



**Auditor of State
Betty Montgomery**

VILLAGE OF HASKINS
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Honorable Mayor and Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 20, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of Village of Haskins, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 this 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 year ended December 31, 2004 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, 2004, or its changes in financial position or cash flows of its proprietary funds 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, 2004 and 2003, 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 year ended December 31, 2004. 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 September 20, 2005, 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.



Betty Montgomery
Auditor of State

September 20, 2005

**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, 2004**

	<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	\$46,289	\$41,827		\$88,116
Municipal Income Tax		120,744		120,744
Intergovernmental Receipts	19,837	34,878		54,715
Charges for Services	1,013			1,013
Fines, Licenses, and Permits	25,812			25,812
Earnings on Investments	10,484	75		10,559
Miscellaneous	160			160
Total Cash Receipts	<u>103,595</u>	<u>197,524</u>		<u>301,119</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	96,184	29,440		125,624
Public Health Services	1,320			1,320
Leisure Time Activities	35,579			35,579
Community Environment	3,898			3,898
Basic Utility Services	5,896			5,896
Transportation		38,928		38,928
General Government	60,990	3,403		64,393
Debt Service:				
Principal Payments	13,226	6,394		19,620
Interest Payments	1,261			1,261
Capital Outlay			\$10,350	10,350
Total Cash Disbursements	<u>218,354</u>	<u>78,165</u>	<u>10,350</u>	<u>306,869</u>
Total Receipts Over/(Under) Disbursements	<u>(114,759)</u>	<u>119,359</u>	<u>(10,350)</u>	<u>(5,750)</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	300			300
Transfers-In	93,874	6,500	23,468	123,842
Transfers-Out	(6,500)	(117,342)		(123,842)
Total Other Financing Receipts/(Disbursements)	<u>87,674</u>	<u>(110,842)</u>	<u>23,468</u>	<u>300</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(27,085)</u>	<u>8,517</u>	<u>13,118</u>	<u>(5,450)</u>
Fund Cash Balances, January 1	<u>80,339</u>	<u>31,476</u>	<u>44,611</u>	<u>156,426</u>
Fund Cash Balances, December 31	<u>\$53,254</u>	<u>\$39,993</u>	<u>\$57,729</u>	<u>\$150,976</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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$723,233		\$723,233
Permits	5,579		5,579
Total Operating Cash Receipts	<u>728,812</u>		<u>728,812</u>
Operating Cash Disbursements:			
Personal Services	94,527		94,527
Fringe Benefits	29,074		29,074
Contractual Services	531,766		531,766
Supplies and Materials	36,268		36,268
Other	18,849		18,849
Capital Outlay	27,401		27,401
Total Operating Cash Disbursements	<u>737,885</u>		<u>737,885</u>
Operating (Loss)	<u>(9,073)</u>		<u>(9,073)</u>
Non-Operating Cash Receipts:			
Special Assessments	12,450		12,450
Other Non-Operating Receipts	684	\$90	774
Total Non-Operating Cash Receipts	<u>13,134</u>	<u>90</u>	<u>13,224</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	31,917		31,917
Interest Payments	4,706		4,706
Total Non-Operating Cash Disbursements	<u>36,623</u>		<u>36,623</u>
Net Receipts Over/(Under) Disbursements	(32,562)	90	(32,472)
Fund Cash Balances, January 1	<u>817,586</u>	<u>196</u>	<u>817,782</u>
Fund Cash Balances, December 31	<u>\$785,024</u>	<u>\$286</u>	<u>\$785,310</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, 2003**

	<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	\$40,813	\$37,962		\$78,775
Municipal Income Tax		121,293		121,293
Intergovernmental Receipts	48,293	31,960	\$13,762	94,015
Charges for Services	1,026			1,026
Fines, Licenses, and Permits	26,224			26,224
Earnings on Investments	7,787	100		7,887
Miscellaneous	265			265
Total Cash Receipts	124,408	191,315	13,762	329,485
Cash Disbursements:				
Current:				
Security of Persons and Property	85,959	23,105		109,064
Public Health Services	1,638			1,638
Leisure Time Activities	19,797			19,797
Community Environment	7,095			7,095
Basic Utility Services	5,869			5,869
Transportation		37,948		37,948
General Government	69,683	8,789		78,472
Debt Service:				
Principal Payments	11,256	6,394		17,650
Interest Payments	1,310			1,310
Capital Outlay	400		22,762	23,162
Total Cash Disbursements	203,007	76,236	22,762	302,005
Total Receipts Over/(Under) Disbursements	(78,599)	115,079	(9,000)	27,480
Other Financing Receipts and (Disbursements):				
Transfers-In	92,503	12,779	22,501	127,783
Transfers-Out	(12,779)	(112,504)		(125,283)
Total Other Financing Receipts/(Disbursements)	79,724	(99,725)	22,501	2,500
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	1,125	15,354	13,501	29,980
Fund Cash Balances, January 1	79,214	16,122	31,110	126,446
Fund Cash Balances, December 31	<u>\$80,339</u>	<u>\$31,476</u>	<u>\$44,611</u>	<u>\$156,426</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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<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	\$618,527		\$618,527
Permits	3,048		3,048
Total Operating Cash Receipts	<u>621,575</u>		<u>621,575</u>
Operating Cash Disbursements:			
Personal Services	83,713		83,713
Fringe Benefits	19,959		19,959
Contractual Services	293,954		293,954
Supplies and Materials	18,583		18,583
Other	20,403		20,403
Capital Outlay	33,000		33,000
Total Operating Cash Disbursements	<u>469,612</u>		<u>469,612</u>
Operating Income	<u>151,963</u>		<u>151,963</u>
Non-Operating Cash Receipts:			
Special Assessments	19,726		19,726
Other Non-Operating Receipts	8,560	\$5	8,565
Total Non-Operating Cash Receipts	<u>28,286</u>	<u>5</u>	<u>28,291</u>
Non-Operating Cash Disbursements:			
Debt Service:			
Principal Payments	30,380		30,380
Interest Payments	8,029		8,029
Total Non-Operating Cash Disbursements	<u>38,409</u>		<u>38,409</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	141,840	5	141,845
Transfers-Out	<u>(2,500)</u>		<u>(2,500)</u>
Net Receipts Over Disbursements	139,340	5	139,345
Fund Cash Balances, January 1	<u>678,246</u>	<u>191</u>	<u>678,437</u>
Fund Cash Balances, December 31	<u>\$817,586</u>	<u>\$196</u>	<u>\$817,782</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, 2004 AND 2003**

