

**VILLAGE OF HASKINS
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Haskins
100 North Church Street
P.O. Box 182
Haskins, Ohio 43525

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, 2009 through December 31, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 28, 2011

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**VILLAGE OF HASKINS
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 23, 2011

Village of Haskins
Wood County
100 North Church Street
PO Box 182
Haskins, OH 43525

To the Village Council:

We have audited the accompanying financial statements of **Village of Haskins**, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 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, 2010 and 2009 or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Haskins, Wood County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 May 23, 2011, 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, 2010**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 62,372	\$ 98,346	\$ -	\$ -	\$ 160,718
Municipal Income Tax	-	175,541	-	-	175,541
Intergovernmental Receipts	51,618	63,801	24,170	-	139,589
Fines, Licenses, and Permits	18,152	220	-	-	18,372
Earnings on Investments	1,681	180	-	-	1,861
Miscellaneous	509	-	-	-	509
	<u>134,332</u>	<u>338,088</u>	<u>24,170</u>	<u>-</u>	<u>496,590</u>
Total Cash Receipts					
	<u>134,332</u>	<u>338,088</u>	<u>24,170</u>	<u>-</u>	<u>496,590</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	116,830	63,163	-	-	179,993
Public Health Service	2,745	-	-	-	2,745
Leisure Time Activities	15,300	-	-	-	15,300
Community Environment	3,081	-	-	-	3,081
Basic Utility Services	7,500	-	-	-	7,500
Transportation	-	98,267	-	-	98,267
General Government	77,299	7,594	-	-	84,893
Capital Outlay	-	21,012	35,727	-	56,739
Debt Service:					
Reduction of Principal	4,212	-	-	-	4,212
Interest and Fiscal Charges	39	-	-	-	39
	<u>227,006</u>	<u>190,036</u>	<u>35,727</u>	<u>-</u>	<u>452,769</u>
Total Cash Disbursements					
	<u>227,006</u>	<u>190,036</u>	<u>35,727</u>	<u>-</u>	<u>452,769</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(92,674)</u>	<u>148,052</u>	<u>(11,557)</u>	<u>-</u>	<u>43,821</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	2,000	-	-	-	2,000
Transfers-In	134,593	30,000	33,354	-	197,947
Transfers-Out	(30,000)	(167,947)	-	-	(197,947)
	<u>106,593</u>	<u>(137,947)</u>	<u>33,354</u>	<u>-</u>	<u>2,000</u>
Total Other Financing Receipts/(Disbursements)					
	<u>106,593</u>	<u>(137,947)</u>	<u>33,354</u>	<u>-</u>	<u>2,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,919	10,105	21,797	-	45,821
Fund Cash Balances, January 1	258,232	134,221	156,963	405	549,821
Fund Cash Balances, December 31	<u>\$ 272,151</u>	<u>\$ 144,326</u>	<u>\$ 178,760</u>	<u>\$ 405</u>	<u>\$ 595,642</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, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 954,681	\$ -	\$ 954,681
Miscellaneous	1,620	-	1,620
Total Operating Receipts	<u>956,301</u>	<u>-</u>	<u>956,301</u>
Operating Cash Disbursements:			
Personal Services	115,626	-	115,626
Fringe Benefits	24,505	-	24,505
Contractual Services	519,873	-	519,873
Supplies and Materials	61,982	-	61,982
Other	24,523	-	24,523
Total Operating Cash Disbursements	<u>746,509</u>	<u>-</u>	<u>746,509</u>
Operating Income (Loss)	<u>209,792</u>	<u>-</u>	<u>209,792</u>
Non-Operating Cash Receipts/(Disbursements):			
Miscellaneous Receipts	4,594	-	4,594
Capital Outlay	(6,826)	-	(6,826)
Other Non-Operating Cash Receipts	-	13,008	13,008
Other Non-Operating Cash Disbursements	-	(13,008)	(13,008)
Redemption of Principal	(84,842)	-	(84,842)
Interest and Fiscal Charges	(50,741)	-	(50,741)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(137,815)</u>	<u>-</u>	<u>(137,815)</u>
Net Receipts Over/(Under) Cash Disbursements	71,977	-	71,977
Fund Cash Balances, January 1	<u>1,164,793</u>	<u>-</u>	<u>1,164,793</u>
Fund Cash Balances, December 31	<u><u>\$ 1,236,770</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,236,770</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, 2009**

