

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009





# Dave Yost • Auditor of State

Village Council  
Village of Jackson Center  
P.O. Box 819  
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, 2009 through December 31, 2010. 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.

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Dave Yost  
Auditor of State

November 28, 2011

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VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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# **E.S. Evans and Company**

**Certified Public Accountants**

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

October 5, 2011

## 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, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in The Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 October 5, 2011, 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.

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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, 2010

	<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	\$ 95,304	\$ 21,629	\$ -
Municipal Income Tax	1,588	650,256	-
Intergovernmental Receipts	82,074	110,237	-
Charges for Services	35,046	8,639	2,304
Fines, Licenses, and Permits	29,053	-	-
Interest Receipts	1,578	193	139
Miscellaneous	6,131	183	-
Total Cash Receipts	<u>250,774</u>	<u>791,137</u>	<u>2,443</u>
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	186,218	301	-
Public Health Services	3,332	-	-
Leisure Time Activities	13,018	-	-
Community Environment	11,399	-	-
Transportation	4,438	145,242	-
General Government	64,763	38,866	-
Capital Outlay	-	-	-
Debt Service:			
Redemption of Principal	-	77,465	55,748
Interest and Other Fiscal Charges	-	2,663	20,938
Total Cash Disbursements	<u>283,168</u>	<u>264,537</u>	<u>76,686</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	<u>(32,394)</u>	<u>526,600</u>	<u>(74,243)</u>
<u>Other Financing Sources/(Uses):</u>			
Sale of Bonds	-	57,465	-
Other Financing Uses	(2,081)	-	-
Transfers-In	73,104	-	98,500
Transfers-Out	<u>(75,466)</u>	<u>(591,500)</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>(4,443)</u>	<u>(534,035)</u>	<u>98,500</u>
<u>Excess of Cash Receipts and Other Financing Sources Over/(Under)</u>			
Cash Disbursements	(36,837)	(7,435)	24,257
<u>Fund Cash Balance - January 1, 2010 - Restated</u>	<u>319,291</u>	<u>258,356</u>	<u>107,823</u>
<u>Fund Cash Balance - December 31, 2010</u>	<u>\$ 282,454</u>	<u>\$ 250,921</u>	<u>\$ 132,080</u>
<u>Reserve for Encumbrances, December 31, 2010</u>	<u>\$ 5,595</u>	<u>\$ 300</u>	<u>\$ -</u>

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

<u>Governmental Fund Type</u>	<u>Totals</u>
<u>Capital Projects</u>	<u>(Memorandum Only)</u>
\$ -	\$ 116,933
-	651,844
-	192,311
-	45,989
-	29,053
463	2,373
176	6,490
<u>639</u>	<u>1,044,993</u>
-	186,519
-	3,332
-	13,018
-	11,399
-	149,680
-	103,629
591,405	591,405
-	133,213
-	23,601
<u>591,405</u>	<u>1,215,796</u>
<u>(590,766)</u>	<u>(170,803)</u>
-	57,465
-	(2,081)
516,000	687,604
-	(666,966)
<u>516,000</u>	<u>76,022</u>
(74,766)	(94,781)
<u>481,044</u>	<u>1,166,514</u>
\$ <u>406,278</u>	\$ <u>1,071,733</u>
\$ <u>155,931</u>	\$ <u>161,826</u>

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VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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

For the Year Ended December 31, 2010

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 2,055,436	\$ -	\$ 2,055,436
Miscellaneous	125,538	-	125,538
Total Operating Cash Receipts	2,180,974	-	2,180,974
<u>Operating Cash Disbursements:</u>			
Personal Services	326,573	-	326,573
Employee Fringe Benefits	80,393	-	80,393
Contractual Services	1,359,480	-	1,359,480
Material and Supplies	134,078	-	134,078
Other	10,112	-	10,112
Total Operating Cash Disbursements	1,910,636	-	1,910,636
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	270,338	-	270,338
<u>Non-Operating Cash Receipts/(Disbursements):</u>			
Property and Other Local Taxes	898	-	898
Intergovernmental	187,625	-	187,625
Proceeds from Loan	130,291	-	130,291
Earnings on Investments	41	-	41
Capital Outlay	(616,360)	-	(616,360)
Total Non-Operating Cash Receipts/(Disbursements)	(297,505)	-	(297,505)
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(27,167)	-	(27,167)
Operating Transfers-In	75,466	-	75,466
Operating Transfers-Out	(95,966)	(138)	(96,104)
Total Transfers and Advances	(20,500)	(138)	(20,638)
Excess of Net Cash Receipts Over/(Under) Disbursements	(47,667)	(138)	(47,805)
<u>Fund Cash Balance - January 1, 2010 - Restated</u>	1,545,601	616	1,546,217
<u>Fund Cash Balance - December 31, 2010</u>	\$ 1,497,934	\$ 478	\$ 1,498,412
<u>Reserve for Encumbrances, December 31, 2010</u>	\$ 15,154	\$ -	\$ 15,154

