



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF HASKINS  
WOOD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017  
Fiscal Years Audited Under GAGAS: 2018 and 2017

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OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Haskins, Wood County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 23, 2019

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VILLAGE OF HASKINS  
WOOD COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Haskins, Wood County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such 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 opinions.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Haskins, Wood County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 19, 2019



**VILLAGE OF HASKINS  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES ( REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 97,653	\$ 94,662	\$ -	\$ 192,315
Municipal Income Tax	188,874	-	42,989	231,863
Intergovernmental	11,897	66,635	-	78,532
Fines, Licenses, and Permits	11,077	132	-	11,209
Earnings on Investments	5,397	422	-	5,819
Miscellaneous	7,342	-	-	7,342
	<u>322,240</u>	<u>161,851</u>	<u>42,989</u>	<u>527,080</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	158,835	63,051	-	221,886
Public Health Services	2,358	-	-	2,358
Leisure Time Activities	21,059	-	-	21,059
Community Environment	6,651	-	-	6,651
Basic Utility Services	16,000	-	-	16,000
Transportation	328	132,088	-	132,416
General Government	106,853	1,800	1,783	110,436
Capital Outlay	-	5,000	56,783	61,783
Debt Service:				
Redemption of Principal	5,027	-	5,000	10,027
Interest and Fiscal Charges	3,023	-	-	3,023
	<u>320,134</u>	<u>201,939</u>	<u>63,566</u>	<u>585,639</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over/(Under) Disbursements	2,106	(40,088)	(20,577)	(58,559)
<b>Other Financing Receipts (Disbursements):</b>				
Transfers-In	-	5,000	-	5,000
Transfers-Out	(5,000)	-	-	(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
Net Change in Fund Cash Balances	(2,894)	(35,088)	(20,577)	(58,559)
Fund Cash Balances, January 1	143,035	185,978	206,723	535,736
	<u>143,035</u>	<u>185,978</u>	<u>206,723</u>	<u>535,736</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	150,890	-	150,890
Committed	-	-	186,146	186,146
Unassigned (Deficit)	140,141	-	-	140,141
	<u>140,141</u>	<u>-</u>	<u>-</u>	<u>140,141</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 140,141</u>	<u>\$ 150,890</u>	<u>\$ 186,146</u>	<u>\$ 477,177</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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 1,081,392	\$ -	\$ -	\$ 1,081,392
Fines, Licenses and Permits	175	11,708	-	11,883
Miscellaneous	2,101	-	-	2,101
Total Operating Cash Receipts	<u>1,083,668</u>	<u>11,708</u>	<u>-</u>	<u>1,095,376</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	165,498	-	-	165,498
Employee Fringe Benefits	54,941	-	-	54,941
Contractual Services	680,280	763	-	681,043
Supplies and Materials	115,476	-	-	115,476
Other	28,705	3,461	-	32,166
Total Operating Cash Disbursements	<u>1,044,900</u>	<u>4,224</u>	<u>-</u>	<u>1,049,124</u>
Operating Income (Loss)	38,768	7,484	-	46,252
<b>Non-Operating Receipts (Disbursements)</b>				
Miscellaneous receipts	6,105	-	-	6,105
Principal Retirement	(107,044)	-	-	(107,044)
Interest and Fiscal Charges	(43,946)	-	-	(43,946)
Total Non-Operating Cash Receipts (Disbursements)	<u>(144,885)</u>	<u>-</u>	<u>-</u>	<u>(144,885)</u>
Net Change in Fund Cash Balances	(106,117)	7,484	-	(98,633)
Fund Cash Balances, January 1	<u>1,310,946</u>	<u>13,246</u>	<u>415</u>	<u>1,324,607</u>
Fund Cash Balances, December 31	<u>\$ 1,204,829</u>	<u>\$ 20,730</u>	<u>\$ 415</u>	<u>\$ 1,225,974</u>

*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 Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

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

The Village participates in one public entity risk pool, two joint ventures, and three long term purchase commitments. Notes 6 and 10-12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

***Joint Ventures, Public Entity Risk Pools and Long Term Purchase Commitments***

Joint Ventures:

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

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

Long Term Purchase Commitments:

American Municipal Power Generating Station Project

American Municipal Power Fremont Energy Center

Meldahl Hydroelectric Project and Greenup

Public Entity Risk Pool:

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***EPA Sewer Fund*** This fund is used to account for WWTP grant expenditures.

