

**VILLAGE OF HASKINS
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Haskins
100 North Church Street
PO Box 182
Haskins, Ohio 43525

We have reviewed the *Independent Auditors' Report* of the Village of Haskins, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 17, 2013

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VILLAGE OF HASKINS
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 26, 2013

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Haskins**, Wood County, (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Haskins, Wood County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Respectfully Submitted,



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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 81,011	\$ 95,003	\$ -	\$ 176,014
Municipal Income Tax	-	183,938	-	183,938
Intergovernmental	17,769	63,024	-	80,793
Fines, Licenses, and Permits	16,627	272	-	16,899
Earnings on Investments	381	28	-	409
Miscellaneous	5,248	-	-	5,248
Total Cash Receipts	121,036	342,265	-	463,301
Cash Disbursements				
Current:				
Security of Persons and Property	121,711	55,132	-	176,843
Public Health Services	1,879	-	-	1,879
Leisure Time Activities	17,093	-	-	17,093
Community Environment	1,614	-	-	1,614
Basic Utilities	10,656	-	-	10,656
Transportation	-	108,093	-	108,093
General Government	75,196	7,114	-	82,310
Capital Outlay	3,269	7,699	25,500	36,468
Total Cash Disbursements	231,418	178,038	25,500	434,956
Excess of Receipts Over (Under) Disbursements	(110,382)	164,227	(25,500)	28,345
Other Financing Receipts (Disbursements)				
Sale of Fixed Assets	3,000	-	-	3,000
Transfers-In	141,542	55,000	35,385	231,927
Transfers-Out	(55,000)	(176,927)	-	(231,927)
Advances-In	10,000	10,000	-	20,000
Advances-Out	(10,000)	(10,000)	-	(20,000)
Total Other Financing Receipts (Disbursements)	89,542	(121,927)	35,385	3,000
Net Change in Fund Cash Balances	(20,840)	42,300	9,885	31,345
Fund Cash Balances, January 1	274,513	166,263	199,831	640,607
Fund Cash Balances, December 31				
Restricted	-	208,563	209,716	418,279
Unassigned	253,673	-	-	253,673
Fund Cash Balances, December 31	\$ 253,673	\$ 208,563	\$ 209,716	\$ 671,952