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, 2009

	<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	\$ 92,529	\$ 18,811	\$ -
Municipal Income Tax	2,189	565,821	-
Intergovernmental Receipts	77,259	134,232	-
Charges for Services	37,980	20,513	106,359
Fines, Licenses, and Permits	13,710	-	-
Interest Receipts	4,545	623	99
Miscellaneous	6,449	1,126	-
Total Cash Receipts	<u>234,661</u>	<u>741,126</u>	<u>106,458</u>
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	161,980	118,776	-
Public Health Services	3,588	-	-
Leisure Time Activities	10,025	-	-
Community Environment	9,880	-	-
Transportation	1,000	90,284	-
General Government	59,750	36,993	-
Capital Outlay	-	66,048	-
Debt Service:			
Redemption of Principal	-	-	82,750
Interest and Other Fiscal Charges	-	-	23,354
Total Cash Disbursements	<u>246,223</u>	<u>312,101</u>	<u>106,104</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	<u>(11,562)</u>	<u>429,025</u>	<u>354</u>
<u>Other Financing Sources/(Uses):</u>			
Sale of Bonds/Notes	-	77,465	-
Other Financing Uses	(1,278)	-	-
Transfers-In	73,982	994	90,046
Transfers-Out	(76,141)	(546,353)	-
Total Other Financing Sources/(Uses)	<u>(3,437)</u>	<u>(467,894)</u>	<u>90,046</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under)			
Cash Disbursements	(14,999)	(38,869)	90,400
<u>Fund Cash Balance - January 1, 2009 - Restated</u>	<u>335,768</u>	<u>297,225</u>	<u>17,251</u>
<u>Fund Cash Balance - December 31, 2009</u>	<u>\$ 320,769</u>	<u>\$ 258,356</u>	<u>\$ 107,651</u>
<u>Reserve for Encumbrances, December 31, 2009</u>	<u>\$ 1,450</u>	<u>\$ 1,076</u>	<u>\$ -</u>

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

Governmental Fund Type	Totals
<u>Capital Projects</u>	<u>(Memorandum Only)</u>
\$ -	\$ 111,340
-	568,010
-	211,491
-	164,852
-	13,710
1,316	6,583
38	7,613
<u>1,354</u>	<u>1,083,599</u>
-	280,756
-	3,588
-	10,025
-	9,880
-	91,284
-	96,743
515,952	582,000
-	82,750
-	23,354
<u>515,952</u>	<u>1,180,380</u>
<u>(514,598)</u>	<u>(96,781)</u>
-	77,465
-	(1,278)
453,522	618,544
-	(622,494)
<u>453,522</u>	<u>72,237</u>
(61,076)	(24,544)
542,120	1,192,364
\$ <u>481,044</u>	\$ <u>1,167,820</u>
\$ <u>44,452</u>	\$ <u>46,978</u>

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VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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