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

***Capital Project Funds*** The 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 funds:

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

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds.

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

***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.

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***Fund Balance***

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

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

***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.

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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.

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$319,352	\$322,240	\$2,888
Special Revenue	340,310	166,851	(173,459)
Capital Projects	105,560	42,989	(62,571)
Enterprise	986,825	1,089,773	102,948
Agency	15,000	11,708	(3,292)
Private Purpose Trust	5	0	(5)
Total	\$1,767,052	\$1,633,561	(\$133,491)

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$368,017	\$318,001	\$50,016
Special Revenue	586,056	210,855	375,201
Capital Projects	220,000	61,783	158,217
Enterprise	2,036,190	1,195,890	840,300
Agency	12,900	4,224	8,676
Total	\$3,223,163	\$1,790,753	\$1,432,410

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$ 848,473
Other time deposits (savings and NOW accounts)	809,678
Total Deposits	1,658,151
STAR Ohio	45,000
Total deposits and investments	\$ 1,703,151

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

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

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Taxes**

***Property Taxes***

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.

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

***Income Taxes***

The Village levies a municipal income tax of one 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.

**Note 6 - Risk Management**

**Risk Pool Membership**

The (Village) is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown



**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

***Ohio Police and Fire Retirement System***

Other Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**Village of Haskins**  
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*Notes to the Financial Statements*  
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Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA Loan 4435 FWF	\$258,829	3.99%
OWDA Loan 4435 CAF	1,742,889	1.50%
Town Hall Promissory Note	334,402	2.50%
Total	\$2,336,120	

During 2006, the Village entered into an agreement for two loans (OWDA Loan #4435 FWF and #4435 CAF) with the Ohio Water Development Authority for the purpose of building a wastewater treatment plant. The Village will make semi-annual payments of \$65,570 for thirty years.

During 2013, the Village took out a \$400,000 tax exempt bond anticipation note at an annual interest rate of 1.47% from Key Bank to finance the construction of a new administration building. During 2015, the Village rolled over their existing bond anticipation note into a new bond anticipation note, totaling \$386,140 at an interest rate of 2.47%, for a period of one year. This note, plus a lump-sum principal payment totaling \$10,000, and scheduled principal and interest payments, paid off the old note. During 2016, the Village took out a \$325,000 promissory note at a variable interest rate for a period of twenty years. For the first five years, the interest rate will be 2.5%. Thereafter, the interest is subject to change from time to time. This note, plus scheduled principal and interest payments, paid off the existing bond anticipation note.

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

***Amortization***

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

Year Ending December 31:	OWDA 4435 FWF	OWDA 4435 CAF	Promissory Note
2019	\$ 20,293	\$ 110,847	\$ 7,225
2020	20,293	110,847	7,979
2021	20,293	110,847	4,289
2022	20,293	110,847	2,276
2023	20,293	110,847	3,599
2024-2028	101,464	554,234	39,904
2029-2033	101,464	554,234	83,206
2034-2038	60,879	332,540	58,780
Total	<u>\$365,272</u>	<u>\$1,995,243</u>	<u>\$207,258</u>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 700 kilowatts of a total 771,281 kilowatts, giving the Village a 0.09 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is \$120,602. The Village received a credit of \$67,164 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$31,657 related to the AMPGS costs deemed to have future benefit for the project participants. In addition, the Village made payments totaling \$60,000 leaving a net impaired cost estimate of \$21,781. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement amount the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Funds' project share.

Since March 31, 2014 the Village has made payments of \$10,361 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,445 and interest expense incurred on AMP's line-of-credit of \$1,239, resulting in a net impaired cost estimated at December 31, 2018 of \$11,786. The Village does have a potential Plant Held for Future Use

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(PHFU) Liability of \$31,657 resulting in a net total potential liability of \$34,128, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village’s credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes, as well as positive items from leases or sale of all or a portion of the Meigs County site property.

