	1,593	-	-	1,593
	<i>Total Cash Receipts</i>	<i>360,784</i>	<i>-</i>	<i>493,574</i>
Cash Disbursements				
Current:				
Security of Persons and Property	147,154	63,889	-	211,043
Public Health Services	1,618	-	-	1,618
Leisure Time Activities	16,538	-	-	16,538
Community Environment	5,499	-	-	5,499
Basic Utility Services	12,467	-	-	12,467
Transportation	-	121,156	-	121,156
General Government	89,348	7,637	-	96,985
Capital Outlay	400,000	35,142	85,231	520,373
Debt Service:				
Interest and Fiscal Charges	5,945	-	-	5,945
	<i>Total Cash Disbursements</i>	<i>227,824</i>	<i>85,231</i>	<i>991,624</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(545,779)</i>	<i>132,960</i>	<i>(85,231)</i>	<i>(498,050)</i>
Other Financing Receipts (Disbursements)				
Transfers In	163,270	50,000	36,897	250,167
Transfers Out	(50,000)	(200,167)	-	(250,167)
	<i>Total Other Financing Receipts (Disbursements)</i>	<i>(150,167)</i>	<i>36,897</i>	<i>-</i>
<i>Net Change in Fund Cash Balances</i>	<i>(432,509)</i>	<i>(17,207)</i>	<i>(48,334)</i>	<i>(498,050)</i>
<i>Fund Cash Balances, January 1</i>	<i>582,530</i>	<i>249,002</i>	<i>213,176</i>	<i>1,044,708</i>
Fund Cash Balances, December 31				
Restricted	-	231,795	164,842	396,637
Unassigned	150,021	-	-	150,021
	<i>Fund Cash Balances, December 31</i>	<i>\$ 231,795</i>	<i>\$ 164,842</i>	<i>\$ 546,658</i>

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 954,951	\$ -	\$ -	\$ 954,951
Miscellaneous	3,240	-	-	3,240
<i>Total Operating Cash Receipts</i>	<u>958,191</u>	<u>-</u>	<u>-</u>	<u>958,191</u>
Operating Cash Disbursements				
Personal Services	129,738	-	-	129,738
Employee Fringe Benefits	33,949	-	-	33,949
Contractual Services	541,297	-	-	541,297
Supplies and Materials	61,275	-	-	61,275
Other	26,481	-	-	26,481
<i>Total Operating Cash Disbursements</i>	<u>792,740</u>	<u>-</u>	<u>-</u>	<u>792,740</u>
<i>Operating Income (Loss)</i>	<u>165,451</u>	<u>-</u>	<u>-</u>	<u>165,451</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	2,377	-	-	2,377
Principal Retirement	(99,787)	-	-	(99,787)
Interest and Other Fiscal Charges	(45,391)	-	-	(45,391)
Other Financing Sources	-	14,601	-	14,601
Other Financing Uses	-	(14,601)	-	(14,601)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(142,801)</u>	<u>-</u>	<u>-</u>	<u>(142,801)</u>
<i>Net Change in Fund Cash Balances</i>	22,650	-	-	22,650
<i>Fund Cash Balances, January 1</i>	<u>1,361,083</u>	<u>10,381</u>	<u>415</u>	<u>1,371,879</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,383,733</u>	<u>\$ 10,381</u>	<u>\$ 415</u>	<u>\$ 1,394,529</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 76,023	\$ 92,283	\$ -	\$ 168,306
Municipal Income Tax	-	180,651	-	180,651
Intergovernmental	20,185	63,827	-	84,012
Fines, Licenses and Permits	18,420	152	-	18,572
Earnings on Investments	351	17	-	368
Miscellaneous	2,630	-	-	2,630
<i>Total Cash Receipts</i>	<u>117,609</u>	<u>336,930</u>	<u>-</u>	<u>454,539</u>
Cash Disbursements				
Current:				
Security of Persons and Property	134,551	70,931	-	205,482
Public Health Services	1,783	-	-	1,783
Leisure Time Activities	12,476	-	-	12,476
Community Environment	7,317	-	-	7,317
Basic Utility Services	10,266	-	-	10,266
Transportation	-	93,984	-	93,984
General Government	106,298	6,977	-	113,275
Capital Outlay	-	5,925	31,275	37,200
<i>Total Cash Disbursements</i>	<u>272,691</u>	<u>177,817</u>	<u>31,275</u>	<u>481,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(155,082)</u>	<u>159,113</u>	<u>(31,275)</u>	<u>(27,244)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	400,000	-	-	400,000
Transfers In	138,939	55,000	34,735	228,674
Transfers Out	(55,000)	(173,674)	-	(228,674)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>483,939</u>	<u>(118,674)</u>	<u>34,735</u>	<u>400,000</u>
<i>Net Change in Fund Cash Balances</i>	328,857	40,439	3,460	372,756
<i>Fund Cash Balances, January 1</i>	<u>253,673</u>	<u>208,563</u>	<u>209,716</u>	<u>671,952</u>
Fund Cash Balances, December 31				
Restricted	400,000	249,002	213,176	862,178
Unassigned	182,530	-	-	182,530
<i>Fund Cash Balances, December 31</i>	<u>\$ 582,530</u>	<u>\$ 249,002</u>	<u>\$ 213,176</u>	<u>\$ 1,044,708</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 925,165	\$ -	\$ -	\$ 925,165
<i>Total Operating Cash Receipts</i>	925,165	-	-	925,165
Operating Cash Disbursements				
Personal Services	132,367	-	-	132,367
Employee Fringe Benefits	25,228	-	-	25,228
Contractual Services	589,253	-	-	589,253
Supplies and Materials	31,021	-	-	31,021
Other	22,235	-	-	22,235
<i>Total Operating Cash Disbursements</i>	800,104	-	-	800,104
<i>Operating Income (Loss)</i>	125,061	-	-	125,061
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	2,660	-	-	2,660
Principal Retirement	(94,612)	-	-	(94,612)
Interest and Other Fiscal Charges	(50,558)	-	-	(50,558)
Other Financing Sources	-	14,860	-	14,860
Other Financing Uses	-	(14,860)	-	(14,860)
<i>Total Non-Operating Receipts (Disbursements)</i>	(142,510)	-	-	(142,510)
<i>Net Change in Fund Cash Balances</i>	(17,449)	-	-	(17,449)
<i>Fund Cash Balances, January 1</i>	1,378,532	10,381	415	1,389,328
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,361,083</u>	<u>\$ 10,381</u>	<u>\$ 415</u>	<u>\$ 1,371,879</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Haskins, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and electric utilities, park operations and police services.

