

**VILLAGE OF HASKINS
WOOD COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Haskins
100 N. Church Street
P.O. Box 182
Haskins, Ohio 43525-0182

We have reviewed the *Independent Accountants' Report* of the Village of Haskins, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 21, 2007

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**VILLAGE OF HASKINS
WOOD COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

June 27, 2007

Village of Haskins
Wood County
100 N. Church Street, P.O. Box 182
Haskins, Ohio 43525-0182

To the Village Council:

We have audited the accompanying financial statements of the **Village of Haskins, Wood County, Ohio**, (the Village) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Haskins, Wood County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 57,370	\$ 80,723	\$ -	\$ -	\$ 138,093
Municipal Income Tax	-	170,796	-	-	170,796
Intergovernmental Receipts	14,360	333,438	-	-	347,798
Charges for Services	1,053	-	-	-	1,053
Fines, Licenses, and Permits	21,075	-	-	-	21,075
Earnings on Investments	51,114	200	-	5	51,319
Miscellaneous	130	-	-	-	130
	<u>145,102</u>	<u>585,157</u>	<u>-</u>	<u>5</u>	<u>730,264</u>
Total Cash Receipts					
	<u>145,102</u>	<u>585,157</u>	<u>-</u>	<u>5</u>	<u>730,264</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	98,192	41,013	-	-	139,205
Public Health Service	1,568	-	-	-	1,568
Leisure Time Activities	11,880	-	-	-	11,880
Community Environment	4,568	-	-	-	4,568
Basic Utility Services	5,842	-	-	-	5,842
Transportation	-	80,510	-	-	80,510
General Government	61,904	6,443	-	-	68,347
Capital Outlay	-	163,399	24,146	-	187,545
Debt Service:					
Principal Payments	7,115	14,870	-	-	21,985
Interest Payments	306	410	-	-	716
	<u>191,375</u>	<u>306,645</u>	<u>24,146</u>	<u>-</u>	<u>522,166</u>
Total Cash Disbursements					
	<u>191,375</u>	<u>306,645</u>	<u>24,146</u>	<u>-</u>	<u>522,166</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(46,273)</u>	<u>278,512</u>	<u>(24,146)</u>	<u>5</u>	<u>208,098</u>
Other Financing Receipts and (Disbursements):					
Operating Transfers-In	131,601	15,000	32,900	-	179,501
Operating Transfers-Out	(15,000)	(164,501)	-	-	(179,501)
	<u>116,601</u>	<u>(149,501)</u>	<u>32,900</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)					
	<u>116,601</u>	<u>(149,501)</u>	<u>32,900</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>70,328</u>	<u>129,011</u>	<u>8,754</u>	<u>5</u>	<u>208,098</u>
Fund Cash Balances, January 1	<u>81,215</u>	<u>38,395</u>	<u>74,847</u>	<u>390</u>	<u>194,847</u>
Fund Cash Balances, December 31	<u><u>\$ 151,543</u></u>	<u><u>\$ 167,406</u></u>	<u><u>\$ 83,601</u></u>	<u><u>\$ 395</u></u>	<u><u>\$ 402,945</u></u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 702,676
Permits	<u>975</u>
Total Operating Cash Receipts	<u>703,651</u>
Operating Cash Disbursements:	
Personal Services	132,050
Fringe Benefits	39,611
Contractual Services	555,764
Material and Supplies	60,665
Other	22,416
Capital Outlay	<u>3,431,753</u>
Total Operating Cash Disbursements	<u>4,242,259</u>
Operating Income (Loss)	<u>(3,538,608)</u>
Non-Operating Receipts	
Loan Proceeds	3,416,753
Special Assessments	107,158
Miscellaneous	<u>946</u>
Total Non-Operating Cash Receipts	<u>3,524,857</u>
Debt Service:	
Principal Payments	35,231
Interest Payments	<u>3,177</u>
Total Non-Operating Cash Disbursements	<u>38,408</u>
Net Receipts Over/(Under) Disbursements	(52,159)
Fund Cash Balances, January 1	<u>825,534</u>
Fund Cash Balances, December 31	<u><u>\$ 773,375</u></u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 38,766	\$ 49,229	\$ -	\$ 87,995
Municipal Income Tax	-	140,699	-	140,699
Intergovernmental Receipts	33,996	36,170	-	70,166
Charges for Services	1,525	-	-	1,525
Fines, Licenses, and Permits	22,359	-	-	22,359
Earnings on Investments	28,225	75	-	28,300
Miscellaneous	165	-	-	165
	<u>125,036</u>	<u>226,173</u>	<u>-</u>	<u>351,209</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	88,805	46,446	-	135,251
Public Health Service	1,668	-	-	1,668
Leisure Time Activities	8,722	-	-	8,722
Community Environment	3,129	-	-	3,129
Basic Utility Services	6,820	-	-	6,820
Transportation	-	43,231	-	43,231
General Government	72,735	5,354	-	78,089
Capital Outlay	-	-	9,945	9,945
Debt Service:				
Principal Payments	13,930	5,601	-	19,531
Interest Payments	646	794	-	1,440
	<u>196,455</u>	<u>101,426</u>	<u>9,945</u>	<u>307,826</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(71,419)</u>	<u>124,747</u>	<u>(9,945)</u>	<u>43,383</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	99	-	-	99
Transfers-In	108,281	9,000	27,063	144,344
Transfers-Out	(9,000)	(135,345)	-	(144,345)
	<u>99,380</u>	<u>(126,345)</u>	<u>27,063</u>	<u>98</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	27,961	(1,598)	17,118	43,481
Fund Cash Balances, January 1	<u>53,254</u>	<u>39,993</u>	<u>57,729</u>	<u>150,976</u>
Fund Cash Balances, December 31	<u>\$ 81,215</u>	<u>\$ 38,395</u>	<u>\$ 74,847</u>	<u>\$ 194,457</u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$ 801,982	\$ -	\$ 801,982
Permits	6,374	-	6,374
Total Operating Cash Receipts	<u>808,356</u>	<u>-</u>	<u>808,356</u>
Operating Cash Disbursements:			
Personal Services	113,675	-	113,675
Fringe Benefits	32,936	-	32,936
Contractual Services	517,287	-	517,287
Material and Supplies	36,087	-	36,087
Other	21,959	-	21,959
Capital Outlay	15,000	-	15,000
Total Operating Cash Disbursements	<u>736,944</u>	<u>-</u>	<u>736,944</u>
Operating Income (Loss)	<u>71,412</u>	<u>-</u>	<u>71,412</u>
Non-Operating Receipts			
Special Assessments	5,929	-	5,929
Miscellaneous	1,577	104	1,681
Total Non-Operating Cash Receipts	<u>7,506</u>	<u>104</u>	<u>7,610</u>
Non-Operating Cash Disbursements			
Debt Service:			
Principal Payments	33,534	-	33,534
Interest Payments	4,874	-	4,874
Total Non-Operating Cash Disbursements	<u>38,408</u>	<u>-</u>	<u>38,408</u>
Net Receipts Over/(Under) Disbursements	40,510	104	40,614
Fund Cash Balances, January 1	<u>785,024</u>	<u>286</u>	<u>785,310</u>
Fund Cash Balances, December 31	<u>\$ 825,534</u>	<u>\$ 390</u>	<u>\$ 825,924</u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 governs the Village. The Village provides sewer and electric utilities, park operations and police services.