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

***Installment Contract***

In November 2015, the Village passed a Resolution to purchase the former Middleton Township building located within the Village. The agreement, dated December 2, 2015, sold the building to the Village at a price of \$49,999, with annual payments made to the Township of \$5,000 for a period of ten years. No interest would be charged on the payments, unless the Village did not make the payment by January 15th of each year, at which point the Township could elect to charge the Village up to 10% per year. Payments are due as follows:

Year Ending December 31:	Installment Amount
2019	\$5,000
2020	5,000
2021	5,000
2022	5,000
2023	5,000
2024-2025	9,999
Total	<u>\$34,999</u>

**Note 10 – Long-Term Purchase Commitments**

**A. Fremont Energy Center (AFEC)**

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the

**Village of Haskins**  
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“AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2018, \$499,105,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 625 kW or 0.13% of capacity and associated energy from the AFEC.

**Meldahl Hydroelectric Project**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the “Meldahl Project”). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“Meldahl Bonds”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2018, \$685,215,000 aggregate principal amount of the Meldahl Bonds and approximately \$2.4 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 71 kW or 0.07% of capacity and associated energy from the Meldahl Project.

**B. Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2018, \$125,300,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds.

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The Village has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 46 kW or 0.13% of capacity and associated energy from the Greenup Hydroelectric Facility.

**Note 11 – Joint Ventures**

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, 2018, Haskins has not met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. 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, 2018, the outstanding debt was \$0. The Village's net investment in OMEGA JV2 was \$3,318 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

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<b>OMEGA JV2</b>		
<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>
Hamilton	32,000	23.87
Bowling Green	19,198	14.32
Niles	15,400	11.48
Cuyahoga Falls	10,000	7.46
Wadsworth	7,784	5.81
Painesville	7,000	5.22
Dover	7,000	5.22
Galion	5,753	4.29
Amherst	5,000	3.73
St. Mary's	4,000	2.98
Montpelier	4,000	2.98
Shelby	2,536	1.89
Versailles	1,660	1.24
Edgerton	1,460	1.09
Yellow Springs	1,408	1.05
Oberlin	1,217	0.91
Pioneer	1,158	0.86
Seville	1,066	0.8
Grafton	1,056	0.79
Brewster	1,000	0.75
Monroeville	764	0.57
Milan	737	0.55
Oak Harbor	737	0.55
Elmore	364	0.27
Jackson Center	300	0.22
Napoleon	264	0.2
Lodi	218	0.16
Genoa	199	0.15
Pemberville	197	0.15
Lucas	161	0.12
South Vienna	123	0.09
Bradner	119	0.09
Woodville	81	0.06
Haskins	73	0.05
Arcanum	44	0.03
Custar	4	0.00
<b>Totals</b>	<b>134,081</b>	<b>100.00</b>

**Village of Haskins**  
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**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.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, Haskins has not met its 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.



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OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. The Village's net investment to date in OMEGA JV5 was \$3,984 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Note 12 – AMP Revenue Coverage**

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 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

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*For the Year Ended December 31, 2018*

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	<u>2018</u>
Total Fund Cash Balance	\$307,630
Total Long-Term Debt	\$79,162
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	<u>726,372</u>
Total Operating Receipts	726,372
 Operating Expenses	
Personal Services	95,861
Employee Fringe Benefits	33,622
Contractual Services	594,822
Supplies and Materials	52,856
Other	<u>28,705</u>
Total Operating Expenses	805,866
 Operating Income (Loss)	(79,494)
 Nonoperating Receipts (Disbursements)	
Principal Payments	(8,609)
Interest Payments	(3,295)
Other Nonoperating Receipts (Disbursements)	6,105
Change in Fund Cash Balance	(85,293)
Beginning Fund Cash Balance	<u>392,923</u>
Ending Fund Cash Balance	<u><u>\$307,630</u></u>

**Village of Haskins**  
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<b>Condensed Cash Flows Information:</b>	<u>2018</u>
Net Cash Provided (Used) by:	
Operating Activities	(\$79,494)
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(8,609)
Interest Payments on Capital and Related Debt	(3,295)
Other Capital and Related Financing Activities	<u>6,105</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,799)
Net Increase (Decrease)	(85,293)
Beginning Fund Cash Balance	<u>392,923</u>
Ending Fund Cash Balance	<u><u>\$307,630</u></u>

