



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Jackson Center
Shelby County
122 E. Pike Street
P.O. Box 819
Jackson Center, OH 45334

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Jackson Center (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Status Report to the December 31, 2012 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Status Report to the December 31, 2013 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Village's financial institution. We found no exceptions. We also observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.

Cash and Investments (Continued):

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipt Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the Shelby County Auditor's Appropriation History Report from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) on behalf of the Village during 2013 with the OPWC. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the December 31, 2014 and 2013 Monthly Distribution Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Fund Ledger Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2014 and 2013 to the Village's funds according to the allocation requirements of Ordinance No. 8-28. The allocation agreed with the percentages the Ordinance requires.

Water and Sewer Fund

1. We haphazardly selected 10 Water, Sewer, Refuse and Electric Fund collection cash receipts from the year ended December 31, 2014 and 10 Water, Sewer, Refuse, and Electric Fund collection cash receipts from the year ended 2013 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Accounts Receivable by Account Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Accounts Receivable by Account Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Summary Open Accounts Receivable by Account Report.
 - a. We noted this report listed \$17,533.08 and \$15,157.47 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$6,235 and \$5,677 were recorded as more than 90 days delinquent.
3. We read the Utility Bill Adjustment Journal Consolidated Report .
 - a. We noted this report listed a total of \$14,732 and \$1,666 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
 - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Village Administrator approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following notes and loans outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3.

Debt (Continued):

Issue	Principal outstanding as of December 31, 2012:
Bond Antic Notes – Fire Engine	\$22,465.00
OWDA Upgrade WTP #3797	\$494,190.70
OWDA Sanitary Sewer CIPP #5375	\$106,837.73
OPWC Water Well Construction	\$23,738.80
OPWC Jackson St Water Main	\$97,150.00

2. We inquired of management, and scanned the Receipt Listing Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note and loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to debt service and fire engine fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents from Ohio Public Works Commission (OPWC), which were on-behalf payments, and Peoples Savings and Loan to amounts recorded in Water Well Installation fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Village must use the proceeds for a Water Well Installation (OPWC) and for water line upgrade (Peoples Savings and Loan). We scanned the Payment Register Detail Report and noted the Village used the debt proceeds for the approved purpose.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard or legislatively-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found that the Village paid general government and administrative salaries from capital projects funds which are funded by Income Tax receipts based upon approved income tax ordinance. This is not consistent with Ohio Rev. Code Section 5705.10(I). The Village should consult with its legal counsel on paying these expenditures from these funds, as failure to do so could result in findings for adjustment in future audits.

Payroll Cash Disbursements (Continued):

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel file was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2014. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2015	December 31, 2014	\$20,930.22	\$20,930.22
State income taxes	January 15, 2015	December 31, 2014	\$1,159.56	\$1,159.56
Village of Jackson Center income taxes	January 31, 2015	December 31, 2014	\$2,593.00	\$2,593.00
OPERS retirement	January 30, 2015	January 14, 2015	\$9,375.86	\$9,375.86
OP&F retirement	January 31, 2015	January 14, 2015	\$1,989.19	\$1,989.19

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Wage Detail Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found that the Village paid general government expenditures from capital projects funds which are funded by Income Tax receipts based upon approved income tax ordinance. This is not consistent with Ohio Rev. Code Section 5705.10(I). The Village should consult with its legal counsel on paying these expenditures from these funds, as failure to do so could result in findings for adjustment in future audits.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found that a formal bank reconciliation was not performed for the Mayor's Court Account. The Village should implement procedures to perform formal monthly bank reconciliations of the Mayor's Court Bank Account.
2. We compared the reconciled cash totals as of December 31, 2014 and December 31, 2013 to the Mayor's Court Agency Fund balance reported in the cash book. Mayor's Court activity and cash balances are not recorded on the Village accounting ledgers. The Village maintains a separate cash book for mayor's court activity.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2014 and 2013 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balance with the Mayor's Court financial institution. We found no exceptions. We found that no formal bank reconciliation was performed for the Mayor's Court Account. The Village should implement procedures to perform formal monthly bank reconciliations of the Mayor's Court Bank Account.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed except we noted two instances where the amount collected was more than the amount reported in the monthly receipt report for a total error of \$10.

Mayors Court Transactions and Cash Balances (Continued)

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2014 and one month from the year ended 2013 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Capital Improvement and Sewer Operating funds for the years ended December 31, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Capital Improvement and Sewer Operating funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Capital Improvement and Sewer Operating Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Capital Improvement and Sewer Operating funds for the years ended December 31, 2014 and 2013. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Capital Improvement and Sewer Operating fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.