	<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	\$ 39,300	\$ 93,950	\$ -	\$ -	\$ 133,250
Municipal Income Tax	-	158,095	-	-	158,095
Intergovernmental	67,097	56,949	83,380	-	207,426
Fines, Licenses, and Permits	17,349	138	-	-	17,487
Earnings on Investments	4,083	291	-	-	4,374
Miscellaneous	729	-	-	-	729
	<u>128,558</u>	<u>309,423</u>	<u>83,380</u>	<u>-</u>	<u>521,361</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	115,876	42,607	-	-	158,483
Public Health Service	2,701	-	-	-	2,701
Leisure Time Activities	7,801	-	-	-	7,801
Community Environment	2,340	-	-	-	2,340
Basic Utility Services	5,598	-	-	-	5,598
Transportation	-	148,298	-	-	148,298
General Government	86,806	4,357	-	-	91,163
Capital Outlay	-	10,594	85,880	-	96,474
Debt Service:					
Reduction of Principal	3,000	-	-	-	3,000
Interest and Fiscal Charges	120	-	-	-	120
	<u>224,242</u>	<u>205,856</u>	<u>85,880</u>	<u>-</u>	<u>515,978</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Disbursements	<u>(95,684)</u>	<u>103,567</u>	<u>(2,500)</u>	<u>-</u>	<u>5,383</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	123,144	15,000	30,786	-	168,930
Transfers-Out	(15,000)	(153,930)	-	-	(168,930)
Advances-In	10,594	10,594	-	-	21,188
Advances-Out	(10,594)	(10,594)	-	-	(21,188)
	<u>108,144</u>	<u>(138,930)</u>	<u>30,786</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,460	(35,363)	28,286	-	5,383
Fund Cash Balances, January 1 (Restated - See Note 14)	245,772	169,584	128,677	405	544,438
Fund Cash Balances, December 31	<u>\$ 258,232</u>	<u>\$ 134,221</u>	<u>\$ 156,963</u>	<u>\$ 405</u>	<u>\$ 549,821</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, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 949,461	\$ -	\$ 949,461
Fines, Licenses, and Permits	450	-	450
Total Operating Receipts	<u>949,911</u>	<u>-</u>	<u>949,911</u>
Operating Cash Disbursements:			
Personal Services	118,753	-	118,753
Employee Fringe Benefits	23,716	-	23,716
Contractual Services	483,688	-	483,688
Supplies and Materials	24,940	-	24,940
Other	26,500	-	26,500
Total Operating Cash Disbursements	<u>677,597</u>	<u>-</u>	<u>677,597</u>
Operating Income (Loss)	<u>272,314</u>	<u>-</u>	<u>272,314</u>
Non-Operating Cash Receipts/(Disbursements):			
Miscellaneous Receipts	1,220	-	1,220
Other Non-Operating Cash Receipts	-	11,606	11,606
Other Non-Operating Cash Disbursements	-	(11,606)	(11,606)
Capital Outlay	(25,810)	-	(25,810)
Redemption of Principal	(84,382)	-	(84,382)
Interest and Fiscal Charges	(51,782)	-	(51,782)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(160,754)</u>	<u>-</u>	<u>(160,754)</u>
Net Receipts Over/(Under) Cash Disbursements	111,560	-	111,560
Fund Cash Balances, January 1	<u>1,053,263</u>	<u>-</u>	<u>1,053,263</u>
Fund Cash Balances, December 31	<u>\$ 1,164,823</u>	<u>\$ -</u>	<u>\$ 1,164,823</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, 2010 AND 2009**

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, Ohio (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village maintains the Village's roads and bridges and 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 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, 2010 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 134.081MW 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

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

The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2010 was \$17,347 (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 \$17,410 at December 31, 2010. 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, 2010 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	<u>100.00%</u>	<u>134,081</u>

Ohio Municipal Electric Generation Agency Joint Venture 5 (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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 Haskins has met their debt coverage obligation.