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FUDICIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund</u>	<u>Fudiciary Funds</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts				
Charges for Services	\$ 968,966	\$ -	\$ -	\$ 968,966
Earnings on Investments	-	-	10	10
Miscellaneous	2,380	-	-	2,380
				-
Total Operating Cash Receipts	<u>971,346</u>	<u>-</u>	<u>10</u>	<u>971,356</u>
Operating Cash Disbursements				
Personal Services	124,254	-	-	124,254
Employee Fringe Benefits	27,438	-	-	27,438
Contractual Services	582,346	-	-	582,346
Supplies and Materials	32,210	-	-	32,210
Other	27,429	-	-	27,429
				-
Total Operating Cash Disbursements	<u>793,677</u>	<u>-</u>	<u>-</u>	<u>793,677</u>
Operating Income	<u>177,669</u>	<u>-</u>	<u>10</u>	<u>177,679</u>
Non-Operating Receipts (Disbursements)				
Earnings on Investments	828	-	-	828
Other Non-Operating Cash Receipts	-	15,948	-	15,948
Principal Retirement	(85,909)	-	-	(85,909)
Interest and Other Fiscal Charges	(48,013)	-	-	(48,013)
Other Non-Operating Cash Disbursements	-	(10,488)	-	(10,488)
				-
Total Non-Operating Receipts (Disbursements)	<u>(133,094)</u>	<u>5,460</u>	<u>-</u>	<u>(127,634)</u>
Net Change in Fund Cash Balances	44,575	5,460	10	50,045
Fund Cash Balances, January 1	<u>1,333,957</u>	<u>4,921</u>	<u>405</u>	<u>1,339,283</u>
Fund Cash Balances, December 31	<u><u>\$ 1,378,532</u></u>	<u><u>\$ 10,381</u></u>	<u><u>\$ 415</u></u>	<u><u>\$ 1,389,328</u></u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 86,311	\$ 96,476	\$ -	\$ 182,787
Municipal Income Tax	-	208,644	-	208,644
Intergovernmental	28,512	61,177	-	89,689
Fines, Licenses, and Permits	15,795	176	-	15,971
Earnings on Investments	428	20	-	448
Miscellaneous	1,558	-	-	1,558
	<u>132,604</u>	<u>366,493</u>	<u>-</u>	<u>499,097</u>
Cash Disbursements				
Current:				
Security of Persons and Property	122,035	63,826	-	185,861
Public Health Services	2,736	-	-	2,736
Leisure Time Activities	27,068	-	-	27,068
Community Environment	2,728	-	-	2,728
Basic Utilities	10,904	-	-	10,904
Transportation	-	89,379	-	89,379
General Government	94,247	9,931	-	104,178
Capital Outlay	-	12,075	18,798	30,873
	<u>259,718</u>	<u>175,211</u>	<u>18,798</u>	<u>453,727</u>
Excess of Receipts Over (Under) Disbursements	<u>(127,114)</u>	<u>191,282</u>	<u>(18,798)</u>	<u>45,370</u>
Other Financing Receipts (Disbursements)				
Transfers-In	159,476	30,000	39,869	229,345
Transfers-Out	<u>(30,000)</u>	<u>(199,345)</u>	<u>-</u>	<u>(229,345)</u>
Total Other Financing Receipts (Disbursements)	<u>129,476</u>	<u>(169,345)</u>	<u>39,869</u>	<u>-</u>
Net Change in Fund Cash Balances	2,362	21,937	21,071	45,370
Fund Cash Balances, January 1 (Restated - See Note 13)	<u>272,151</u>	<u>144,326</u>	<u>178,760</u>	<u>595,237</u>
Fund Cash Balances, December 31				
Restricted	-	166,263	199,831	366,094
Unassigned	<u>274,513</u>	<u>-</u>	<u>-</u>	<u>274,513</u>
Fund Cash Balances, December 31	<u><u>\$ 274,513</u></u>	<u><u>\$ 166,263</u></u>	<u><u>\$ 199,831</u></u>	<u><u>\$ 640,607</u></u>

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FUDICIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Proprietary Fund</u>	<u>Fudiciary Funds</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts				
Charges for Services	\$ 954,401	\$ -	\$ -	\$ 954,401
Miscellaneous	4,042	-	-	4,042
Total Operating Cash Receipts	958,443	-	-	958,443
Operating Cash Disbursements				
Personal Services	118,195	-	-	118,195
Employee Fringe Benefits	24,820	-	-	24,820
Contractual Services	533,465	-	-	533,465
Supplies and Materials	24,673	-	-	24,673
Other	27,105	-	-	27,105
Total Operating Cash Disbursements	728,258	-	-	728,258
Operating Income	230,185	-	-	230,185
Non-Operating Receipts (Disbursements)				
Earnings on Investments	923	-	-	923
Other Non-Operating Cash Receipts	-	13,745	-	13,745
Principal Retirement	(84,403)	-	-	(84,403)
Interest and Other Fiscal Charges	(49,518)	-	-	(49,518)
Other Non-Operating Cash Disbursements	-	(8,824)	-	(8,824)
Total Non-Operating Receipts (Disbursements)	(132,998)	4,921	-	(128,077)
Net Change in Fund Cash Balances	97,187	4,921	-	102,108
Fund Cash Balances, January 1 (Restated - See Note 13)	1,236,770	-	405	1,237,175
Fund Cash Balances, December 31	\$ 1,333,957	\$ 4,921	\$ 405	\$ 1,339,283

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in two joint venture organizations. Note 10 to the financial statements provide additional information for these entities. The organizations are:

Joint Venture Organizations:

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

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis 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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

2. Special Revenue Funds

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

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 the Regional Income Taxing Authority (RITA) are deducted.

