

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2001



**Auditor of State
Betty Montgomery**

Village Council
Village of Jackson Center
P.O. Box 819
122 East 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 & Company, for the audit period January 1, 2001 through December 31, 2002. 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 Jackson Center is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 2, 2003

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VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

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E.S. Evans and Company

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 7, 2003

INDEPENDENT AUDITOR'S REPORT

Village of Jackson Center
Shelby County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Jackson Center, as of and for the years ended December 31, 2002 and 2001. These combined financial statements are the responsibility of the Village of Jackson Center's management. Our responsibility is to express an opinion on these combined 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 combined 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 discussed in Note 1, the Village of Jackson Center prepares its combined financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the Village of Jackson Center, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 7, 2003 on our consideration of the Village of Jackson Center's internal control over financial reporting and on our tests of its' compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.25, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specific parties.

E.S. Evans and Company

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VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH, INVESTMENTS,
AND FUND CASH BALANCES - ALL FUND TYPES

December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash	\$ 921,180	\$ 807,082
Investments	<u>1,282,317</u>	<u>1,083,180</u>
Total	<u>\$ 2,203,497</u>	<u>\$ 1,890,262</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 41,850	\$ 150,413
Special Revenue Funds	92,064	163,590
Debt Service Funds	728,281	50,558
Capital Projects Funds	436,586	661,664

Proprietary Funds:

Enterprise Funds	838,439	764,071
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Fiduciary Funds:

Agency Funds	<u>66,277</u>	<u>99,966</u>
Total	<u>\$ 2,203,497</u>	<u>\$ 1,890,262</u>

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

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

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

For the Year Ended December 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenue Receipts:</u>			
Local Taxes	\$ 83,138	\$ -	\$ -
Intergovernmental Revenues	105,918	59,359	-
Charges for Services	10,893	17,828	25,292
Subsidy Payment	-	-	-
KWH Inside Tax	78,386		
Fines, Licenses, and Permits	15,295	1,950	-
Interest Income	22,193	-	-
Miscellaneous	16,041	480	-
Total Revenue Receipts	<u>331,864</u>	<u>79,617</u>	<u>25,292</u>
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	188,719	98,682	-
Leisure Time Activities	18,426	-	-
Community Environment	1,570	-	-
Transportation	86,383	52,418	-
General Government	58,043	43	-
Capital Outlay	-	-	-
Debt Service -			
Redemption of Principal	-	-	427,023
Interest	-	-	55,431
Total Expenditure Disbursements	<u>353,141</u>	<u>151,143</u>	<u>482,454</u>
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	<u>(21,277)</u>	<u>(71,526)</u>	<u>(457,162)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers-In	-	-	99,885
Operating Transfers-Out	(87,286)	-	-
Proceeds from OWDA Loan	-	-	-
Proceeds from Bond Anticipation Notes	-	-	1,035,000
Total Other Financing Sources (Uses)	<u>(87,286)</u>	<u>-</u>	<u>1,134,885</u>
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(108,563)	(71,526)	677,723
<u>Fund Cash Balance - January 1, 2002</u>	<u>150,413</u>	<u>163,590</u>	<u>50,558</u>
<u>Fund Cash Balance - December 31, 2002</u>	<u>\$ 41,850</u>	<u>\$ 92,064</u>	<u>\$ 728,281</u>

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

<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ 83,138
47,910	213,187
-	54,013
600,000	600,000
-	78,386
-	17,245
34	22,227
20,127	36,648
<u>668,071</u>	<u>1,104,844</u>
-	287,401
-	18,426
-	1,570
-	138,801
-	58,086
1,431,278	1,431,278
400,000	827,023
5,101	60,532
<u>1,836,379</u>	<u>2,823,117</u>
<u>(1,168,308)</u>	<u>(1,718,273)</u>
498,230	598,115
-	(87,286)
45,000	45,000
400,000	1,435,000
<u>943,230</u>	<u>1,990,829</u>
(225,078)	272,556
661,664	1,026,225
<u>\$ 436,586</u>	<u>\$ 1,298,781</u>

