

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Jackson Center
122 E. Pike Street
Jackson Center, Ohio 45334

We have reviewed the *Independent Auditor's Report* of the Village of Jackson Center, Shelby County, prepared by E.S. Evans and Company, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 6, 2009

This page was intentionally left blank.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT -----	PAGE	1
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2008 -----		4
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE – ALL PROPRIETARY FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2008 -----		7
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2007 -----		8
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE – ALL PROPRIETARY FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2007 -----		11
NOTES TO FINANCIAL STATEMENTS -----		12
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> -----		27
SCHEDULE OF FINDINGS-----		29

---oo0oo---

This page was intentionally left blank.



E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevans.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

June 24, 2009

INDEPENDENT AUDITOR'S REPORT

Village of Jackson Center
Shelby County, Ohio

We have audited the accompanying financial statements of the Village of Jackson Center, Shelby County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", is located in the lower right quadrant of the page.

This page was intentionally left blank.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL
GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 95,885	\$ 21,229	\$ -
Municipal Income Tax	4,801	653,924	-
Intergovernmental Receipts	90,173	63,428	-
Charges for Services	38,869	21,677	105,695
Fines, Licenses, and Permits	15,701	-	-
Interest Receipts	45,464	5,340	472
Miscellaneous	15,504	5,440	-
Total Cash Receipts	<u>306,397</u>	<u>771,038</u>	<u>106,167</u>
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	221,123	-	-
Public Health Services	200	-	-
Leisure Time Activities	13,302	-	-
Community Environment	1,841	-	-
Transportation	2,048	94,535	-
General Government	53,938	58,561	-
Capital Outlay	-	-	-
Debt Service:			
Redemption of Principal	-	-	213,485
Interest and Other Fiscal Charges	-	-	30,524
Total Cash Disbursements	<u>292,452</u>	<u>153,096</u>	<u>244,009</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	<u>13,945</u>	<u>617,942</u>	<u>(137,842)</u>
<u>Other Financing Sources/(Uses):</u>			
Sale of Bonds	-	-	33,000
Other Financing Uses	(3,476)	-	-
Transfers-In	-	-	98,442
Transfers-Out	-	(589,471)	-
Total Other Financing Sources/(Uses)	<u>(3,476)</u>	<u>(589,471)</u>	<u>131,442</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under)			
Cash Disbursements	10,469	28,471	(6,400)
<u>Fund Cash Balance - January 1, 2008</u>	<u>325,299</u>	<u>268,754</u>	<u>23,651</u>
<u>Fund Cash Balance - December 31, 2008</u>	<u>\$ 335,768</u>	<u>\$ 297,225</u>	<u>\$ 17,251</u>
<u>Reserve for Encumbrances, December 31, 2008</u>	<u>\$ 1,057</u>	<u>\$ 159</u>	<u>\$ -</u>

The accompanying notes are an integral part
of these financial statements.

Governmental Fund Type	Totals
Capital Projects	(Memorandum Only)
\$ -	\$ 117,114
-	658,725
-	153,601
-	166,241
-	15,701
13,934	65,210
2,374	23,318
<u>16,308</u>	<u>1,199,910</u>
-	221,123
-	200
-	13,302
-	1,841
-	96,583
-	112,499
603,154	603,154
-	213,485
-	30,524
<u>603,154</u>	<u>1,292,711</u>
<u>(586,846)</u>	<u>(92,801)</u>
-	33,000
-	(3,476)
491,029	589,471
-	(589,471)
<u>491,029</u>	<u>29,524</u>
(95,817)	(63,277)
<u>637,937</u>	<u>1,255,641</u>
\$ <u>542,120</u>	\$ <u>1,192,364</u>
\$ <u>6,018</u>	\$ <u>7,234</u>

This page was intentionally left blank.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 2008

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 1,788,801
Miscellaneous	168,810
Total Operating Cash Receipts	1,957,611
<u>Operating Cash Disbursements:</u>	
Personal Services	324,563
Employee Fringe Benefits	101,282
Contractual Services	1,230,186
Material and Supplies	196,889
Other	10,883
Total Operating Cash Disbursements	1,863,803
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	93,808
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Property and Other Local Taxes	971
Earnings on Investments	886
Capital Outlay	(92,688)
Total Non-Operating Cash Receipts/(Disbursements)	(90,831)
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	2,977
Operating Transfers-In	-
Operating Transfers-Out	-
Total Transfers and Advances	-
Excess of Net Cash Receipts Over/(Under) Disbursements	2,977
<u>Fund Cash Balance</u> - January 1, 2008	1,493,770
<u>Fund Cash Balance</u> - December 31, 2008	\$ 1,496,747
<u>Reserve for Encumbrances, December 31, 2008</u>	\$ 343,334

