



**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
Village of Jackson Center  
PO Box 819 122 East Pike Street  
Jackson Center, OH 45334

We have reviewed the *Independent Auditor's Report* of the Village of Jackson Center, Shelby County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 4, 2019

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VILLAGE OF JACKSON CENTER  
SHELBY COUNTY

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Certified Public Accountants, A.C.

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## INDEPENDENT AUDITOR'S REPORT

June 30, 2019

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

To Village Council:

### ***Report on the Financial Statements***

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

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

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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***Auditor's Responsibility (Continued)***

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Village of Jackson Center, Shelby County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 166,218	\$ -	\$ -	\$ -	\$ 166,218
Municipal Income Tax	1,608,669	-	26,773	-	1,635,442
Intergovernmental	47,952	80,694	-	25,000	153,646
Charges for Services	60,448	29,001	-	-	89,449
Fines, Licenses and Permits	24,957	-	-	-	24,957
Earnings on Investments	49,278	3,968	8,357	4,341	65,944
Miscellaneous	9,813	486	-	3,211	13,510
<i>Total Cash Receipts</i>	<u>1,967,335</u>	<u>114,149</u>	<u>35,130</u>	<u>32,552</u>	<u>2,149,166</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	371,969	18,165	-	-	390,134
Public Health Services	3,766	-	-	-	3,766
Leisure Time Activities	201,152	-	-	-	201,152
Community Environment	17,300	1,257	-	-	18,557
Transportation	196,021	97,105	-	-	293,126
General Government	278,310	-	-	-	278,310
Capital Outlay	180,142	-	-	1,953,209	2,133,351
Debt Service:					
Principal Retirement	-	-	163,167	13,828	176,995
Interest and Fiscal Charges	-	-	32,748	390	33,138
<i>Total Cash Disbursements</i>	<u>1,248,660</u>	<u>116,527</u>	<u>195,915</u>	<u>1,967,427</u>	<u>3,528,529</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>718,675</u>	<u>(2,378)</u>	<u>(160,785)</u>	<u>(1,934,875)</u>	<u>(1,379,363)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	808,010	-	-	-	808,010
Sale of Bonds	-	-	-	1,300,000	1,300,000
Transfers In	11,029	-	253,051	504,587	768,667
Transfers Out	(757,638)	(675)	-	-	(758,313)
Other Financing Sources	921	-	-	-	921
<i>Total Other Financing Receipts (Disbursements)</i>	<u>62,322</u>	<u>(675)</u>	<u>253,051</u>	<u>1,804,587</u>	<u>2,119,285</u>
<i>Net Change in Fund Cash Balances</i>	780,997	(3,053)	92,266	(130,288)	739,922
<i>Fund Cash Balances, January 1</i>	<u>943,277</u>	<u>347,557</u>	<u>627,559</u>	<u>330,707</u>	<u>2,249,100</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	921	-	-	-	921
Restricted	-	256,595	719,825	-	976,420
Committed	-	87,909	-	-	87,909
Assigned	865,404	-	-	200,419	1,065,823
Unassigned	857,949	-	-	-	857,949
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,724,274</u>	<u>\$ 344,504</u>	<u>\$ 719,825</u>	<u>\$ 200,419</u>	<u>\$ 2,989,022</u>

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

**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY**

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

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>Totals Only)</b>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 3,297,083	\$ -	\$ 3,297,083
Fines, Licenses and Permits	-	6,692	6,692
Miscellaneous	126,016	-	126,016
<i>Total Operating Cash Receipts</i>	<u>3,423,099</u>	<u>6,692</u>	<u>3,429,791</u>
<b>Operating Cash Disbursements</b>			
Personal Services	458,429	-	458,429
Employee Fringe Benefits	113,096	-	113,096
Contractual Services	2,269,533	-	2,269,533
Supplies and Materials	104,310	-	104,310
Other	11,300	6,612	17,912
<i>Total Operating Cash Disbursements</i>	<u>2,956,668</u>	<u>6,612</u>	<u>2,963,280</u>
<i>Operating Income</i>	<u>466,431</u>	<u>80</u>	<u>466,511</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	49,330	-	49,330
Earnings on Investments	1,021	-	1,021
Capital Outlay	(1,013,830)	-	(1,013,830)
Loans Issued	523,480	-	523,480
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(439,999)</u>	<u>-</u>	<u>(439,999)</u>
(Income) before Capital Contributions, Special Items, and Transfers	<u>26,432</u>	<u>80</u>	<u>26,512</u>
Capital Contributions	62,270	-	62,270
Special Item	22,843	-	22,843
Transfers Out	(10,354)	-	(10,354)
<i>Net Change in Fund Cash Balances</i>	<u>101,191</u>	<u>80</u>	<u>101,271</u>
<i>Fund Cash Balances, January 1</i>	<u>2,488,464</u>	<u>538</u>	<u>2,489,002</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 2,589,655</b></u>	<u><b>\$ 618</b></u>	<u><b>\$ 2,590,273</b></u>