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

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

For the Year Ended December 31, 2001

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Revenue Receipts:</u>			
Local Taxes	\$ 85,694	\$ -	\$ -
Intergovernmental Revenues	139,623	132,676	-
Charges for Services	9,749	32,708	22,119
Subsidy Payment	-	-	-
KWH Inside Tax	42,946		
Fines, Licenses, and Permits	10,054	1,440	-
Interest Income	53,364	-	-
Miscellaneous	7,107	96	-
Total Revenue Receipts	348,537	166,920	22,119
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	171,681	-	-
Leisure Time Activities	7,409	-	-
Community Environment	1,311	-	-
Transportation	98,703	118,202	-
General Government	68,253	-	-
Capital Outlay	-	-	-
Debt Service -			
Redemption of Principal	-	-	44,008
Interest	-	-	42,587
Total Expenditure Disbursements	347,357	118,202	86,595
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	1,180	48,718	(64,476)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers-In	-	-	110,115
Operating Transfers-Out	(42,946)	-	-
Proceeds from Bond Anticipation Notes	-	-	-
Total Other Financing Sources (Uses)	(42,946)	-	110,115
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(41,766)	48,718	45,639
<u>Fund Cash Balance - January 1, 2001</u>	192,179	114,872	4,919
<u>Fund Cash Balance - December 31, 2001</u>	\$ 150,413	\$ 163,590	\$ 50,558

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

<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$ 85,694
-	272,299
-	64,576
300,000	300,000
-	42,946
-	11,494
-	53,364
<u>20,178</u>	<u>27,381</u>
<u>320,178</u>	<u>857,754</u>
-	171,681
-	7,409
-	1,311
-	216,905
-	68,253
424,737	424,737
400,000	444,008
<u>18,867</u>	<u>61,454</u>
<u>843,604</u>	<u>1,395,758</u>
<u>(523,426)</u>	<u>(538,004)</u>
548,518	658,633
-	(42,946)
<u>400,000</u>	<u>400,000</u>
<u>948,518</u>	<u>1,015,687</u>
425,092	477,683
<u>236,572</u>	<u>548,542</u>
\$ <u><u>661,664</u></u>	\$ <u><u>1,026,225</u></u>

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCE - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2002

	<u>Proprietary Fund Enterprise</u>	<u>Fiduciary Fund Agency</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Receipts:</u>			
Charges for Services	\$ 1,585,737	\$ -	\$ 1,585,737
Interest Income	6,198	-	6,198
Miscellaneous	58,489	-	58,489
Total Operating Receipts	<u>1,650,424</u>	<u>-</u>	<u>1,650,424</u>
<u>Operating Disbursements:</u>			
Personnel Services	340,072	7,965	348,037
Travel Transportation	3,437	-	3,437
Contractual Services	1,084,053	17,155	1,101,208
Material and Supplies	166,178	8,569	174,747
Capital Outlay	119,602	-	119,602
Total Operating Disbursements	<u>1,713,342</u>	<u>33,689</u>	<u>1,747,031</u>
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	<u>(62,918)</u>	<u>(33,689)</u>	<u>(96,607)</u>
<u>Non-Operating Receipts/(Disbursements):</u>			
Local Taxes	-	598,116	598,116
Installment Revenue - Land	50,000	-	50,000
Total Non-Operating Receipts/(Disbursements)	<u>50,000</u>	<u>598,116</u>	<u>648,116</u>
Excess of Net Cash Receipts Over/(Under) Disbursements Before Transfers and Advances	<u>(12,918)</u>	<u>564,427</u>	<u>551,509</u>
Operating Transfers-In	87,286	-	87,286
Operating Transfers-Out	-	(598,116)	(598,116)
Total Transfers and Advances	<u>87,286</u>	<u>(598,116)</u>	<u>(510,830)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	74,368	(33,689)	40,679
<u>Fund Cash Balance - January 1, 2002</u>	<u>764,071</u>	<u>99,966</u>	<u>864,037</u>
<u>Fund Cash Balance - December 31, 2002</u>	<u>\$ 838,439</u>	<u>\$ 66,277</u>	<u>\$ 904,716</u>

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

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCE - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2001