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, 2004 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 \$45,904,712 were contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2004 was \$26,360 (Including amounts withheld for Debt Service Reserve,

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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 \$23,443 at December 31, 2004. 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.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2004 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	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>

The Village's liability for the bonds is disclosed in Note 7.

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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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, 2004 Haskins has met their debt coverage obligation. The liability for the bonds is disclosed in Note 7.

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-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 \$9,510 at December 31, 2004. 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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.

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:

Income Tax Fund - This fund receives income tax revenues from businesses and residents within the Village. Transfers 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:

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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.

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 are classified as agency funds. The Village had the following significant fiduciary funds:

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

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 2004 and 2003 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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 CASH AND INVESTMENTS

The Village maintains a cash and investments pool 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:

	2004	2003
Demand deposits	(\$4,253)	\$20,446
Total deposits	(4,253)	20,446
STAR Ohio	45,073	45,039
Money Market Mutual Fund	895,466	908,723
Total investments	940,539	953,762
Total deposits and investments	\$936,286	\$974,208

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, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$211,999	\$197,769	(\$14,230)
Special Revenue	212,345	204,024	(8,321)
Capital Projects	24,560	23,468	(1,092)
Enterprise	711,800	741,946	30,146
Fiduciary	25	90	65
Total	\$1,160,729	\$1,167,297	\$6,568

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$260,000	\$224,854	\$35,146
Special Revenue	210,190	195,507	14,683
Capital Projects	34,881	10,350	24,531
Enterprise	988,800	774,508	214,292
Total	<u>\$1,493,871</u>	<u>\$1,205,219</u>	<u>\$288,652</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$229,712	\$216,911	(\$12,801)
Special Revenue	201,469	204,094	2,625
Capital Projects	50,241	36,263	(13,978)
Enterprise	607,975	649,861	41,886
Fiduciary	200	5	(195)
Total	<u>\$1,089,597</u>	<u>\$1,107,134</u>	<u>\$17,537</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$245,000	\$215,786	\$29,214
Special Revenue	259,500	188,740	70,760
Capital Projects	57,241	22,762	34,479
Enterprise	543,000	510,521	32,479
Total	<u>\$1,104,741</u>	<u>\$937,809</u>	<u>\$166,932</u>

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.

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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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, 2004 was as follows:

	Principal	Interest Rate
Dump Truck Loan	\$9,231	5.00%
Land Purchase	105,789	5.00%
Police Cruiser Loan	11,585	6.85%
Pickup Truck Loan	9,107	5.80%
Total	\$135,712	

The dump truck will be repaid in monthly payments including interest over three years. This loan will be repaid in September 2005. The land purchase was 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 police cruiser will be repaid in yearly payments including interest over four years. The pickup truck will be repaid in monthly payments including interest over four years.

Amortization of the above debt, including interest, follows:

Year ending December 31:	Dump Truck Loan	Land Purchase	Police Cruiser Loan	Pickup Truck Loan
2005	\$9,425	\$38,411	\$6,394	\$2,881
2006		38,411	6,395	2,881
2007		38,410		2,882
2008				1,441
Total	\$9,425	\$115,232	\$12,789	\$10,085

7. 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

Amortization of the above debt follows:

Year ending December 31:	Principal	Interest	Total
2005	\$4,940	\$9,244	\$14,184
2006	5,200	8,984	14,184
2007	5,480	8,705	14,185
2008	5,779	8,409	14,188
2009	6,097	8,091	14,188
2010-2024	143,270	69,519	212,789
Total	<u>\$170,766</u>	<u>\$112,952</u>	<u>\$283,718</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:	Principal	Interest	Total
2005	\$1,292	\$1,488	\$2,780
2006	1,348	1,433	2,781
2007	1,403	1,379	2,782
2008	1,473	1,309	2,782
2009-2020	24,779	8,592	33,371
Total	<u>\$30,295</u>	<u>\$14,201</u>	<u>\$44,496</u>

8. 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 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

9. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2004 and 2003:

	2004	2003
Assets	\$2,390,150	\$1,811,340
Liabilities	(3,424,271)	(3,653,152)
Accumulated Deficit	\$ (1,034,121)	\$ (1,841,812)

10. 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, 2004.

Fund Type	Electric Operating	Electric Enterprise Improvement	Total
Operating Revenue	\$481,993	\$6,000	\$487,993
Operating Income	71,810	6,000	77,810
Net Income	72,494	6,000	78,494
Fund Balance, 12/31/2004	444,607	32,824	477,431
Long-Term Debt	201,061	0	201,061



**Auditor of State
Betty Montgomery**

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

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

To the Honorable Mayor and 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, 2004 and 2003, and have issued our report thereon dated September 20, 2005 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated September 20, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated September 20, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 20, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 10, 2005**