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**VILLAGE OF HASKINS  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES ( REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Taxes	\$ 89,195	\$ 93,785	\$ -	\$ 182,980
Municipal Income Tax	176,589	-	40,580	217,169
Intergovernmental	11,169	69,626	-	80,795
Fines, Licenses, and Permits	10,314	2,917	-	13,231
Earnings on Investments	2,929	291	-	3,220
Miscellaneous	5,853	-	-	5,853
	<u>296,049</u>	<u>166,619</u>	<u>40,580</u>	<u>503,248</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	155,935	77,064	-	232,999
Public Health Services	1,838	-	-	1,838
Leisure Time Activities	22,468	-	-	22,468
Community Environment	4,754	-	-	4,754
Basic Utility Services	15,000	-	-	15,000
Transportation	-	121,957	-	121,957
General Government	97,846	-	1,554	99,400
Capital Outlay	-	20,965	32,971	53,936
Debt Service:				
Redemption of Principal	5,386	-	5,000	10,386
Interest and Fiscal Charges	3,614	-	-	3,614
	<u>306,841</u>	<u>219,986</u>	<u>39,525</u>	<u>566,352</u>
<b>Total Cash Disbursements</b>				
Excess of Receipts Over/(Under) Disbursements	(10,792)	(53,367)	1,055	(63,104)
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Fixed Assets	20,726	-	-	20,726
Transfers-In	-	10,000	-	10,000
Transfers-Out	(10,000)	-	-	(10,000)
	<u>10,726</u>	<u>10,000</u>	<u>-</u>	<u>20,726</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
Net Change in Fund Cash Balances	(66)	(43,367)	1,055	(42,378)
Fund Cash Balances, January 1	143,101	229,345	205,668	578,114
	<u>143,101</u>	<u>229,345</u>	<u>205,668</u>	<u>578,114</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	185,978	-	185,978
Committed	-	-	206,723	206,723
Unassigned (Deficit)	143,035	-	-	143,035
	<u>143,035</u>	<u>-</u>	<u>-</u>	<u>143,035</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 143,035</u>	<u>\$ 185,978</u>	<u>\$ 206,723</u>	<u>\$ 535,736</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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose Trust</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 967,831	\$ -	\$ -	\$ 967,831
Fines, Licenses and Permits	-	14,465	-	14,465
Total Operating Cash Receipts	967,831	14,465	-	982,296
<b>Operating Cash Disbursements:</b>				
Personal Services	134,830	-	-	134,830
Employee Fringe Benefits	34,307	-	-	34,307
Contractual Services	605,771	2,569	-	608,340
Supplies and Materials	52,829	-	-	52,829
Other	25,936	-	-	25,936
Total Operating Cash Disbursements	853,673	2,569	-	856,242
Operating Income (Loss)	114,158	11,896	-	126,054
<b>Non-Operating Receipts (Disbursements)</b>				
Miscellaneous receipts	3,240	-	-	3,240
Principal Retirement	(101,347)	-	-	(101,347)
Interest and Fiscal Charges	(44,792)	-	-	(44,792)
Total Non-Operating Cash Receipts (Disbursements)	(142,899)	-	-	(142,899)
Net Change in Fund Cash Balances	(28,741)	11,896	-	(16,845)
Fund Cash Balances, January 1	1,339,687	1,350	415	1,341,452
Fund Cash Balances, December 31	<u>\$ 1,310,946</u>	<u>\$ 13,246</u>	<u>\$ 415</u>	<u>\$ 1,324,607</u>

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

**Village of Haskins**  
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**Note 1 - Reporting Entity**

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

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

The Village participates in one public entity risk pool, two joint ventures, and three long term purchase commitments. Notes 6 and 10-12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable. These organizations are:

***Joint Ventures, Public Entity Risk Pools and Long Term Purchase Commitments***

Joint Ventures:

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

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

Long Term Purchase Commitments:

American Municipal Power Generating Station Project

American Municipal Power Fremont Energy Center

Meldahl Hydroelectric Project and Greenup

Public Entity Risk Pool:

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***EPA Sewer Fund*** This fund is used to account for WWTP grant expenditures.

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

***Capital Project Funds*** The 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 funds:

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

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds.

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

***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.

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).



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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***Fund Balance***

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

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

***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.

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**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.