	<u>Proprietary Fund Enterprise</u>	<u>Fiduciary Fund Agency</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Receipts:</u>			
Charges for Services	\$ 1,442,120	\$ -	\$ 1,442,120
Interest Income	-	-	-
Miscellaneous	<u>80,072</u>	<u>-</u>	<u>80,072</u>
Total Operating Receipts	<u>1,522,192</u>	<u>-</u>	<u>1,522,192</u>
<u>Operating Disbursements:</u>			
Personnel Services	328,151	12,350	340,501
Travel Transportation	3,424	-	3,424
Contractual Services	1,009,411	17,159	1,026,570
Material and Supplies	237,840	7,317	245,157
Capital Outlay	<u>22,417</u>	<u>-</u>	<u>22,417</u>
Total Operating Disbursements	<u>1,601,243</u>	<u>36,826</u>	<u>1,638,069</u>
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	<u>(79,051)</u>	<u>(36,826)</u>	<u>(115,877)</u>
<u>Non-Operating Receipts/(Disbursements):</u>			
Local Taxes	-	567,481	567,481
Proceeds from OWDA Loan	30,000	-	30,000
Proceeds from Bond Anticipation Notes	750,000	-	750,000
Debt Service - Redemption of Principal	(754,952)	-	(754,952)
Debt Service - Interest Charges	<u>(29,504)</u>	<u>-</u>	<u>(29,504)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(4,456)</u>	<u>567,481</u>	<u>563,025</u>
Excess of Net Cash Receipts Over/(Under) Disbursements Before Transfers and Advances	<u>(83,507)</u>	<u>530,655</u>	<u>447,148</u>
Operating Transfers-In	42,946	-	42,946
Operating Transfers-Out	<u>-</u>	<u>(658,633)</u>	<u>(658,633)</u>
Total Transfers and Advances	<u>42,946</u>	<u>(658,633)</u>	<u>(615,687)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(40,561)	(127,978)	(168,539)
<u>Fund Cash Balance - January 1, 2001</u>	<u>804,632</u>	<u>227,944</u>	<u>1,032,576</u>
<u>Fund Cash Balance - December 31, 2001</u>	<u>\$ 764,071</u>	<u>\$ 99,966</u>	<u>\$ 864,037</u>

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

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VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL

For the Years Ended December 31, 2002 and 2001

<u>Fund Types/Funds:</u>	2002		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Governmental:</u>			
General	\$ 509,071	\$ 331,864	\$ (177,207)
Special Revenue	245,420	79,617	(165,803)
Debt Service	150,557	1,160,177	1,009,620
Capital Projects	1,956,646	1,611,301	(345,345)
<u>Proprietary:</u>			
Enterprise	2,123,129	1,787,710	(335,419)
<u>Fiduciary:</u>			
Agency	763,966	598,116	(165,850)
<u>Total (Memorandum Only)</u>	\$ 5,748,789	\$ 5,568,785	\$ (180,004)
<u>Fund Types/Funds:</u>	2001		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Governmental:</u>			
General	\$ 526,568	\$ 348,537	\$ (178,031)
Special Revenue	241,465	166,920	(74,545)
Debt Service	487,919	132,234	(355,685)
Capital Projects	868,050	1,268,696	400,646
<u>Proprietary:</u>			
Enterprise	2,828,791	2,345,138	(483,653)
<u>Fiduciary:</u>			
Agency	817,452	567,481	(249,971)
<u>Total (Memorandum Only)</u>	\$ 5,770,245	\$ 4,829,006	\$ (941,239)

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

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

For the Years Ended December 31, 2002 and 2001

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2002 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 3,384	\$ 517,625	\$ 521,009
Special Revenue	290	244,947	245,237
Debt Service	-	150,500	150,500
Capital Projects	130,841	1,959,535	2,090,376
<u>Proprietary:</u>			
Enterprise	48,842	2,122,697	2,171,539
<u>Fiduciary:</u>			
Agency	-	763,899	763,899
<u>Total (Memorandum Only)</u>	<u>\$ 183,357</u>	<u>\$ 5,759,203</u>	<u>\$ 5,942,560</u>

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2001 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 27,873	\$ 528,472	\$ 556,345
Special Revenue	6,932	240,600	247,532
Debt Service	-	487,900	487,900
Capital Projects	61,528	867,907	929,435
<u>Proprietary:</u>			
Enterprise	25,437	2,798,348	2,823,785
<u>Fiduciary:</u>			
Agency	2,492	817,261	819,753
<u>Total (Memorandum Only)</u>	<u>\$ 124,262</u>	<u>\$ 5,740,488</u>	<u>\$ 5,864,750</u>