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

Ohio Municipal Electric Generation Agency Joint Venture 2 (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-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of 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, 2006 the Village of Haskins has met their debt coverage obligation.

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 134.081 MW is the participants' entitlement and 4.569 MW 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-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio 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 \$41,750,000 was contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2006 was \$20,875 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The Village's net investment in OMEGA JV2 was \$21,935 at December 31, 2006. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2006 are:

Municipality	Percent <u>Ownership</u>	Kw <u>Entitlement</u>	Municipality	Percent <u>Ownership</u>	Kw <u>Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.48%	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%	138650

The Village's liability for the bonds is disclosed in Note 8.

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The Village of Haskins is a Financing Participant with an ownership percentage of .11 %, 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-Ohio.

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

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2006, the Village of Haskins has met their debt coverage obligation. The liability for the bonds is disclosed in Note 8.

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 nondefaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 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.

The Village's net investment to date in OMEGA JV5 was \$22,525 at December 31, 2006. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds 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:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license 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 percent to the General Fund and 20 percent to the income Tax Capital Improvement Fund are made after the tax collections fees charged by the Regional Income Tax Authority (RITA) are deducted.

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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

CSX Noise Abatement Fund – This fund received a grant from the CSX railroad that is being used for noise abatement along the railroad tracks in the Village.

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 Fund - This fund receives charges for services from residents to cover the cost of providing electric service.

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

Sanitary Sewer OWDA – This fund receives charges for services to make loan payments to the Ohio Water Development Authority.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fiduciary Funds (Trust and Agency Funds)

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

Haskins Library Fund – This fund receives donations for the future construction of a Library.