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

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

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise 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. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Fiduciary Funds (Continued)

Private-Purpose Trust Funds

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

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

Agency Fund

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

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.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance

In 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investment 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:

	2012	2011
Demand Deposits	\$ 2,016,280	\$ 1,934,890
Total Deposits	2,016,280	1,934,890
STAR Ohio	45,000	45,000
Total Investments	45,000	45,000
Total Deposits and Investments	\$ 2,061,280	\$ 1,979,890

Deposits are insured by the Federal Deposit 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 or book entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

	2012 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 299,662	\$ 265,578	\$ (34,084)
Special Revenue	428,296	397,265	(31,031)
Capital Projects	43,650	35,385	(8,265)
Enterprise	948,775	972,174	23,399
Fiduciary	12,505	15,958	3,453
Total	\$ 1,732,888	\$ 1,686,360	\$ (49,981)

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

3. BUDGETARY ACTIVITY (CONTINUED)

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 350,000	\$ 286,418	\$ 63,582
Special Revenue	580,060	354,965	225,095
Capital Projects	240,000	25,500	214,500
Enterprise	1,619,000	927,599	691,401
Fiduciary	17,000	10,488	6,512
Total	\$ 2,806,060	\$ 1,604,970	\$ 1,201,090

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 293,674	\$ 292,080	\$ (1,594)
Special Revenue	387,825	396,493	8,668
Capital Projects	39,000	39,869	869
Enterprise	961,300	959,366	(1,934)
Total	\$ 1,681,799	\$ 1,687,808	\$ 6,009

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 350,000	\$ 289,718	\$ 60,282
Special Revenue	531,613	374,556	157,057
Capital Projects	200,000	18,798	181,202
Enterprise	1,466,140	862,179	603,961
Total	\$ 2,547,753	\$ 1,545,251	\$ 1,002,502

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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

5. LOCAL 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, 2012 was as follows:

<u>Description of Debt</u>	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan A	\$ 2,227,177	1.50%
OWDA Loan B	311,540	3.99%
AMP - JV5	14,022	
	<u>\$ 2,552,739</u>	

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

The Village is a participant with a 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. This loan was not presented in the prior audit report in the debt section. The balance as of December 31, 2010 was \$17,346.

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

	<u>OWDA Loan A</u>	<u>OWDA Loan B</u>	<u>AMP JV5</u>	<u>Total</u>
2013	\$ 110,847	\$ 20,293	\$ 2,782	\$ 133,922
2014	110,847	20,293	2,782	133,922
2015	110,847	20,293	2,782	133,922
2016	110,847	20,293	2,782	133,922
2017	110,847	20,293	2,782	133,922
2018-2022	554,235	101,465	4,253	659,953
2023-2027	554,235	101,465	-	655,700
2028-2032	554,235	101,465	-	655,700
2033-2037	443,388	81,172	-	524,560
	<u>\$ 2,660,328</u>	<u>\$ 487,032</u>	<u>\$ 18,163</u>	<u>\$ 3,165,523</u>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

7. 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 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2012 and 2011, 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, 2012.

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

OPRM coverage programs 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 retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

8. RISK MANAGEMENT (CONTINUED)

The Pool's audited financial statements conforms with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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

9. CONTINGENT LIABILITIES

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

10. JOINT VENTURES

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, 2012 the Village of Haskins has met their debt coverage obligation.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

10. JOINT VENTURES (CONTINUED)

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2012, the outstanding debt was \$20,030,648. The Village's net obligation for this amount at December 31, 2012 was \$14,022. The Village's net investment in OMEGA JV2 was \$14,255 at December 31, 2012. 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, 2012 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>

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

10. JOINT VENTURES (CONTINUED)

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.

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, 2012 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 \$12,704 at December 31, 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