**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.

**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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$454,520	\$316,775	(\$137,745)
Special Revenue	655,201	176,619	(478,582)
Capital Projects	269,759	40,580	(229,179)
Enterprise	2,355,018	971,071	(1,383,947)
Agency	26,765	14,465	(12,300)
Private Purpose Trust	1	0	(1)
Total	\$3,761,264	\$1,519,510	(\$2,241,754)

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2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$454,520	\$310,623	\$143,897
Special Revenue	655,192	227,758	427,434
Capital Projects	269,759	37,971	231,788
Enterprise	2,355,018	999,812	1,355,206
Agency	26,350	2,569	23,781
Total	\$3,760,839	\$1,578,733	\$2,182,106

**Note 4 – Deposits and Investments**

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

	2017
Demand deposits	\$ 1,008,776
Other time deposits (savings and NOW accounts)	806,567
Total Deposits	1,815,343
STAR Ohio	45,000
Total deposits and investments	\$ 1,860,343

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

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

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**Note 5 – Taxes**

***Property Taxes***

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.

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

***Income Taxes***

The Village levies a municipal income tax of one 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.

**Note 6 - Risk Management**

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

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

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

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$9,000.

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

<b><u>2017 Contributions to PEP</u></b> \$ 14,030
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

***Ohio Police and Fire Retirement System***

Other Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 4435 FWF	\$268,504	3.99%
OWDA Loan 4435 CAF	1,826,649	1.50%
Town Hall Promissory Note	353,038	2.50%
Total	<u>\$2,448,191</u>	

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During 2006, the Village entered into an agreement for two loans (OWDA Loan #4435 FWF and #4435 CAF) with the Ohio Water Development Authority for the purpose of building a wastewater treatment plant. The Village will make semi-annual payments of \$65,570 for thirty years.

During 2013, the Village took out a \$400,000 tax exempt bond anticipation note at an annual interest rate of 1.47% from Key Bank to finance the construction of a new administration building. During 2015, the Village rolled over their existing bond anticipation note into a new bond anticipation note, totaling \$386,140 at an interest rate of 2.47%, for a period of one year. This note, plus a lump-sum principal payment totaling \$10,000, and scheduled principal and interest payments, paid off the old note. During 2016, the Village took out a \$325,000 promissory note at a variable interest rate for a period of twenty years. For the first five years, the interest rate will be 2.5%. Thereafter, the interest is subject to change from time to time. This note, plus scheduled principal and interest payments, paid off the existing bond anticipation note.

***Amortization***

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

Year Ending December 31:	OWDA 4435 FWF	OWDA 4435 CAF	Promissory Note
2018	\$ 20,293	\$ 110,847	\$ 23,926
2019	20,293	110,847	23,926
2020	20,293	110,847	23,926
2021	20,293	110,847	25,838
2022	20,293	110,847	27,204
2023-2027	101,464	554,234	136,020
2028-2032	101,464	554,234	136,020
2033-2037	81,172	443,387	92,947
Total	<u>\$ 385,565</u>	<u>\$ 2,106,090</u>	<u>\$ 489,807</u>

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The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 700 kilowatts of a total 771,281 kilowatts, giving the Village a 0.09 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is \$120,602. The Village received a credit of \$67,164 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$31,657 related to the AMPGS costs deemed to have future benefit for the project participants. In addition, the Village made payments totaling \$60,000 leaving a net impaired cost estimate of \$21,781. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement amount the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Funds' project share.

Since March 31, 2014 the Village has made payments of \$10,361 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,441 and interest expense incurred on AMP's line-of-credit of \$888, resulting in a net impaired cost estimated at December 31, 2017 of \$13,749. The Village does have a potential Plant Held for Future Use (PHFU) Liability of \$31,657 resulting in a net total potential liability of \$33,152, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes, as well as positive items from leases or sale of all or a portion of the Meigs County site property.

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

***Installment Contract***

In November 2015, the Village passed a Resolution to purchase the former Middleton Township building located within the Village. The agreement, dated December 2, 2015, sold the building to the Village at a price of \$49,999, with annual payments made to the Township of \$5,000 for a period of ten years. No interest would be charged on the payments, unless the Village did not make the payment by January 15th of each year, at which point the Township could elect to charge the Village up to 10% per year. Payments are due as follows:



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Year Ending December 31:	Installment Amount
2018	\$5,000
2019	\$5,000
2020	\$5,000
2021	\$5,000
2022	\$5,000
2023-2025	14,999
Total	\$39,999

**Note 10 – Long-Term Purchase Commitments**

**A. Fremont Energy Center (AFEC)**

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2017, \$508,465,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 625 kW or 0.13% of capacity and associated energy from the AFEC.