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL
GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2007

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 94,959	\$ 26,961	\$ -
Municipal Income Tax	3,003	788,210	-
Intergovernmental Receipts	214,317	61,679	-
Charges for Services	38,062	20,382	101,817
Fines, Licenses, and Permits	15,879	-	-
Interest Receipts	85,155	9,688	2,335
Miscellaneous	3,659	850	-
Total Cash Receipts	455,034	907,770	104,152
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	238,542	8,319	-
Public Health Services	200	-	-
Leisure Time Activities	11,903	-	-
Community Environment	1,032	-	-
Transportation	1,580	95,517	-
General Government	54,029	83,725	-
Capital Outlay	-	-	-
Debt Service:			
Redemption of Principal	-	-	336,333
Interest and Other Fiscal Charges	-	-	36,338
Total Cash Disbursements	307,286	187,561	372,671
Total Cash Receipts Over/(Under)			
Cash Disbursements	147,748	720,209	(268,519)
<u>Other Financing Sources/(Uses):</u>			
Sale of Bonds/Notes	-	-	165,000
Other Financing Uses	(5,580)	-	-
Transfers-In	-	-	121,782
Transfers-Out	-	(729,232)	-
Total Other Financing Sources/(Uses)	(5,580)	(729,232)	286,782
<u>Excess of Cash Receipts and Other Financing Sources Over/(Under)</u>			
Cash Disbursements	142,168	(9,023)	18,263
<u>Fund Cash Balance - January 1, 2007</u>	183,131	277,777	5,388
<u>Fund Cash Balance - December 31, 2007</u>	\$ 325,299	\$ 268,754	\$ 23,651
<u>Reserve for Encumbrances, December 31, 2007</u>	\$ 1,448	\$ 1,126	\$ -

The accompanying notes are an integral part
of these financial statements.

Governmental Fund Type	Totals
<u>Capital Projects</u>	<u>(Memorandum Only)</u>
\$ -	\$ 121,920
-	791,213
-	275,996
-	160,261
-	15,879
19,305	116,483
2,849	7,358
<u>22,154</u>	<u>1,489,110</u>
-	246,861
-	200
-	11,903
-	1,032
-	97,097
-	137,754
462,550	462,550
-	336,333
-	36,338
<u>462,550</u>	<u>1,330,068</u>
<u>(440,396)</u>	<u>159,042</u>
83,443	248,443
-	(5,580)
607,450	729,232
-	(729,232)
<u>690,893</u>	<u>242,863</u>
250,497	401,905
387,440	853,736
\$ <u>637,937</u>	\$ <u>1,255,641</u>
\$ <u>25,528</u>	\$ <u>28,102</u>

This page was intentionally left blank.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY FUND TYPES

For the Year Ended December 31, 2007

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 1,807,255
Miscellaneous	65,735
Total Operating Cash Receipts	1,872,990
<u>Operating Cash Disbursements:</u>	
Personal Services	296,340
Employee Fringe Benefits	100,255
Contractual Services	1,188,513
Material and Supplies	114,157
Other	11,136
Total Operating Cash Disbursements	1,710,401
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	162,589
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Property and Other Local Taxes	718
Earnings on Investments	1,682
Capital Outlay	(203,334)
Total Non-Operating Cash Receipts/(Disbursements)	(200,934)
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(38,345)
Operating Transfers-In	-
Operating Transfers-Out	-
Total Transfers and Advances	-
Excess of Net Cash Receipts Over/(Under) Disbursements	(38,345)
<u>Fund Cash Balance</u> - January 1, 2007	1,532,115
<u>Fund Cash Balance</u> - December 31, 2007	\$ 1,493,770
<u>Reserve for Encumbrances, December 31, 2007</u>	\$ 9,092

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Jackson Center, Shelby County, (the Village), as a political and corporate body. A publicly-elected six-member Council governs the Village. The Village provides general governmental services including public safety, street maintenance, and water, sewer, and electric facilities.

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

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Cash and Investments

The Village maintains two checking accounts and three Star Ohio accounts, all at which are valued at cost.

Fund Accounting

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

General Fund

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

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for construction, maintaining and repairing Village streets.