10. JOINT VENTURES (CONTINUED)

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

<u>Participant</u>	<u>KW Demand</u>	<u>Ownership and Entitlement Percentage</u>	<u>Participant</u>	<u>KW Demand</u>	<u>Ownership and Entitlement Percentage</u>
Cuyahoga Falls	7,000	16.67%	Arcanum	352	0.84%
Bowling Green	6,608	15.73%	Seville	344	0.82%
Niles	4,463	10.63%	Brewster	333	0.79%
Napoleon	3,088	7.35%	Pioneer	321	0.76%
Jackson	3,000	7.14%	Genoa	288	0.69%
Hudson	2,388	5.69%	Jackson Center	281	0.67%
Wadsworth	2,360	5.62%	Grafton	269	0.64%
Oberlin	1,270	3.02%	Elmore	244	0.58%
New Bremen	1,000	2.38%	Woodville	209	0.50%
Bryan	919	2.19%	Milan	163	0.39%
Hubbard	871	2.07%	Bradner	145	0.35%
Montpelier	850	2.02%	Beach City	128	0.30%
Minster	837	1.99%	Prospect	115	0.27%
Columbiana	696	1.66%	Haskins	56	0.13%
Wellington	679	1.62%	Lucas	54	0.13%
Versailles	460	1.10%	Arcadia	46	0.11%
Monroeville	427	1.02%	South Vienna	45	0.11%
Oak Harbor	396	0.94%	Waynesfield	35	0.08%
Lodi	395	0.94%	Eldorado	35	0.08%
Pemberville	386	0.92%	Republic	35	0.08%
Edgerton	385	0.92%	Custar	24	0.06%
	<u>38,478</u>	<u>91.61%</u>		<u>3,522</u>	<u>8%</u>
				<u>42,000</u>	<u>100%</u>

11. INTERFUND TRANSFERS

During both 2012 and 2011, 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 and Village Vehicle Funds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

12. SEGMENT INFORMATION

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. The Village is liable for debt related to the financing of the OMEGA joint ventures as described in Note 6. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2012	2011
Total Assets	\$ 523,605	\$ 516,527
Total Liabilities	14,022	15,721
 Condensed Operating Information:		
Operating Receipts		
Charges for Services	656,007	641,766
Other Operating Receipts	2,380	2,242
Total Operating Receipts	658,387	644,008
 Operating Expenses		
	648,526	595,837
Operating Income	9,861	48,171
 Nonoperating Receipts (Disbursements)		
Investment Income	315	358
Principal Payments	(1,699)	(1,625)
Interest Payments	(1,083)	(1,157)
Total Nonoperating Receipts (Disbursements)	(2,467)	(2,424)
 Changes in Fund Cash Balance	 7,394	 45,747
Beginning Fund Cash Balance	516,885	471,138
Ending Fund Cash Balance	\$ 524,279	\$ 516,885

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

12. SEGMENT INFORMATION (CONTINUED)

	2012	2011
Condensed Cash Flows Information:		
New Cash Provided by:		
Operating Activities	\$ 7,079	\$ 45,389
Cash Flows from Investing Activities		
Earnings on Investments	315	358
Net Cash Provided by Investing Activities	315	358
Net Increase	7,394	45,747
Beginning Fund Cash Balance	516,885	471,138
Ending Fund Cash Balance	\$ 524,279	\$ 516,885

13. CHANGES IN FUND BALANCES

The Villages' "Haskins Library Fund" was categorized as a Permanent Fund in prior audits however the purpose of the fund does not meet the definition of a Permanent Fund. The purpose of the fund does meet the definition of a Private Purpose Trust Fund.

	Permanent Fund	Private Purpose Trust Fund
Fund Balance December 31, 2010	\$ 405	\$ -
Change in Fund Classification	(405)	405
Fund Balance January 1, 2011 - Restated	\$ -	\$ 405

14. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village of Haskins is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generation Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the cost would not continue to escalate. At the termination date, minimal construct had been performed on the AMPGS Project at the Meigs County site.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

14. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (CONTINUED)

History of the AMPGS Project (Continued)

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the “NGCC Plant”) to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center (“AFEC”) at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2012, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed “take or pay” contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of the decision to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining cost previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the “take or pay” contract. At December 31, 2012 AMP has a regulatory asset of \$96,544,650 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery of a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant’s information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Haskins of 700 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2012 the Village of Haskins has a potential stranded cost obligation of \$119,197 for the AMPGS Project. The Village of Haskins does not have any payments on deposit with AMP at December 31, 2012.

**VILLAGE OF HASKINS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)**

14. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (CONTINUED)

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board (please see attached Amended Minutes of May 3, 2011). The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$65,435 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 625 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2012.

Recording of Stranded Costs

The Village has not recorded stranded costs for the AMPGS Project.