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

<u>2002 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 440,427	\$ 823	\$ 441,250	\$ 79,759
151,143	1,865	153,008	92,229
482,454	-	482,454	(331,954)
1,836,379	58,515	1,894,894	195,482
1,713,342	11,697	1,725,039	446,500
<u>631,805</u>	<u>2,027</u>	<u>633,832</u>	<u>130,067</u>
<u>\$ 5,255,550</u>	<u>\$ 74,927</u>	<u>\$ 5,330,477</u>	<u>\$ 612,083</u>

<u>2001 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 390,303	\$ 3,384	\$ 393,687	\$ 162,658
118,202	290	118,492	129,040
86,595	-	86,595	401,305
843,604	130,841	974,445	(45,010)
2,385,699	48,842	2,434,541	389,244
<u>695,459</u>	<u>-</u>	<u>695,459</u>	<u>124,294</u>
<u>\$ 4,519,862</u>	<u>\$ 183,357</u>	<u>\$ 4,703,219</u>	<u>\$ 1,161,531</u>

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Jackson Center is a political and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government and provides the following services: public safety, health, recreation, street maintenance, water, sewer and electric facilities, and general administrative services.

The Village's management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

Basis of Accounting

The Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. 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.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. The Village uses the following major fund types:

Governmental Funds

General Fund

The General Fund accounts for all the revenues and expenditures of the Village that are not required to be accounted for in other funds.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

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

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects and expendable trusts), the expenditures for which are legally restricted to for specific purposes.

The Village had the following significant special revenue funds:

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

Fire Contract Fund – This fund receives money from Townships adjacent to the Village to provide fire fighting services to its residents.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Village had the following significant debt service funds:

General Obligation Debt Service Fund – This fund receives money, including transfers from the Income Tax Fund and a percentage of sewer charges, to pay the outstanding debts of the Village.

Capital Project Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Trust Funds).

The Village had the following significant capital projects funds:

Capital Improvement Fund – This fund receives money, including an operating subsidy, for various capital improvements within the Village.

General Improvement Fund – This fund receives money, including transfers from the Income Tax Fund, for various capital projects in the Village.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

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

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village had the following significant special revenue funds:

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

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

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

Fiduciary Funds

Agency Funds

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Village's fiduciary funds include an agency fund. The agency fund accounts for the income tax collections of the Village.

Budgets

The Village is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting. The tax budget of estimated cash receipts and disbursements is required to be submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the following year.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

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

Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2001 or January 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 2 - Cash and Investments

The Village maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement of Cash and Investments as "Pooled Cash and Investments Balances By Fund Type".

Legal Requirements

Statutes require the classification of moneys held by the Village into three categories:

Category 1 - consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the Village. Such moneys must be maintained either as cash in the Village's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 - consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 - consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

Deposits

At December 31, 2002 and 2001, the carrying amount of the Village of Jackson Center's deposits were \$260,980 and \$806,882, and the bank balances were \$278,169 and \$827,365, respectively. The Village was insured for \$200,000 by the federal depository insurance. The remaining balance was covered by collateral deposit of securities with qualified trustee as pledged to the Village. In addition to the deposits, the Village had \$200 of petty cash on hand at December 31, 2002 and 2001. Also, \$660,000 from a bond anticipation note was being held by a trustee – see Note 5.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 2 - Cash and Investments - (continued)

Investments

The Village of Jackson Center invests in the State of Ohio Treasurer's investment pool, "Star Ohio". Star Ohio is unclassified under the Governmental Accounting Standards Board Statement Number 3.