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

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

The Village's net investment to date in OMEGA JV5 was \$14,044 at December 31, 2010. 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
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Accounting Basis

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

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

C. Deposits and Investments

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

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

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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 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 Fund:

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

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. 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 Fund – This Agency Fund receives fines and forfeitures from police department citations. These monies are divided between the Village and the State, as prescribed by law.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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. 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 and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 1,787,412	\$ 1,669,614
STAR Ohio	45,000	45,000
Total deposits and investments	<u>\$ 1,832,412</u>	<u>\$ 1,714,614</u>

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

Investments in STAR Ohio are not evidenced by securities that exist in physical form.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 265,029	\$ 270,925	\$ 5,896
Special Revenue	379,651	368,088	(11,563)
Capital Projects	55,310	57,524	2,214
Enterprise	915,420	960,895	45,475
Total	<u>\$ 1,615,410</u>	<u>\$ 1,657,432</u>	<u>\$ 42,022</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 302,518	\$ 257,006	\$ 45,512
Special Revenue	501,754	357,983	143,771
Capital Projects	39,170	35,727	3,443
Enterprise	1,245,225	888,918	356,307
Total	<u>\$ 2,088,667</u>	<u>\$ 1,539,634</u>	<u>\$ 549,033</u>

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 354,262	\$ 262,296	\$ (91,966)
Special Revenue	452,696	335,017	(117,679)
Capital Projects	143,105	114,166	(28,939)
Enterprise	971,100	951,131	(19,969)
Total	<u>\$ 1,921,163</u>	<u>\$ 1,662,610</u>	<u>\$ (258,553)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 317,928	\$ 249,836	\$ 68,092
Special Revenue	531,120	370,380	160,740
Capital Projects	210,050	85,880	124,170
Enterprise	1,245,203	839,571	405,632
Total	<u>\$ 2,304,301</u>	<u>\$ 1,545,667</u>	<u>\$ 758,634</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. INCOME TAX

The Village levies a municipal income tax of 1% 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, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan A	\$ 2,379,194	1.50%
OWDA Loan B	326,511	3.99%
Total	<u>\$ 2,705,705</u>	

The prior audit ending balances for the two OWDA loans were incorrect. These loans were shown with total balances of \$2,877,167 and they were actually \$2,867,079. The prior audit ending balance for the backhoe was incorrect. It was shown as \$17,431 and was actually \$15,062.

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 the audit period, the Village paid off a backhoe loan originally issued in 2008.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	OWDA <u>Loan A</u>	OWDA <u>Loan B</u>	<u>Total</u>
2011	\$ 110,847	\$ 20,293	\$ 131,140
2012	110,847	20,293	131,140
2013	110,847	20,293	131,140
2014	110,847	20,293	131,140
2015	110,847	20,293	131,140
2016-2020	554,235	101,465	655,700
2021-2025	554,235	101,465	655,700
2026-2030	554,235	101,465	655,700
2031-2036	554,235	101,465	655,700
Total	<u>\$ 2,771,174</u>	<u>\$ 507,324</u>	<u>\$ 3,278,498</u>

7. LEASE

Lease outstanding at December 31, 2010 was as follows:

	<u>Outstanding</u>
Ford Explorer Lease	<u>\$ 10,594</u>
Total	<u>\$ 10,594</u>

On February 6, 2009, the Village entered into a lease agreement with Ford Motor Credit Company for the lease of a Ford Explorer. Payment terms of the agreement were three annual payments of \$10,594. The final payment will be due in 2011.