In accordance with GASB 34, beginning January 1, 2006, activities of the Village's own programs may no longer be reported in a fiduciary fund, they must be reclassified as part of the governmental fund category. Thus the fiduciary fund type noted above has been eliminated for 2006 presentation purposes and the activity is now being classified as a governmental fund as a permanent fund type.

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 level of control, and appropriations may not exceed estimated resources. Village 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 2006 and 2005 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2006	2005
Demand deposits	\$ (38,903)	\$ (4,412)
Total deposits	(38,903)	(4,412)
STAR Ohio	45,012	45,154
Money Market Mutual Fund	1,170,211	979,639
Total investments	1,215,223	1,024,793
Total deposits and investments	\$1,176,320	\$1,020,381

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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,786	\$276,703	\$52,917
Special Revenue	717,786	600,157	(117,629)
Capital Projects	27,548	32,900	5,352
Enterprise	4,206,559	4,228,508	21,949
Permanent	55	5	(50)
Total	\$5,175,734	\$5,138,273	(\$37,461)

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$305,000	\$206,375	\$98,625
Special Revenue	635,082	471,146	\$163,936
Capital Projects	87,437	24,146	\$63,291
Enterprise	4,474,599	4,280,667	\$193,932
Total	<u>\$5,502,118</u>	<u>\$4,982,334</u>	<u>\$519,784</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$218,788	\$233,416	\$14,628
Special Revenue	224,563	235,173	10,610
Capital Projects	111,000	27,063	(83,937)
Enterprise	743,250	815,862	72,612
Fiduciary	50	104	54
Total	<u>\$1,297,651</u>	<u>\$1,311,618</u>	<u>\$13,967</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,000	\$205,455	\$ 34,545
Special Revenue	242,525	236,771	5,754
Capital Projects	123,938	9,945	113,993
Enterprise	1,046,450	775,352	271,098
Total	<u>\$1,652,913</u>	<u>\$1,227,523</u>	<u>\$ 425,390</u>

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 31% of expenditures tested during 2006 and 22% of expenditures testing during 2005.

4. PROPERTY TAX

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

4. PROPERTY TAX (Continued)

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

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, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan A	\$3,017,202	1.50%
OWDA Loan B	399,551	3.99%
Land Purchase Loan	37,014	5.00%
Pickup Truck Loan	4,129	5.80%
Total	<u><u>\$3,457,896</u></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 \$74,113 for thirty years beginning July 1, 2007.

The land purchase loan was obtained in 2002 for the development of a new sewer/wastewater treatment plant. The land purchase will be repaid in semi-annual payments including interest over five years.

The pickup truck loan obtained in 2004 will be repaid in monthly payments including interest over four years.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31</u>	<u>OWDA Loans A and B</u>	<u>Land Purchase</u>	<u>Pickup Truck Loan</u>	<u>Total</u>
2007	\$74,113	\$38,411	\$2,882	\$115,406
2008	148,225	-	1,441	149,666
2009	148,225	-	-	148,225
2010	148,225	-	-	148,225
2011	148,225	-	-	148,225
Thereafter	3,779,737	-	-	3,779,737
Total	<u><u>\$4,446,750</u></u>	<u><u>\$38,411</u></u>	<u><u>\$4,323</u></u>	<u><u>\$4,489,484</u></u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

7. LEASE OBLIGATIONS

On August 30, 2006, the Village entered into a lease purchase agreement with Ford Motor Credit Company for a Ford Explorer. Under the terms of the agreement, the Village will make three annual payments of \$8,885. The first payment was made in 2006. The final payment is due August 30, 2008.

During 2005, the Village entered into a lease purchase agreement with Advance Accept for a lawn mower. Payment terms of the agreement were eight quarterly payments of \$1,135. The final payment of \$1,135 is due in January 2007.

8. JOINT VENTURES

The Village is a participant with forty-one other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5- Belleville Project. The Village ownership share of this project is 0.13 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership. Payments began in 1994 and are a part of the cost of electricity purchased by the Village.

Amortization of the above debt follows:

Year ending December 31	Principle	Interest	Total
2007	\$5,480	\$8,690	\$14,170
2008	5,779	8,393	14,172
2009	6,097	8,081	14,178
2010	6,435	7,751	14,186
2011	6,793	7,403	14,196
Thereafter	130,042	54,267	184,309
Total	<u>\$160,626</u>	<u>\$94,585</u>	<u>\$255,211</u>

The Village is a participant with thirty-five other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 2. The Village ownership share of this project is 0.05 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership. Payments began in 2001 and are a part of the cost of electricity purchased by the Village.