	<u>Carrying Value</u>	<u>Market Value</u>
<u>December 31, 2002</u>		
Investment in State Treasurer's investment pool - Star Ohio (unclassified)	\$ <u>1,282,317</u>	\$ <u>1,282,317</u>
<u>December 31, 2001</u>		
Investment in State Treasurer's investment pool - Star Ohio (unclassified)	\$ <u>1,083,180</u>	\$ <u>1,083,180</u>

Note 3 - Property Tax

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the calendar year ended December 31, 2002 was \$62.40 per \$1,000 of assessed valuation and for the calendar year ended December 31, 2001 was \$57.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$42.04 and \$37.75 per \$1,000 of assessed valuation for real property classified as residential/agricultural for the calendar years ended December 31, 2002 and 2001, respectively, and \$49.99 and \$45.63 per \$1,000 of assessed valuation for all other real property for the calendar years ended December 31, 2002 and 2001, respectively. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio, and are reflected in the financial statements as intergovernmental receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the calendar years ended December 31, 2002 was \$62.40 and for 2001 was \$57.80 per \$1,000 of assessed valuation.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 3 - Property Tax - (continued)

	2002	2001
Real Property - Valuation		
Residential/Agricultural	\$ 11,829,080	\$ 11,578,480
Commercial/Industrial	4,265,160	4,227,070
Public Utilities	5,060	5,090
Tangible Personal Property		
General - Valuation	7,003,230	6,792,900
Public Utilities	258,110	472,730
Total Valuation	\$ 23,360,640	\$ 23,076,270

The Shelby County Treasurer collects property tax on behalf of all taxing districts within the County. The Shelby County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Note 4 - Local Income Tax

The Village of Jackson Center levies income taxes of one and a half percent of gross salaries, wages and other personal service compensation earned by residents and to earnings of nonresidents employed within the Village. The income tax also applies to net income of businesses operating within the Village.

Note 5 - Debt Obligations

Debt outstanding at December 31, 2002 and 2001 consisted of the following:

	2002	2001
General Obligation Bonds		
Principal Outstanding	\$ 630,000	\$ 670,000
Interest Rates	6.1 to 6.2%	6.1 to 6.2%
Bond Anticipation Notes		
Principal Outstanding	\$1,435,000	\$ 775,000
Interest Rates	2.20%	2.64%
-\$660,000 outstanding at 12-31-02 is being held by a trustee to pay-off General Obligation Bonds outstanding on June 1, 2003		

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 5 - Debt Obligations - (continued)

	2002	2001
Ohio Public Works Commission – N. Main St. Sewer		
Principal Outstanding	\$21,828	\$29,103
Interest Free		
Ohio Public Works Commission – Water Well Construction		
Principal Outstanding	\$55,391	\$60,139
Interest Free		
Ohio Water Development Authority – Water Treatment System		
Principal Outstanding	\$75,000	\$30,000
Interest Free		
- This loan was rolled into an estimated total loan of \$1,252,837 in 2003 financed at 3.25% with a 20 year-term.		

The annual requirements to amortize all debt outstanding as of December 31, 2002, including interest payments of \$239,053 are as follows:

Year Ending December 31,	General Obligation Bonds	Bond Anticipation Notes	OWDA Water Treatment	OPWC N. Main St.	OPWC Water Well
2003	\$ 82,514	\$ 1,466,570	\$ 75,000	\$ 4,851	\$ 3,165
2004	84,593	-	-	4,851	3,165
2005	81,518	-	-	4,851	3,165
2006	88,135	-	-	4,851	3,165
2007	79,599	-	-	2,424	3,165
Thereafter	421,124	-	-	-	39,566
	\$ 837,483	\$ 1,466,570	\$ 75,000	\$ 21,828	\$ 55,391

Note 6 - Pension and Retirement Plans

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) is a state operated cost sharing, multiple employer public employee retirement system. Full-time permanent employees of the Village of Jackson Center belong to Public Employees Retirement System. Public Employees Retirement System provides retirement benefits to employees who are eligible to retire based upon years of service. Public Employees Retirement System also provides survivor and disability benefits to vested employees.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 6 - Pension and Retirement Plans

Public Employees Retirement System (PERS) – (continued)

Employees contribute 8.5 percent of gross salary. The employer matching share was 13.55 percent from January 1, 2001 through December 31, 2002. The pension contribution requirement for the Village, for the year ended December 31, 2002, was \$99,294 which consisted of \$38,277 from employees and \$61,017 from the employer, and for the year ended December 31, 2001 the Village contribution was \$99,238 which consisted of \$38,255 from employees and \$60,983 from the employer. The Village has paid all required contributions through December 31, 2002.