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**B. Meldahl Hydroelectric Project**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the “Meldahl Project”). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“Meldahl Bonds”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2017, \$694,280,000 aggregate principal amount of the Meldahl Bonds and approximately \$15 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 71 kW or 0.07% of capacity and associated energy from the Meldahl Project.

**C. Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2017, \$125,630,000 aggregate principal amount of the 2016 Greenup Bonds and approximately \$2.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the 2016 Greenup Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 46 kW or 0.13% of capacity and associated energy from the Greenup Hydroelectric Facility.

**Note 11 – Joint Ventures**

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.

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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, 2017, Haskins has not met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. 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, 2017, the outstanding debt was \$4,142,633. The Village's net obligation for this amount at December 31, 2017 was \$131. The Village's net investment in OMEGA JV2 was \$5,022 at December 31, 2017. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2017 are:

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<b>OMEGA JV2</b>		
<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>
Hamilton	32,000	23.87
Bowling Green	19,198	14.32
Niles	15,400	11.48
Cuyahoga Falls	10,000	7.46
Wadsworth	7,784	5.81
Painesville	7,000	5.22
Dover	7,000	5.22
Galion	5,753	4.29
Amherst	5,000	3.73
St. Mary's	4,000	2.98
Montpelier	4,000	2.98
Shelby	2,536	1.89
Versailles	1,660	1.24
Edgerton	1,460	1.09
Yellow Springs	1,408	1.05
Oberlin	1,217	0.91
Pioneer	1,158	0.86
Seville	1,066	0.8
Grafton	1,056	0.79
Brewster	1,000	0.75
Monroeville	764	0.57
Milan	737	0.55
Oak Harbor	737	0.55
Elmore	364	0.27
Jackson Center	300	0.22
Napoleon	264	0.2
Lodi	218	0.16
Genoa	199	0.15
Pemberville	197	0.15
Lucas	161	0.12
South Vienna	123	0.09
Bradner	119	0.09
Woodville	81	0.06
Haskins	73	0.05
Arcanum	44	0.03
Custar	4	0.00
<b>Totals</b>	<b>134,081</b>	<b>100.00</b>

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**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.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Haskins has not met its 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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in

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the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. The Village's net investment to date in OMEGA JV5 was \$3,884 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Note 12 – AMP Revenue Coverage**

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 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2017</u>
Total Fund Cash Balance	\$392,923
Total Long-Term Debt	\$87,771
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	<u>629,944</u>
Total Operating Receipts	629,944
 Operating Expenses	
Personal Services	59,023
Employee Fringe Benefits	17,882
Contractual Services	537,867
Supplies and Materials	16,807
Other	<u>25,936</u>
Total Operating Expenses	657,515
 Operating Income (Loss)	 (27,571)
 Nonoperating Receipts (Disbursements)	
Principal Payments	(6,000)
Interest Payments	(3,000)
Other Nonoperating Receipts (Disbursements)	3,240
Change in Fund Cash Balance	(33,331)
Beginning Fund Cash Balance	<u>426,254</u>
Ending Fund Cash Balance	<u><u>\$392,923</u></u>

**Village of Haskins**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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<b>Condensed Cash Flows Information:</b>	<u>2017</u>
Net Cash Provided (Used) by:	
Operating Activities	(\$27,571)
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(6,000)
Interest Payments on Capital and Related Debt	(3,000)
Other Capital and Related Financing Activities	<u>3,240</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,760)
Net Increase (Decrease)	(33,331)
Beginning Fund Cash Balance	<u>426,254</u>
Ending Fund Cash Balance	<u><u>\$392,923</u></u>

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

Village of Haskins  
Wood County  
405 North Findlay Road  
P.O. Box 182  
Haskins, Ohio 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 cash balances, receipts, and disbursements by fund type of the Village of Haskins, Wood County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 19, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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 findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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 finding 2018-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-003 described in the accompanying schedule of 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