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 .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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. JOINT VENTURES (Continued)

Amortization of the above debt follows:

Years	Principal	Interest	Total Debt Service
2011	\$ 1,709	\$ 1,073	\$ 2,782
2012	1,799	983	2,782
2013	1,893	889	2,782
2014	1,990	789	2,779
2015	2,094	685	2,779
2016-2020	12,127	1,779	13,906
Total Gross Liability	<u>21,612</u>	<u>6,198</u>	<u>27,810</u>
Less: Amounts Held in Reserve	<u>(4,266)</u>		
Net Obligation	<u>\$ 17,346</u>		

9. RETIREMENT SYSTEMS

The Village's law enforcement 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.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2010 and 2009, 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, 2010.

10. RISK MANAGEMENT

Risk Pool Membership

Through December 31, 2010, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

10. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 60 members as of December 31, 2009. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC.

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members’ Equity	<u>\$6,323,701</u>	<u>\$105,185</u>	<u>\$6,428,886</u>	<u>\$5,184,333</u>

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

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

11. INTERFUND TRANSFERS

During both 2010 and 2009, the Village transferred monies from the Income Tax Fund to the General Fund and the Income Tax Capital Improvement Fund, and from the General Fund to the Street Construction, Maintenance, and Repair Fund. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

12. CONTINGENT LIABILITIES

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

13. 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, 2010.

<u>Fund Type</u>	<u>Electric Operating</u>	<u>Electric Enterprise Improvement</u>	<u>Total</u>
Operating Revenue	\$ 642,947	\$ 6,000	\$ 648,947
Operating Income	51,992	(12,355)	39,637
Net Income	45,316	(12,355)	32,961
Fund Balance, 12/31/10	471,138	45,969	517,107

14. PRIOR PERIOD FUND BALANCE ADJUSTMENTS

The audit report reflects several fund balance adjustments made during the audit period that relate to fund balance adjustments proposed during the prior audit period that were reflected in the balances as of December 31, 2010 and 2009.

	<u>General Fund</u>	<u>Capital Projects</u>
Balance as of 12/31/08	\$ 260,737	\$ 104,368
Adjustments	(14,965)	24,309
Adjusted 1/1/09 Fund Balance	<u>\$ 245,772</u>	<u>\$ 128,677</u>

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

May 23, 2011

Village of Haskins
Wood County
100 North Church Street
PO Box 182
Haskins, OH 43525

To the Village Council:

We have audited the financial statements of **Village of Haskins**, Wood County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 23, 2011, 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of audit findings to be a material weakness.

Internal Control over Financial Reporting

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-002 described in the accompanying schedule of audit findings to be a significant deficiency.

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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 23, 2011.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one 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, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2010 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Rollback and personal property tax reimbursement receipts were posted as Property and Local Taxes instead of Intergovernmental in the General fund in 2009.
- Kilowatt tax receipts were posted as Property and Local Taxes instead of Intergovernmental
- Mayor's Court activity was recorded in the General Fund instead of the Agency Fund
- Lease payments were reflected as Principal and Interest instead of Capital Outlay

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all 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 and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

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

FINDING NUMBER 2010-002

Significant Deficiency

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 Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-002 (Continued)

Significant Deficiency (Continued)

Posting Estimated Revenues and Appropriations (Continued)

We recommend the Village implement procedures to ensure estimated receipts and appropriations 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 2743.79 – Mayor’s Court revenue not submitted to the Treasurer of State timely	Yes	
2008-002	ORC Section 5705.41(D)(1) – Expenditures not properly encumbered	No	Partially Corrected; Moved to the Management Letter
2008-003	Incomplete voucher package	Yes	
2008-004	Incorrect posting of receipts and expenditures	No	Repeated as finding 2010-001

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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
JULY 12, 2011