Income Tax Revenue Fund – This fund is used to account for the one and a half percent local income tax that is collected. The income tax revenue fund is used to pay all administrative costs pertaining to the administration and collection of the Village income tax and refunds. Per Village Ordinance 96-27, after refunds and administrative costs have been paid, the remaining income tax receipts are transferred to the Capital Improvement Fund, General Improvement Fund, and Note Retirement Fund. The transferred funds are then used to finance capital projects and debt retirement of the Village.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Improvement Fund - This fund is used to fund capital improvements of the Village. The receipts in this fund consist primarily of transfers from the income tax fund.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Note Retirement Fund - This fund is used to pay Village debt incurred. The primary sources of receipts are 16.7% of the sewer operating receipts and income tax receipts. In addition, there is an annual receipt from Plastipak Packaging as a result of a Utility Service Agreement dated November 12, 2001 for the purpose of extending water and sanitary sewer lines to the Company which is located outside of the Village corporation limits.

Enterprise Funds

Enterprise 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:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted.

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 also approve estimated resources.

Appropriations

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

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.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 2 – Equity in Pooled Cash

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

		2008		2007
Demand Deposits	\$	243,035	\$	309,771
STAR Ohio		2,446,076		2,439,640
Total Deposits	\$	2,689,111	\$	2,749,411

Demand Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts				
Fund Type	Budgeted	Actual	Variance	
	Receipts	Receipts		
General	\$ 707,327	\$ 306,397	\$	(400,930)
Special Revenue	1,223,241	771,038		(452,203)
Debt Service	249,534	237,609		(11,925)
Capital Projects	1,609,772	507,337		(1,102,435)
Enterprise	3,474,583	1,959,468		(1,515,115)
	\$ 7,264,457	\$ 3,781,849	\$	(3,482,608)

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 3 – Budgetary Activity – (continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 566,430	\$ 296,985	\$ 269,445
Special Revenue	1,173,135	742,726	430,409
Debt Service	244,028	244,009	19
Capital Projects	1,298,225	609,172	689,053
Enterprise	3,241,326	2,299,825	941,501
	<u>\$ 6,523,144</u>	<u>\$ 4,192,717</u>	<u>\$ 2,330,427</u>

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 724,383	\$ 455,034	\$ (269,349)
Special Revenue	1,182,235	907,770	(274,465)
Debt Service	402,652	390,934	(11,718)
Capital Projects	960,372	713,047	(247,325)
Enterprise	3,503,233	1,875,390	(1,627,843)
	<u>\$ 6,772,875</u>	<u>\$ 4,342,175</u>	<u>\$ (2,430,700)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 541,621	\$ 314,314	\$ 227,307
Special Revenue	1,151,722	917,919	233,803
Debt Service	402,526	372,671	29,855
Capital Projects	950,440	488,078	462,362
Enterprise	3,442,841	1,922,827	1,520,014
	<u>\$ 6,489,150</u>	<u>\$ 4,015,809</u>	<u>\$ 2,473,341</u>

Contrary to Ohio law, appropriations exceed available resources by \$6,204 in the Debt Service – Note Retirement Fund, by \$1,800 in the Enterprise – Sewer Fund, and by \$125,394 in the Enterprise - Electric Fund at December 31, 2007. Contrary to Ohio law, appropriations exceed available resources by \$1,282 in the Special Revenue – State Highway Fund, by \$174,029 in the Special Revenue – Income Tax Fund, and by \$367,135 in the Capital Projects – Capital Improvement Fund at December 31, 2008.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 4 - Property Tax

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

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

Note 5 – Local Income Tax

The Village levies a municipal income tax of one and a half 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 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. The Village had a contract with the City of St. Mary's to collect income tax on behalf of the Village up until October 31, 2008, and currently has a contract with Regional Income Tax Authority (RITA) to collect income tax on behalf of the Village.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 6 - Debt Obligations

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
2001 OPWC Water Well Construction Project	\$ 36,400	0.00%
2006 OPWC Jackson St. Main	123,950	0.00%
OWDA Water Treatment Plant Improvements	638,094	3.25%
Bond Anticipation Notes	33,000	3.34%
Total	\$ 831,444	

The Ohio Public Works Commission notes are 20 year interest-free obligations requiring semi-annual payments \$1,583 and \$3,350, respectively.

The Ohio Water Development Authority Note is a 20 year note requiring semi-annual payments of principal and interest of \$31,065.

The Bond Anticipation Note was issued as part of a 1992 bond refunding and has a maturity date of November 20, 2009.

The annual requirements to amortize all debt outstanding as of December 31, 2008, including interest payments of \$175,183 are scheduled as follows:

Year Ending December 31,	OPWC	OWDA	Bond Antic Notes	TOTAL
2009	\$ 9,866	\$ 62,130	\$ 34,102	\$ 106,098
2010	9,866	62,130	-	71,996
2011	9,866	62,130	-	71,996
2012	9,866	62,130	-	71,996
2013	9,866	62,130	-	71,996
2014-2018	49,330	310,650	-	359,980
2019-2023	38,240	190,875	-	229,115
2024-2027	23,450	-	-	23,450
	\$ 160,350	\$ 812,175	\$ 34,102	\$ 1,006,627

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 7 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

The Village's employees, excluding the Village's law enforcement officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5 percent of their gross salary. The Village contributed an amount equal to 13.85 percent of participants' gross salaries. For 2008, OPERS members contributed 10.0 percent of their gross salary. The Village contributed an amount equaling 14.0 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2008.