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

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 6, 11, and 12, to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Fire Engine Fund*** – The fire engine fund receives 80% of fire protection contract revenue to purchase new fire engine equipment.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

***Note Retirement Fund*** – This fund receives proceeds of 16.7% of income tax revenue. The proceeds are being used to make debt payments related to constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

***RE Acquisition / Construction Fund*** - The real estate acquisition/construction fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for acquisition of approximately 50 acres of real estate for public purposes to stabilize the economy, provide employment, and assist in the development of commercial activities to the benefit of the citizens of the Village.

***Capital Improvement Fund*** – This fund received from the month of January through November, proceeds of 25% of income tax revenue via transfers from the income tax fund, a fund rolled up into the general fund. The proceeds are being used for general municipal operations, maintenance, construction, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

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

***Water Operating Fund*** - The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Operating Fund*** - The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Electric Operating Fund*** – The electric operating fund accounts for the provision of electric service to the residents and commercial users within the Village.

***Fiduciary Funds*** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

***Basis of Accounting***

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

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

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Non-spendable*** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,580,237	\$ 2,787,295	\$ (792,942)
Special Revenue	113,524	114,149	625
Debt Service	267,559	288,181	20,622
Capital Projects	1,840,140	1,837,139	(3,001)
Enterprise	5,979,694	4,082,043	(1,897,651)
Total	\$11,781,154	\$ 9,108,807	\$(2,672,347)

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

**Note 3 - Budgetary Activity (Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,783,342	\$ 2,012,948	\$ 1,770,394
Special Revenue	182,064	117,362	64,702
Debt Service	230,962	195,915	35,047
Capital Projects	2,054,879	1,970,427	84,452
Enterprise	6,610,889	6,205,471	405,418
Total	\$12,862,136	\$10,502,123	\$ 2,360,013

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$2,163,141
Total deposits	2,163,141
STAR Ohio	3,416,154
Total investments	3,416,154
Total deposits and investments	\$5,579,295

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

***Income Taxes***

The Village levies a municipal income tax of one 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 of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

***Ohio Municipal League Workers' Compensation Group Rating Plan***

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Ohio Plan Risk Management Pool – (Most Current Information Available)***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.



**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 6 - Risk Management (Continued)**

***Ohio Plan Risk Management Pool (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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

*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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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*(Continued)*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

**Village of Jackson Center, Ohio**  
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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

2018	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 1,300,000	3.67%
OPWC CM32A Water Well Construction	6,330	0.00%
OWDA 3797 Upgrade Water Treatment Plant	216,960	3.25%
OPWC CM13J Jackson Street Water Main	60,300	0.00%
OWDA 5375 Rehab/Replacement Wastewater Collection	74,917	0.00%
OPWC CM10P Water Well Installaion	134,303	0.00%
The Peoples Savings and Loan Company 3012 Air	24,658	3.00%
OPWC CM20R Wastewater Treatment Plant	419,869	0.00%
OWDA 7315 Sewer System Updates	440,808	2.53%
OPWC CT52T Davis/Linden Street Reconstruction	491,667	0.00%
OWDA 7640 Wastewater Treatment Plan Building	255,156	3.08%
The Peoples Savings and Loan Company 312	75,181	3.00%
The Peoples Savings and Loan Company 313	100,130	3.25%
OPWC CT49V	-	0.00%
American Municipal Power, Inc. Loan	233,380	2.55%
Total	<u>\$ 3,833,659</u>	