Compliance – Budgetary (Continued):

8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Compliance – American Municipal Power Joint Venture Debt Covenant Requirements

1. The Village is a member of Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2). Appendix M, Section 11(A) of the Joint Venture Agreement requires the Village's Electric Utility receipts, as defined, to be at least 110% of its OMEGA JV2 operating & maintenance plus debt service charges, as defined.

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage including other available funds (as defined) for its OMEGA JV2 for the years ended December 31, 2014 and 2013.

For the year ended December 31, 2014, the ratio of the Village's Electric Utility receipts to OMEGA JV2 debt service disbursements was 16.30, meeting the Village's debt covenant obligation of 1.10 times set forth in Appendix M, Section 11(A) of the Joint Venture Agreement.

For the year ended December 31, 2013, this ratio was 15.69, thus meeting the Village's debt covenant obligation.

Exhibit JV2 presents the supporting calculations.

2. The Village is a member of Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Section 17(A) of the Joint Venture Agreement requires the Village's Electric Utility receipts, as defined, to be at least 110% of its OMEGA JV5 operating & maintenance plus debt service charges, as defined.

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage for its OMEGA JV5 for the years ended December 31, 2014 and 2013.

Compliance – American Municipal Power Joint Venture Debt Covenant Requirements (Continued):

For the year ended December 31, 2014, the ratio of the Village's Electric Utility receipts to OMEGA JV5 debt service disbursements was 2.65, meeting the Village's debt covenant obligation of 1.10 times set forth in Section 17(A) of the Joint Venture Agreement.

For the year ended December 31, 2013, this ratio was 2.09, thus meeting the Village's debt covenant obligation.

Exhibit JV5 presents the supporting calculations.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

August 11, 2015

AMP Ohio JV 2 & JV 5 Revenue Coverage Calculation
ELECTRIC FUND
VILLAGE OF JACKSON CENTER
CASH BASIS OF ACCOUNTING

Statement of Revenues, Expenses and Changes in Fund Balances -- Operating Fund

	2014	2013
Operating Revenues		
Charges for Services	\$ 1,779,812	\$ 1,506,016
Other Operating (Miscellaneous) Revenues	\$ 23,913	\$ 18,399
Total Operating Revenues	<u>\$ 1,803,725</u>	<u>\$ 1,524,415</u>
Operating Expenses		
Personal Services	\$ 153,879	\$ 180,634
Purchased Power AMP-Ohio (Including JV5/JV2 Debt Service if recorded with Purch Pwr)	\$ 1,487,967	\$ 1,215,100
Materials & Supplies	\$ 15,800	\$ 17,682
Other Operating Expenses	\$ 50,570	\$ 63,985
Total Operating Expenses	<u>\$ 1,708,216</u>	<u>\$ 1,477,401</u>
Total Operating Income	<u>\$ 95,509</u>	<u>\$ 47,014</u>
Nonoperating Income/Expenses		
Non Operating Expenses	\$ (40,332)	\$ (42,791)
Net Nonoperating Revenue	<u>\$ (40,332)</u>	<u>\$ (42,791)</u>
Fund Balance - January 1	\$ 1,116,604	\$ 1,112,381
Fund Balance - December 31	<u>\$ 1,171,781</u>	<u>\$ 1,116,604</u>

Calculation of Debt Coverage:

JV5		
Operating Income (From Above)	<u>\$ 95,509</u>	<u>\$ 47,014</u>
Add back: JV5 Debt Service (If included above as Operating Expense)	\$ 70,441	\$ 70,404
JV2 Debt Service (If included above as Operating Expense)	\$ 11,412	\$ 11,412
Capital outlay (cash basis)	<u>\$ 40,332</u>	<u>\$ 42,791</u>
Adjusted Operating Income Available for Debt Service	<u>\$ 217,694</u>	<u>\$ 171,621</u>
Debt: Omega JV5 Debt Service	\$ 70,441	\$ 70,404
OMEGA JV2 Debt Service	<u>\$ 11,412</u>	<u>\$ 11,412</u>
Total Electric System Debt Service	<u>\$ 81,853</u>	<u>\$ 81,816</u>
Coverage (JV5 Covenants require 110% or 1.1 times coverage of all debt)	<u>2.6596 Times</u>	<u>2.0976 Times</u>
JV2		
Other Funds Available for Debt Service		
Beginning of year Cash and Cash Equivalents	<u>\$ 1,116,604</u>	<u>\$ 1,112,381</u>
Total Other Funds Available for Debt Service	<u>\$ 1,116,604</u>	<u>\$ 1,112,381</u>
Coverage (JV2 Covenants require 110% or 1.1 times coverage of all debt)	<u>16.3012 Times</u>	<u>15.6938 Times</u>
1 Months Revenues (Average)	\$ 148,318	\$ 125,501
Fund Balance	\$ 1,171,781	\$ 1,116,604
Months of Electric Fund Balance "in reserve" (i.e. on hand)	7.9	8.9



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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 1, 2015