The Village participates in a public entity risk pool, two joint ventures, and three long term purchase commitments. Notes 8, 11, and 12 to the financial statements provides additional information for these entities. These organization are:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Joint Venture Organizations:

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

Long-Term Purchase Commitments:

American Municipal Power Generating Station (AMPGS)
American Municipal Power Fremont Energy Center
Meldahl Hydroelectric Project and Greenup

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

B. Accounting Basis

These financial statements follow the accounting basis 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.

C. Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Income Tax Fund – This fund receives income tax revenues from businesses and residents within the Village. Transfers of 80% to the General Fund and 20% to the Income Tax Capital Improvement Fund are made after the tax collection fees charged by the Regional Income Taxing Authority (RITA) are deducted.

Special Levy Police Fund – This fund receives revenues for a tax levy and is used to pay for police operations.

3. Capital Projects 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:

Income Tax Capital Improvement Fund – This fund receives a portion of the income tax monies for capital improvement.

4. 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 Funds:

Electric Operating Fund – This fund receives charges for services from residents to cover electric service costs.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Private-Purpose Trust Funds

Private purpose trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Library's own programs.

The Village's private purpose trust fund receives donations for the future construction of a Library.

Agency Fund

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant and Equipment

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand deposits	\$ 1,896,187	\$ 2,371,587
Total deposits	1,896,187	2,371,587
STAR Ohio	45,000	45,000
Total investments	45,000	45,000
Total deposits and investments	\$ 1,941,187	\$ 2,416,587

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 312,787	\$ 296,060	\$ (16,727)
Special Revenue	417,779	410,784	(6,995)
Capital Projects	34,650	36,897	2,247
Enterprise	922,719	960,568	37,849
Total	\$ 1,687,935	\$ 1,704,309	\$ 16,374