The Village of Haskins has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded cost the Village believes it would have violated its covenant obligations for its debt covenant obligation with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5 (Note 10).

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon information provided by AMP and AMP's legal counsel with respect to the data, as well as the Village's audit team and Village management.

Perry & Associates

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

July 26, 2013

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Haskins**, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated July 26, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits and has adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of audit findings to be material weaknesses.

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 2012-003 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is identified in the accompanying schedule of audit findings as item 2012-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2013.

Purpose of this Report

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

Respectfully Submitted,



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

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness

Posting Receipts and Disbursements

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

During 2012 and 2011, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt or disbursement. The following posting errors were noted:

- Homestead and Rollback reimbursement receipts were posted as Property Taxes instead of Intergovernmental receipts. The amounts posted to the Village's revenue ledger were not in accordance with the apportionment as indicated with the County Auditor Settlement sheets.
- Permissive Motor Vehicle License Tax was posted to the General Fund, Street Construction Maintenance and Repair Fund and the State Highway Fund.
- Mayor's Court activity was recorded in the General Fund instead of the Agency Fund.
- Interest was not recorded to the proper funds or went unrecorded.
- Lease payments were reflected as Principal and Interest instead of Capital Outlay.
- Private Purpose Trust Fund was incorrectly reported as a Permanent Fund.

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

The Village has agreed to and posted the adjustments to the Villages' accounting system and the adjustments are reflected in the accompanying financial statements.

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 disbursements 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 disbursements.

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
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FINDING NUMBER 2012-002

Material Weakness

Bank Reconciliations

Monthly bank reconciliations should be completed by the Fiscal Officer. All amounts on the bank to book reconciliation should be substantiated by supporting documentation without the use of the “Other Adjusting Factors”. The Council member should review and initial the bank reconciliation at the monthly Council meeting.

The Fiscal Officer performs monthly bank reconciliations using the Uniform Accounting System (UAN). However the reconciliations did not tie to the actual reconciled checking account, savings, and certificates of deposit by \$1,695 in 2012 without the use of the “Other Adjusting Factors” on the reconciliation. Board members reviewed the reconciliations as indicated by their initials without asking for documentation supporting the Other Adjusting Factors.

During the testing of the Village’s receipts and disbursements, there were errors found which affected the Village’s bank reconciliation. After factoring in the effects of these errors on the Village’s bank reconciliations during the fiscal year ended 2012 there was a \$65 amount in the “Other Adjusting Factors” left unexplained.

We recommend the Fiscal Officer complete the bank reconciliations without the assistance of the “Other Adjusting Factors” line item, unless what makes up that line item can be identified and substantiated with supporting documentation. Additionally the Council Members should only sign off on the reconciliations once they have reviewed the documents which support the amounts on the reconciliation.

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

FINDING NUMBER 2012-003

Significant Deficiency/ Non-Compliance

Ohio Revised Code 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by court clerk into the Village’s treasury on the first Monday of each month.

Our review of the Village’s Mayor’s Court disclosed the following:

- Mayor’s Court remittances were not always made monthly to the Village’s General Fund.
- A separate bank account was not maintained for the Mayor’s Court.
- Separate ledger accounts were maintained in an agency fund which accounted for the activity of the court. However, these accounts included operating disbursements of the Mayor’s Court such as contract services, supplies and computer software, which should be included in the General Fund.

These weaknesses could allow recording errors and irregularities to occur and remain undetected. Adjustments were made to the Village’s books to properly reflect the activity of the Mayor’s Court.

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-003 (CONTINUED)

Significant Deficiency/ Non-Compliance (Continued)

We recommend the Village establish a separate bank account for the Mayor's Court and distribute fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates. In addition, we recommend that only distributions of Mayor's Court collections be made from the Mayor's Court Fund. Costs associated with operating the Mayor's Court should be paid out of the General Fund.

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

**VILLAGE OF HASKINS
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Posting Receipts and Disbursements	No	Not Corrected; Repeated as Finding 2012-001
2010-002	Posting Estimated Receipts and Appropriations	No	Partially Corrected; Repeated in Management Letter



Dave Yost • Auditor of State

VILLAGE OF HASKINS

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2013**