For the Year Ended December 31, 2009

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 1,954,083	\$ -	\$ 1,954,083
Miscellaneous	59,269	-	59,269
Total Operating Cash Receipts	2,013,352	-	2,013,352
<u>Operating Cash Disbursements:</u>			
Personal Services	369,901	-	369,901
Employee Fringe Benefits	92,795	-	92,795
Contractual Services	1,351,865	-	1,351,865
Material and Supplies	140,971	-	140,971
Other	10,805	-	10,805
Total Operating Cash Disbursements	1,966,337	-	1,966,337
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	47,015	-	47,015
<u>Non-Operating Cash Receipts/(Disbursements):</u>			
Property and Other Local Taxes	376	-	376
Earnings on Investments	85	-	85
Capital Outlay	(3,884)	-	(3,884)
Total Non-Operating Cash Receipts/(Disbursements)	(3,423)	-	(3,423)
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	43,592	-	43,592
Operating Transfers-In	77,932	-	77,932
Operating Transfers-Out	(73,982)	-	(73,982)
Total Transfers and Advances	3,950	-	3,950
Excess of Net Cash Receipts Over/(Under) Disbursements	47,542	-	47,542
<u>Fund Cash Balance - January 1, 2009 - Restated</u>	1,496,747	616	1,497,363
<u>Fund Cash Balance - December 31, 2009</u>	\$ 1,544,289	\$ 616	\$ 1,544,905
<u>Reserve for Encumbrances, December 31, 2009</u>	\$ 357,233	\$ -	\$ 357,233

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

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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.

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.

Fiduciary Funds

Fiduciary Funds include an agency fund. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency fund is an unclaimed money fund holding old outstanding checks until the time statute passes.

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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 2010 and 2009 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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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:

		2010		2009
Demand Deposits	\$	336,039	\$	248,465
STAR Ohio		2,234,106		2,464,260
Total Deposits	\$	2,570,145	\$	2,712,725

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, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts				
Fund Type	Budgeted	Actual	Variance	
	Receipts	Receipts		
General	\$ 635,542	\$ 323,878	\$	(311,664)
Special Revenue	1,116,701	848,602		(268,099)
Debt Service	215,054	100,943		(114,111)
Capital Projects	1,082,441	516,639		(565,802)
Enterprise	3,757,315	2,575,295		(1,182,020)
	\$ 6,807,053	\$ 4,365,357	\$	(2,441,696)

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 3 – Budgetary Activity – (continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 429,812	\$ 366,310	\$ 63,502
Special Revenue	890,736	856,337	34,399
Debt Service	76,687	76,686	1
Capital Projects	790,278	747,336	42,942
Enterprise	2,736,258	2,638,116	98,142
	<u>\$ 4,923,771</u>	<u>\$ 4,684,785</u>	<u>\$ 238,986</u>

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 701,435	\$ 308,643	\$ (392,792)
Special Revenue	1,125,317	819,585	(305,732)
Debt Service	235,710	196,504	(39,206)
Capital Projects	1,109,398	454,876	(654,522)
Enterprise	3,292,143	2,091,745	(1,200,398)
	<u>\$ 6,464,003</u>	<u>\$ 3,871,353</u>	<u>\$ (2,592,650)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 473,872	\$ 325,092	\$ 148,780
Special Revenue	921,319	859,530	61,789
Debt Service	106,114	106,104	10
Capital Projects	875,090	560,404	314,686
Enterprise	2,834,910	2,401,436	433,474
	<u>\$ 5,211,305</u>	<u>\$ 4,252,566</u>	<u>\$ 958,739</u>

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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 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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 6 - Debt Obligations

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
2001 OPWC Water Well Construction Project	\$ 30,069	0.00%
2006 OPWC Jackson St. Main	110,550	0.00%
OWDA Water Treatment Plant Improvements	557,018	3.25%
OWDA Sanitary Sewer CIPP	125,600	0.00%
Bond Anticipation Notes	57,465	2.25%
Total	\$ 880,702	

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 – Water Treatment Plant Improvements Note is a 20 year note requiring semi-annual payments of principal and interest of \$31,065. The Ohio Water Development Authority – Sanitary Sewer CIPP Note is a 20 year note requiring semi-annual payments. To date, this loan amortization is not yet finalized as draws are still in process.

The Bond Anticipation Note was issued in 2009 to purchase a fire engine and has a maturity date of February 1, 2011.