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 510,000	\$ 728,569	\$ (218,569)
Special Revenue	660,299	427,991	232,308
Capital Projects	640,050	85,231	554,819
Enterprise	1,804,000	937,918	866,082
Total	\$ 3,614,349	\$ 2,179,709	\$ 1,434,640

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 259,485	\$ 656,548	\$ 397,063
Special Revenue	395,165	391,930	(3,235)
Capital Projects	35,890	34,735	(1,155)
Enterprise	1,024,000	927,825	(96,175)
Total	\$ 1,714,540	\$ 2,011,038	\$ 296,498

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 500,000	\$ 327,691	\$ 172,309
Special Revenue	580,523	351,491	229,032
Capital Projects	240,000	31,275	208,725
Enterprise	1,620,000	945,274	674,726
Total	\$ 2,940,523	\$ 1,655,731	\$ 1,284,792

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$218,569 for the year ended December 31, 2014.

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. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

<u>Description of Debt</u>	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan A	\$ 2,070,547	1.50%
OWDA Loan B	295,338	3.99%
Town Hall	400,000	1.47%
AMP - JV5	112,574	Variable
	<u>\$ 2,878,459</u>	

During 2006, the Village entered into an agreement for two loans (OWDA Loan A and B) with the Ohio Water Development Authority (OWDA) for the purpose of building a wastewater treatment plant. The Village will make semi-annual payments of \$65,570 for thirty years.

During 2013, the Village took out a \$400,000 tax exempt bond anticipation note at an annual interest rate of 1.47% from KeyBank to finance the construction of a new administration building. An amortization table is not available for this loan.

Information regarding AMP – JV 5 is included in Note 10 to the financial statements. No amortization schedule is available for this loan. The prior audit report did not properly disclose the outstanding amount of this loan. The amount outstanding as of December 31, 2012 was \$134,141.

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

	<u>OWDA Loan A</u>	<u>OWDA Loan B</u>	<u>Total</u>
2015	\$ 110,847	\$ 20,293	\$ 131,140
2016	110,847	20,293	\$ 131,140
2017	110,847	20,293	\$ 131,140
2018	110,847	20,293	\$ 131,140
2019	110,847	20,293	\$ 131,140
2020-2024	554,234	101,464	\$ 655,698
2025-2029	554,234	101,464	\$ 655,698
2030-2034	554,234	101,464	\$ 655,698
2035-2036	221,692	40,586	\$ 262,278
	<u>\$ 2,438,629</u>	<u>\$ 446,443</u>	<u>\$ 2,885,072</u>

7. RETIREMENT SYSTEMS

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. From January 1, 2013, through June 30, 2013, OP&F participants contributed 10% of their wages. From July 1, 2013, through June 30, 2014, OP&F participants contributed 10.75% of their wages. From July 1, 2014, through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,411,883	\$ 35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$ 21,651,689</u>	<u>\$ 23,038,920</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

8. RISK MANAGEMENT (Continued)

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Government's share of these unpaid claims collectible in future years is approximately \$9,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$13,796	\$13,205

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. INTERFUND TRANSFERS

During 2014, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 163,270	\$ (50,000)
Street Construction, Maintenance & Repair	40,000	-
Village Vehicle	10,000	-
Income Tax	-	(200,167)
Income Tax Capital Improvement	36,897	-
Total	\$ 250,167	\$ (250,167)

During 2013, the following interfund transfers were made:

	Transfers In	Transfers Out
General Fund	\$ 138,939	\$ (55,000)
Street Construction, Maintenance & Repair	45,000	-
Village Vehicle	10,000	-
Income Tax	-	(173,674)
Income Tax Capital Improvement	34,735	-
Total	\$ 228,674	\$ (228,674)

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

9. INTERFUND TRANSFERS (Continued)

In 2014 and 2013, the Village transferred funds from the Income Tax Fund to utilize the revenues received from their local income tax in accordance with the Village's Income Tax Ordinance. In 2014 and 2013, the Village transferred funds from the General Fund to the Street Construction, Maintenance & Repair Fund for general operations. In 2014 and 2013, the Village transferred funds from the General Fund to the Village Vehicle Fund to purchase a vehicle. All transfers were deemed allowable.