BHM CPA Group, Inc.  
Piketon, Ohio  
June 19, 2019

**Village of Haskins  
Wood County  
Schedule of Findings  
December 31, 2018 and 2017**

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<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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**FINDING NUMBER 2018-001**

**Noncompliance**

**Joint Venture Agreement Among the Municipalities Listed Regarding Ohio Municipal Electric Aggregation Agency Joint Venture 5 Belleville Hydroelectric Project dated January 1, 1993, Section 17 (A)** required each participant to fix, charge, and collect rates, fees, and charges, and from time to time as often as shall be necessary, revise such rates, fees, and charges, for electric power and energy and other services, facilities and commodities sold, furnished, supplied or otherwise provided by its municipal electric system at least sufficient in each year to provide revenues equal to:

- (1) In the case of a Financing Participant, the greater of:
  - (a) the sum of (i) the O&M Expenses, including its share of Operating Expenses under this Joint Venture Agreement and (ii) 110% of the sum of the debt service on any outstanding senior lien electric system revenue obligations of the Participant and its share of Bond Debt Service Payments, payable in such Year; or
  - (b) the sum of (i) the O&M Expenses, including its share of Operating Expenses under this Joint Venture Agreement, (ii) its share of Bond Debt Service Payments, (iii) debt service on outstanding electric system revenue obligations of the participant, and (iv) all other amounts payable from such revenues including, without limitation, debt service on general obligator, or other tax supported debt incurred for purposes of the Participant's municipal electric utility system, and its share of Other Bond Payments and Other Required Payments, payable in such year.

Due to deficiencies in the Village's policies and procedures over monitoring revenue coverage requirements, the Village did not set rates sufficient to meet the revenue coverage requirements of this section for the years ended December 31, 2018 and December 31, 2017. The failure to meet the revenue coverage requirements could result in the Village being considered in default of the project agreement, resulting in project termination.

The Village should periodically review and assess its electric charges in order to establish collections in accordance with this agreement.

**Officials' Response:** The Village has completed and implemented a rate study. This study will ensure steps are in place to meet the Joint Venture Agreement O&M with AMP-Ohio.

**Village of Haskins  
Wood County  
Schedule of Findings  
December 31, 2018 and 2017**

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**FINDING NUMBER 2018-002**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Accurate financial reporting is the responsibility of the Clerk/Treasurer, Mayor, and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following errors were noted and required adjustment to the financial statements:

- A municipal income tax enacted under Ohio Rev. Code § 718.01(C), results in various classifications of fund balance. The Village has a municipal income tax enacted under this code section. Per review of the Village's income tax ordinance, the balance of the funds collected shall be paid into special funds: eighty percent shall be transferred and deposited into the General Fund (Ordinance 138) and twenty percent shall be transferred and deposited into a Capital Improvements Fund for capital improvements, extension, enlargement, or improvement of Municipal Services and bond retirement (Ordinance 400). Given that Village Ordinances prescribe the allocation of the income tax receipts, and in accordance with Governmental Accounting Standards Board Statement No. 54 (GASB 54) as codified in GASB Cod 1300.104- .108, these funds should be directly allocated, upon receipt, to the General Fund and Capital Improvements Fund. During both years of the audit period, these funds were deposited into the Income Tax Special Revenue Fund, expenses were recorded, and the balance transferred to the General Fund and Capital Improvements Fund, which is incorrect.
- The fund balance in the Income Tax Capital Projects Fund was reported as Restricted in each year of the audit period, when it should have been reported as Committed, totaling \$208,277 in 2017 and \$189,483 in 2018.
- Various amounts and note disclosures required modification in 2017 and 2018, as they were not appropriately updated or information was not presented. Specifically, significant issues were noted related to debt reporting, as follows: Debt notes were incomplete and did not include balances at 12/31 of either year, or disclosures for each debt component; the AMPGS disclosure was not appropriately updated for either year and the disclosures were not provided during the audit; the AMP Ohio JV2 and JV5 disclosures weren't included in either year as part of the report; the Long-Term Purchase Commitments for the Fremont Energy Center, the Meldahl Hydroelectric Project, and the Greenup Hydroelectric Project were not disclosed and the disclosure information was not provided during the audit; and the AMP Revenue Coverage calculation was not completed for either year.
- In 2017, the Village recorded Mayor's Court activity as transfers out of the Mayor's Court and into the General Fund, which is not an allowable transfer. Adjusting entries were made to reverse the transfer in both the Mayor's Court Fund and General Fund, totaling \$15,200; to book total expenses from the Mayor's Court Fund as Other Financing Uses, totaling \$15,200.