Amortization of the above debt follows:

Year ending December 31	Principle	Interest	Total
2007	\$1,403	\$1,358	\$2,761
2008	1,473	1,289	2,762
2009	1,543	1,217	2,760
2010	1,613	1,141	2,754
2011	1,698	1,062	2,760
Thereafter	19,925	5,225	25,150
Total	<u>\$27,655</u>	<u>\$11,292</u>	<u>\$38,947</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

9. 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. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPER's members contributed 9.0 and 8.5 percent of their wages for 2006 and 2005, respectively. The Village contributed an amount equal to 13.7 and 13.55 percent of participants' gross salaries in 2006 and 2005, respectively. The Village has paid all contributions required through December 31, 2006.

10. RISK MANAGEMENT

The Village of Haskins is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The Pool covers the following risks: general liability and casualty, public official's liability, and vehicle.

The Village also provides health and life insurance to full-time employees through a private carrier.

11. SEGMENT INFORMATION

The Village maintains two Enterprise funds to account for the operations of the Electric Utility. The table below reflects, in a summarized format, the more significant financial data relating to the Electric Operating Fund and the Electric Enterprise Improvement Fund for the year ended December 31, 2006.

<u>Fund Type</u>	<u>Electric Operating</u>	<u>Electric Enterprise Improvement</u>	<u>Total</u>
Operating Revenue	\$521,870	\$6,000	\$527,870
Operating Income	(26,420)	6,000	(20,420)
Net Income	(14,054)	6,000	(8,054)
Fund Balance, 12/31/2006	427,131	44,824	471,955
Long Term Debt	\$206,595	\$0	\$206,595

12. CONTINGENT LIABILITIES

Charlie Asmus Family and Michael Repass, residents of Middleton Township, have initiated a lawsuit against the Village of Haskins alleging damages resulting from alleged improper discharge of effluent from the Village of Haskins' wastewater treatment facility. Specific damages were not alleged. Answers to the Complaint have been filed by the Village of Haskins through co-counsel Paul A. Skaff, Solicitor for the Village, and Anastasia Hanson, counsel retained by the Village's Insurance Company. A Pretrial Conference was held and Motions for Dismissal are pending before the Court. The Village intends to contest the case vigorously, as there is no legitimacy to Plaintiffs' claim. It is believed the Village will prevail on all matters.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

June 27, 2007

Village of Haskins
Wood County
100 N. Church Street, P.O. Box 182
Haskins, Ohio 43525-0182

To the Village Council:

We have audited the financial statements of **The Village of Haskins, Wood County** (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 27, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiencies 2006-001 and 2006-002 described above are material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters that we must report under *Government Auditing Standard* which is described in the accompanying schedule of findings as items 2006-003.

In a separate letter to the Village's management dated June 27, 2007, we reported other matters related to noncompliance we deemed immaterial.

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Significant Deficiency / Material Weakness

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts that were not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2006-002

Significant Deficiency / Material Weakness

Failure to Record Receipts and Disbursements

During the audit period, the Village received loan proceeds from the Ohio Water Development. These funds were disbursed directly from the Authority to the applicable contractors. However, these “on-behalf-of” payments were not recorded by the Village.

As a result, the cash receipts and disbursements as reported in the Village's financial statements were understated by \$3,416,753. Adjustments, to which management has agreed, were posted to the financial statements in order to reflect this activity.

We recommend the Village record the cash value benefit of these types of programs, when the Village has applied or entered into agreements for these sources of funds, as memorandum receipts and disbursements, in the year “on-behalf-of” disbursements are made.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF HASKINS
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-003

Noncompliance Citation

Ohio Revised Code § 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 to meet 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.

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. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-003 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 31% (20 of 65) in 2006 and 22% (19 of 87) in 2005 of the expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

The Village's disbursement cycle had a procedure that all voucher packages contain certain supporting documentation for all expenditures made by the Village. Twenty-five percent of the vouchers tested did not have supporting documentation, such as an invoice. Subsequently our scan of vouchers indicated that invoices were not consistently a part of the voucher package. The lack of maintaining invoices for all Village expenditures provides a lack of support as to whether expenditures represent valid Village expenditures and were posted correctly to the accounting records.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.



Mary Taylor, CPA
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
SEPTEMBER 4, 2007**