Police and Firemen's Disability and Pension Fund

The Village of Jackson Center's uniformed police employees participate in the Ohio Police and Fire Pension Funds (OP&F). This is a multi-employer cost sharing public employees' retirement system. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2008, OP&F members contributed 10 percent of their gross salary. The Village contributed an amount equal to 19.5 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2008.

Note 8 - Risk Management

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

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

The Village belongs to the Ohio Government Risk Management Plan ("the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550,460 Ohio governments ("Members").

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 8 - Risk Management – (continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15 percent or \$37,500 of casualty losses and the lesser of 10 percent or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and Member's Equity at December 31, 2007 and 2006 (the latest information available):

		<u>2007</u>		<u>2006</u>
Assets	\$	11,136,455	\$	9,620,148
Liabilities		<u>(4,273,553)</u>		<u>(3,329,620)</u>
Member's Equity	\$	<u>6,862,902</u>	\$	<u>6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 9 – Contingencies

On May 9, 2009, the Village paid \$111,115 for a grass mini-rescue vehicle. This was financed with \$77,465 of bond anticipation notes and balance paid with current cash of the Village.

On March 27, 2007, Resolution 07-03 was entered into. This was a reimbursement agreement with BP to move a pipeline. Resolution 07-10 provided a letter of credit with the local bank of \$315,000 to cover this relocation of the pipeline. At December 31, 2008 the Village has encumbered \$315,000 for this project. A bill was received in May of 2009 from BP in the amount of \$348,473. The additional costs are being disputed with BP and to date the invoice has not been paid.

Note 10 – Joint Ventures

Ohio Municipal Electric Generation Agency JV2

The Village of Jackson Center is a Financing Participant and an Owner Participant with percentages of liability and ownership of .29% and .22% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008 the Village of Jackson Center has met their debt coverage obligation.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 10 – Joint Ventures – (continued)

Ohio Municipal Electric Generation Agency JV2 – (continued)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2008 was \$85,193 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The Village's net investment in OMEGA JV2 was \$82,567 at December 31, 2008. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2008 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 10 – Joint Ventures – (continued)

Ohio Municipal Electric Generation Agency JV5

The Village of Jackson Center is a Financing Participant with an ownership percentage of .67%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008 Jackson Center has met their debt coverage obligation.

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

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Note 10 – Joint Ventures – (continued)

Ohio Municipal Electric Generation Agency JV5 – (continued)

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

The Village's net investment to date in OMEGA JV5 was \$60,025 at December 31, 2008. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

This page was intentionally left blank.



E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevans.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

June 24, 2009

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

Village of Jackson Center
Shelby County, Ohio

We have audited the financial statements of the Village of Jackson Center, Shelby County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 24, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Jackson Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jackson Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Jackson Center's internal control over financial reporting.

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

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

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Jackson Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above to be a material weaknesses.

We also noted certain internal control matters that we reported to the Village of Jackson Center's management in separate letter dated June 24, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Jackson Center'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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings as item 2008-001.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Village Council, and Auditor of State of Ohio and are not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", is located in the lower right quadrant of the page.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2008 and 2007

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

Finding Number 2008-001 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.36(A)(4) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources of the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The amounts by which appropriations exceed available resources are as follows:

Fund Type/Fund	<u>2008</u>	<u>2007</u>
Debt Service Funds:		
Note Retirement Fund		\$ 6,204
Special Revenue Funds:		
State Highway Fund	\$ 1,282	
Income Tax Fund	174,029	
Capital Projects Fund:		
Capital Improvement Fund	367,135	
Enterprise Funds:		
Sewer Fund		1,800
Electric Fund		125,394

Actual receipts should be compared to budgeted receipts on a periodic basis to monitor for significant variances. Amended certificates should be requested from the County Budget Commission when it becomes apparent that actual receipts are going to be significantly less than estimated receipts, and the deficiency in receipts will fall below the appropriation level for the fund. This analysis should also encompass a comparison of appropriations versus available resources after amendment.

VILLAGE RESPONSE – The Village is currently working to correct and comply with this.



Mary Taylor, CPA
Auditor of State

VILLAGE OF JACKSON CENTER

SHELBY 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 18, 2009**