Police and Firemen's Disability and Pension Fund

The Village of Jackson Center uniformed police employees participating in the police and firemen's disability and pension fund is a multi-employer cost sharing public employees retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10% of gross salaries and the employer contributes 19.5% of gross salaries. The required contribution for the Village for the year ended December 31, 2002 was \$22,327 which consisted of \$7,568 from the employees and \$14,759 from the employer. For the year ended December 31, 2001, the required contribution was \$17,775 of which \$6,025 was from the employees and \$11,750 was from the employer. The Village has paid all required contributions through December 31, 2002.

Note 7 - Accrued Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is not accrued under the cash basis of accounting described in Note 1. At December 31, 2002 and 2001, management estimated that the accrued vacation and sick pay was \$59,102 and \$50,810, respectively. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. It is not practical to determine the actuarial value of the benefits at December 31, 2002 or 2001.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 8 - Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, wrongful acts, uninsured motorists, property coverage, wrongful acts coverage, law enforcement, inland marine, EDP coverage, fire vehicle RC, and public officials liability, and employee benefits company coverage.

The Village also provides medical and life insurance coverage for covered employees through a commercial insurer.

Note 9 – Subsidy Payments

The Village of Jackson Center entered into a utility service agreement with Plastipak Holdings, Inc. on November 12, 2001 regarding water and sewer services. This agreement, among other things, calls for Plastipak to pay the Village \$3,000,000 which includes surcharge generated from water and sewer usage. Remaining subsidy payments as of December 31, 2002 under this agreement are as follows:

<u>Due</u>	<u>Amount</u>
August 1-15, 2003	\$ 300,000
August 1-15, 2004	300,000

Beginning August 1, 2005, sixteen annual payments will be made calculated by taking \$1,500,000 less the amount of water and sewer surcharge paid by Plastipak from the time service was commenced through August 1, 2004 and dividing the result by sixteen. This amount will further be reduced by the amount of water and sewer surcharges paid by Plastipak for the previous twelve months.

Note 10 – Jackson Center Community Improvement Corporation

The Village sold the land and building located at 115 East Pike Street in Jackson Center to the Jackson Center Community Improvement Corporation (a non-profit organization) on August 24, 1998. As consideration for the purchase, the CIC executed a note and mortgage in favor of the Village for \$250,000 in principal. Interest is at the rate of 4% per annum. Interest payments are to be paid annually on the anniversary date of the Note in equal installments of \$10,000, until August 23, 2008 when the entire unpaid balance of principal and any and all interest accrued thereon shall be finally due and payable. Interest paid to the Village in 2001 and 2002 was \$10,000 each year.

Note 11 – Joint Venture

The Village's electric enterprise fund participates in a joint venture agreement with 36 other municipal electric systems who have formed the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV2) for the purpose of providing electric power and energy to its participants on a cooperative basis. OMEGA JV2 is organized, existing and authorized by Article XVIII, Section 3 and 4 of the Ohio Constitution in the manner contemplated by Section 715.02 of the Ohio Revised Code and other applicable provisions of Ohio law. OMEGA JV 2 was formed on November 21, 2000, and its existence was ratified on December 7, 2000.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 11 – Joint Venture – (continued)

OMEGA JV2 is a 138.650 MW project that includes two 32 MW used gas-fired turbines, one 11 MW used gas-fired turbine, and thirty-four 1.825 MW new and one 1.6 MW used oil-fired diesel generator units. Title to this project was transferred to the 36 municipal electric systems from American Municipal Power-Ohio, Incorporated (AMP-Ohio), a non-profit trade association and wholesale power supplier for most of Ohio's 85 municipal electric systems. Each member has a contract which provides for AMP-Ohio to purchase the right to each participant's excess share of power and energy that is made available through the joint venture contract.



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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 7, 2003

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Jackson Center
Shelby County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the combined financial statements of the Village of Jackson Center, Shelby County, Ohio as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 7, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Jackson Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Village of Jackson Center in a separate letter dated May 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Jackson Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Village of Jackson Center in a separate letter dated May 7, 2003.

This report is intended solely for the information and use of the audit committee, management, Council, Auditor of State of Ohio and is 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. ...", is located in the lower right quadrant of the page.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2002 and 2001

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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NONE

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2002 and 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
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NONE



**Auditor of State
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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
SEPTEMBER 25, 2003**