**Village of Haskins  
Wood County  
Schedule of Findings  
December 31, 2018 and 2017**

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**FINDING NUMBER 2018-002  
(Continued)**

- In 2017, the sale of fixed assets were incorrectly classified as a special item in the amount of \$20,726.
- Prior audit adjustments were not properly posted to the Village's UAN accounting system which caused the beginning balances reported in the Hinkle system to be misstated.

The errors noted above were due to an insufficiency of monitoring by management. The amounts noted above that were improperly classified or recorded have been adjusted and are properly presented on the financial statements. Additional errors were noted in smaller relative amounts.

The failure to correctly classify financial activity in the accounting records and financial statements may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Council. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

The Village should adopt policies and procedures to identify and correct errors and omissions. The Fiscal Officer should review the Ohio Village Handbook, Uniform Accounting Network (UAN) Manual, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and disbursements. Additionally, the Council should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities. The Clerk/Treasurer should review the most current note disclosure shell available on the Auditor of State web site for the most up-to-date version of the note disclosures. A secondary review of the Notes to the Financial Statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

**Officials' Response:** The Village will properly classify all and any funds.

**FINDING NUMBER 2018-003**

**Significant Deficiency – Cash Reconciliations**

Prior to closing out the financial records each month, the bank account balances should be reconciled to the combined fund balances. This procedure is an important method of detecting errors in the financial records and bank account records. After this procedure is completed any errors found should be immediately corrected, the financial records closed, and month end financial information generated by the Clerk/Treasurer.

Reconciliations throughout 2017 and 2018 contained unresolved reconciling items. This is due, in part, to delays in the reconciliation process (reconciliations aren't always performed in a timely manner, after month-end). We noted other adjusting factors for ten of the twelve months in 2017, ranging from a low of \$1,164 to a high of \$11,888, with year ending unsubstantiated reconciling items totaling \$11,888 at the end of 2017 (bank was higher than the books). The reconciling items noted at year end were due to receipts that were deposited in the bank, but not yet posted to the Village books. No audit adjustment was posted, as the amount in question was not material to the financial statements.

We noted other adjusting factors for each month in 2018, ranging from a low of \$17 to a high of \$18,666, with year ending unsubstantiated reconciling items totaling \$219 at the end of 2018 (bank was higher than the books). The reconciling items noted at year end were due to receipts that were deposited in the bank, but not yet posted to the Village books. No audit adjustment was posted, as the amount in question was not material to the financial statements.

**Village of Haskins  
Wood County  
Schedule of Findings  
December 31, 2018 and 2017**

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**FINDING NUMBER 2018-003  
(Continued)**

These deficiencies were due to inadequate policies and procedure over preparing and monitoring bank reconciliations. The Clerk/Treasurer should reconcile as close to month-end as possible, and present evidence to Council which indicates all bank balances have been reconciled to the cash journal fund balances each month without significant other adjusting factors on the reconciliation. This includes ensuring all receipts and disbursements are timely posted to UAN and are properly accounted for as part of the reconciliation process.

The finance committee should then periodically verify items appearing on the monthly bank reconciliation. If an adjustment is necessary, specific documentation should be maintained that documents what makes up the adjustment, including the nature of the transaction(s) and amount(s).

**Officials' Response:** The clerk will perform bank reconciliations in a more timely manner, allowing to close month end books quickly and efficiently allowing council to sign this statements.

**Village of Haskins  
Wood County  
Schedule of Prior Audit Findings  
December 31, 2018 and 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2016-001	Noncompliance – Joint Venture Agreement	No	Reissued as Finding 2018-001
2016-002	Noncompliance – ORC 5705.41(B)	Yes	
2016-003	Material Weakness – Payroll Monitoring	Yes	
2016-004	Material Weakness – Financial Reporting	No	Reissued as Finding 2018-002
2016-005	Significant Deficiency – Cash Reconciliations	No	Reissued as Finding 2018-003
2016-006	Significant Deficiency – Income Tax Monitoring	Yes	

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
AUGUST 6, 2019**