The annual requirements to amortize all debt outstanding as of December 31, 2010, including interest payments of \$132,191 are scheduled as follows:

Year Ending December 31,	OPWC	OWDA	Bond Antic Notes	TOTAL
2011	\$ 9,865	\$ 68,410	\$ 58,758	\$ 137,033
2012	9,865	68,410	-	78,275
2013	9,865	68,410	-	78,275
2014	9,865	68,410	-	78,275
2015	9,865	68,410	-	78,275
2016-2020	47,745	342,050	-	389,795
2021-2025	33,500	98,015	-	131,515
2026-2030	10,050	31,400	-	41,450
	\$ 140,620	\$ 813,515	\$ 58,758	\$ 1,012,893

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

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 2009 and 2010, OPERS members contributed 10.0 percent of their gross salary. The Village contributed an amount equal to 14.0 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2010.

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 2010 and 2009, 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, 2010.

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.

Risk Pool Membership

Through December 31, 2008, the Village belonged 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 Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 8 - Risk Management – (continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 60 members as of December 31, 2009. The Village participates in this coverage.

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.

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

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, 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2009 OPRM</u>	<u>2009 OPHC</u>	<u>Total 2009</u>	<u>Total 2008</u>
Assets	\$ 11,176,186	\$ 1,358,802	\$ 12,534,988	\$ 10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Member’s Equity	\$ <u>6,323,701</u>	\$ <u>105,185</u>	\$ <u>6,428,886</u>	\$ <u>5,184,333</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 9 – Commitments

In 2011, the Village purchased a Freightliner Dump Truck for \$136,278. This is being paid over 6 years in annual payments of \$24,668 at an interest rate of 3.426%.

In 2011, the Village is undergoing a West Street reconstruction project. The Village received a grant in the amount of \$140,651 and the Village match is \$37,347. The Village will also be installing street lights at a cost of \$7,069.

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, 2010 the Village of Jackson Center has met their debt coverage obligation.

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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, 2010 was \$71,861 (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 \$71,547 at December 31, 2010. 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](http://www.auditor.state.oh.us).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2010 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	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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, 2010 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

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

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 \$72,390 at December 31, 2010. 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](http://www.auditor.state.oh.us).

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 11 – Transfers

Following is a summary of transfers in and out for all funds for 2009 and 2010:

Fund		Transfer In		Transfer Out
<u>2009</u>				
General Fund	\$	73,982	\$	76,141
Street Construction Maintenance & Repair		994		-
Income Tax Revenue Fund		-		539,200
FEMA Public Assistance Grant		-		7,153
Note Retirement		90,046		-
Capital Improvement		343,939		-
General Improvement		109,583		-
Electric Operating		75,655		73,982
Swimming Pool Operating		2,159		-
Refuse Operating		118		-
		<u>696,476</u>		<u>696,476</u>
<u>2010</u>				
General Fund	\$	73,104	\$	75,466
Income Tax Revenue Fund		-		591,500
Note Retirement		98,500		-
Capital Improvement		398,000		-
General Improvement		118,000		-
Electric Operating		72,966		72,966
Swimming Pool Operating		2,500		-
Sanitary Sewer Rehabilitation CIPP		-		23,000
Unclaimed Monies		-		138
		<u>763,070</u>		<u>763,070</u>

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (3) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (4) for capital purchases authorized by council.

All transfers were made in accordance with Ohio Revised Code sections 5705.14, 5705.15, and 5705.16.



VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2010 and 2009

Note 12 - Restatement

At January 1, 2009, beginning fund balances were restated to place \$616.27 of old outstanding checks into an unclaimed money fund.

At January 1, 2010 beginning fund balances were restated to properly account for utility overpayments from 2008 & 2009. The affect on balances at January 1, 2010 are as follows:

	Ending Balance before Restatement	Restated Balance at January 1, 2010	Net Change
General	\$ 320,769	\$ 319,291	\$ 1,478
Debt Service	107,651	107,823	(172)
Enterprise	1,544,289	1,545,601	(1,312)

In addition, a \$6 check in the enterprise fund was voided from a prior year.

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# ***E.S. Evans and Company***

**Certified Public Accountants**

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

October 5, 2011

## **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, 2010 and 2009, and have issued our report thereon dated October 5, 2011, 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 the Comptroller General of the United States' Government Auditing Standards.

### **Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected..

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under Government Auditing Standards.

However, we did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 5, 2011.

We intend this report solely for the information and use of management of the Village of Jackson Center and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ... and ...".

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Appropriations exceeding Available Resources	Yes	Finding No Longer Valid

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# Dave Yost • 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  
DECEMBER 8, 2011