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

11. JOINT VENTURES

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

The Village of Haskins is a Financing Participant and an Owner Participant with percentages of liability and ownership of .07% and .05% respectively 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 (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 Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of 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. Under the terms of the Agreement each Financing 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 JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2014 the Village of Haskins has met its debt coverage obligation.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

11. JOINT VENTURES

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2014, the outstanding debt was \$11,938,283. The Village's net obligation for this amount at December 31, 2014 was \$8,357. The Village's net investment in OMEGA JV2 was \$10,757 at December 31, 2014. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2014 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	100.00%	134,081

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

11. JOINT VENTURES (Continued)

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

The Village's liability for the bonds is disclosed below:

Years	Principal	Interest	Total Debt Service
2015	2,669	108	2,777
2016	2,703	74	2,777
2017-2020	3,030	43	3,073
Total Gross Liability	<u>8,403</u>	<u>224</u>	<u>8,627</u>
Net Obligation	<u>8,403</u>		

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

The Village of Haskins is a Financing Participant with an ownership percentage of .13 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

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, 2014 Haskins has met its debt coverage obligation.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

11. JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) (Continued)

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2014 to \$57,679,473. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$3,884 at December 31, 2014. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

12. LONG-TERM PURCHASE COMMITMENTS

A. American Municipal Power Generating Station Project

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 700 kilowatts of a total 771,281 kilowatts, giving the Village a 0.09 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$120,602. The Village received a credit of \$67,164 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$31,657 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$21,781. 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. The Village will begin making payments in 2015. The Village made no payments in 2014. The net impaired cost estimate at December 31, 2014 was \$22,458.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

B. AMP Fremont Energy Center

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

12. LONG-TERM PURCHASE COMMITMENTS (Continued)

B. AMP Fremont Energy Center (Continued)

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The Village of Haskins has executed a take-or-pay power sales contract with AMP for a Project Share of 625 kW or 0.13% of capacity and associated energy from the AFEC facility. As of December 31, 2014, the Village's Project Share was associated with approximately \$723,719 of the outstanding Project debt.

C. Meldahl Hydroelectric Project and Greenup

AMP is currently constructing a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "*Meldahl Project*"). When the Meldahl Project enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. The City of Hamilton, Ohio, a Member of AMP and a participant in the Meldahl Project, and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license necessary to construct and operate the Meldahl Project. Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project will be owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("*Meldahl, LLC*"), and will be operated by Hamilton. AMP, acting as agent of Meldahl LLC, is financing the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the "*Meldahl Bonds*") in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members.

All major contracts for the project which include the turbine, the powerhouse construction, the powerhouse gate, the powerhouse crane, and the transformer have been awarded for the Meldahl facility. And the property right-of-way acquisitions for the transmission line have been completed for this project.

AMP projects that the first of the Project's three units will be in service in the third quarter of 2015 and the second and third units will be in service in the fourth quarter 2015, which means the commercial operation date of the Meldahl Project would occur during the third quarter of 2015. At this time the Meldahl Projects total construction budget remains unchanged.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

12. LONG-TERM PURCHASE COMMITMENTS (Continued)

C. Meldahl Hydroelectric Project and Greenup (Continued)

Please note that the projected commercial operation date set forth above, and the other information herein is subject to change and is dependent on a number of factors affecting the Project's overall remaining construction schedule. As a result, the commercial operation date may occur earlier or later than the time frame set forth above.

The Village of Haskins has executed a take-or-pay power sales contract with AMP for a Project Share of 71 kW or 0.07% of capacity and associated energy from the Meldahl Project. As of December 31, 2014, the Village's Project Share was associated with approximately \$463,258 of the outstanding Project debt.

The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility ("*Greenup*"), a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River, in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will issue bonds to finance its undivided ownership interest in Greenup in the fourth quarter of 2015.

AMP's Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (all except Hamilton which will retain title to the remaining 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

The Village of Haskins has executed a take-or-pay power sales contract with AMP for 46 kW or 0.13% of capacity and associated energy from the Greenup Project.

13. SEGMENT INFORMATION

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. 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 HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

13. SEGMENT INFORMATION (Continued)

	<u>2014</u>	<u>2013</u>
Total Assets	\$ 467,042	\$ 460,130
Total Liabilities	135,032	146,981
Condensed Operating Information:		
Operating Receipts		
Charges for Services	<u>639,263</u>	<u>603,943</u>
Total Operating Receipts	639,263	603,943
Operating Expenses	<u>620,690</u>	<u>656,047</u>
Operating Income (Loss)	18,573	(52,104)
Nonoperating Receipts (Disbursements)		
Principal Payments	(12,626)	(8,942)
Interest Payments	(1,412)	(5,089)
Other Nonoperating Receipts (Disbursements)	<u>2,377</u>	<u>2,660</u>
Change in Fund Cash Balance	6,912	(63,475)
Beginning Fund Cash Balance	460,130	523,605
Ending Fund Cash Balance	<u><u>\$ 467,042</u></u>	<u><u>\$ 460,130</u></u>
Condensed Cash Flows Information:		
	<u>2014</u>	<u>2013</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 18,573	\$ (52,104)
Noncapital Financing Activities		
Other Noncapital Financing Activities	<u>2,377</u>	<u>2,660</u>
Net Cash Provided (Used) by Noncapital Financing Activities	2,377	2,660
Capital and Related Financing Activities		
Principal Payments on Capital and Related Debt	(12,626)	(8,942)
Interest Payments on Capital and Related Debt	<u>(1,412)</u>	<u>(5,089)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,038)	(14,031)
Net Increase (Decrease)	6,912	(63,475)
Beginning Fund Cash Balance	460,130	523,605
Ending Fund Cash Balance	<u><u>\$ 467,042</u></u>	<u><u>\$ 460,130</u></u>



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

July 31, 2015

Village of Haskins
Wood County
405 North Findlay Road
P.O. Box 182
Haskins, OH 43525

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Haskins**, Wood County, (the Village) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of audit findings to be material weaknesses.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

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• Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2014-002 and 2014-003.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 31, 2015.

Purpose of this Report

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



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2014 and 2013, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- An Intergovernmental receipt was recorded in the General Fund instead of the Street Construction Maintenance and Repair and State Highway Funds in 2014.
- Intergovernmental receipts were recorded in the Street Construction Maintenance and Repair and State Highway Funds instead of the General Fund in 2014 and 2013.
- An Intergovernmental receipt was recorded in the Permissive Motor Vehicle License Tax Fund instead of the Street Construction Maintenance and Repair and State Highway Funds in 2014.
- A portion of an Intergovernmental receipt was recorded in the Street Construction Maintenance and Repair Fund instead of the State Highway Fund in 2014.
- Property and Other Local Taxes and Intergovernmental receipts were recorded in the Street Construction Maintenance and Repair and State Highway Funds instead of the Permissive Motor Vehicle License Tax Fund in 2014.
- An Intergovernmental receipt was classified as a Property and Other Local Taxes receipt in the General Fund in 2014.
- Interest payments were recorded as Principal Retirement disbursements rather than Interest and Other Fiscal Charges disbursements in the San Sewer OWDA Fund in 2014.
- Principal and Interest and Other Fiscal Charges disbursements were recorded as Contractual Services disbursements in the Electric Operating Fund in 2014 and 2013.
- Private Purpose Trust Fund was incorrectly reported as a Permanent Fund in 2014 and 2013.
- Mayor's Court activity was not properly recorded in the agency fund in 2013 and 2014.
- Loan proceeds were recorded as a Miscellaneous receipt instead of Other Debt Proceeds in the General Fund in 2013.
- The fund balance in the Mayor's Court Computer Fund was misclassified as Committed instead of Restricted in 2014.
- Fund balance for construction loan proceeds in General Fund for 2013 was misclassified as Unassigned rather than Restricted.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

Posting Receipts, Disbursements and Classification of Fund Balances

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2014-002

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual expenditures exceeded appropriations in 2014 in the General Fund.

We recommend the Village Fiscal Officer modify appropriations with the Village Council before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2014-003

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003 (Continued)

Noncompliance (Continued)

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 19% of the expenditures tested in 2014 and 24% of the expenditures tested in 2013. There was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

Officials' Response – Officials did not provide a response to this finding.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Posting Receipts and Disbursements	No	Repeated as Finding 2014-001
2012-002	Bank Reconciliations	Yes	
2012-003	Ohio Revised Code Section 733.40	No	Partially Corrected; Moved to Management Letter



Dave Yost • Auditor of State

VILLAGE OF HASKINS

WOOD 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
DECEMBER 15, 2015**