The Ohio Public Works Commission loan CM32A is a twenty year loan that originated in 2001 and relates to a water well construction project. The Village will repay the loan in semiannual installments of \$1,582.60 at zero percent interest. The final installment payment of this loan will be July, 2020. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 3797 is a twenty year loan that originated in 2002 and relates to improvements made at the water treatment plant / distribution system. The Village will repay the loan in semiannual installments of \$29,140.43 at 3.25% interest. The final installment payment of this loan will be January, 2023. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CM13J is a twenty year loan that originated in 2008 and relates to the installation of a six inch water main on Jackson Street within the village. The Village will repay the loan in semi-annual installments of \$3,350.00 at zero percent interest. The final installment payment of this loan will be July, 2027. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 5375 is a twenty year loan that originated in 2009 and relates to sanitary sewer cured in place pipe that was installed within the village. The Village will repay the loan in semiannual installments of \$3,257.27 at zero percent interest. The final installment payment of this loan will be July, 2030. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Village of Jackson Center, Ohio**  
*Shelby County*  
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*For the Year Ended December 31, 2018*  
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**Note 9 – Debt (Continued)**

The Ohio Public Works Commission loan CM10P is a thirty year loan that originated in 2012 and relates to two water well installations on the Village well field. The Village will repay the loan in semiannual payments of \$2,633.38 at zero percent interest. The final installment payment of this loan will be January, 2044. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Peoples' Savings and Loan Company 3012 loan originated in 2014 for a term of five years, relates to the upgrade of the Airstream Water Line so that they could install a sprinkler system. The Village will repay the loan in semiannual payments of \$12,733.17 at 3.00% interest. The final installment payment of this loan will be July, 2019. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CM20R is a thirty year loan that originated in 2014 and relates to improvements at the wastewater treatment facility regarding construction for an aluminum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual installments at zero percent interest. At this time, the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 7315 is a twenty year loan that originated in 2016 and relates to sewer system updates regarding construction for an aluminum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual installments of \$18,469.59 at 2.53% interest. This is an estimated semiannual installment payment amount as the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CT52T is a thirty year loan that originated in 2016 and relates to the Davis / Linden Street Reconstruction project regarding sidewalks and street improvements. The Village will repay the loan in semiannual installments of \$8,333.33 at zero percent interest. The final installment payment of this loan will be January, 2048. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 7640 is a twenty year loan that originated in 2017 and relates to wastewater treatment plant building / laboratory and SCADA system. The Village will repay the loan in semiannual installments at 3.08% interest. At this time, the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Peoples' Savings and Loan Company 3121 loan originated in 2018 for a term of two years, relates to the installation of a backup generator for the Water Treatment Plant so that the plant can maintain operations if the power goes out. The Village will repay the loan in semiannual payments of \$25,813.62 at 3.00% interest. The final installment payment of this loan will be February, 2020. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Village of Jackson Center, Ohio**  
*Shelby County*  
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*(Continued)*

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**Note 9 – Debt (Continued)**

The Peoples' Savings and Loan Company 3138 loan originated in 2018 for a term of two years, relates to the replacement of the filter media at the Water Treatment Plant as the existing media has lot much of its filtering capacities and has shortened filter runs and needs extra water to complete the backwashing cycle. The Village will repay the loan in semiannual payments of \$26,000.00 at 3.25% interest. The final installment payment of this loan will be September, 2020. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CT49V is a thirty year loan that originated in 2018 and relates to the Jackson, Washington and College Streets reconstruction project to reconstruct 650 feet of Jackson Street with new stone sub-base, asphalt, curb and gutter, sidewalk, and storm drainage. The reconstruction of 1500 feet of Washington Street with new sub-base, asphalt, and storm drainage, and the reconstruction of 3,000 feet of College Street with asphalt milling, asphalt, storm drainage, and water line. The Village will repay the loan in semiannual installments of \$8,333.33 at zero percent interest. The final installment payment of this loan will be July, 2049. This loan is satisfied with income tax receipts that were levied for the purpose of general municipal operations, maintenance, constructions, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

In March of 2018 the Village hired bond counsel (Dinsmore & Shohl) to act as bond counsel with respect to municipal securities issued as Real Estate Acquisition Bond Anticipation Notes. The Village issued bonds in the amount of \$1,300,000 payable to The Huntington National Bank at an interest rate of 3.67% set to mature on March 21, 2019. The proceeds were used to purchase approximately 50 acres of real property in the Village. The Village plans to pay down principal and interest and renew the obligations each year until principal can be paid to zero. This will be satisfied with income tax receipts that were levied for the purpose of general municipal operations, maintenance, constructions, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

In August of 2018 the Village entered into a Loan Agreement and Promissory Note with American Municipal Power, Inc. and a Standby Note Purchase Agreement with the Treasurer of the State of Ohio, American Municipal Power, Inc. and Huntington National Bank. American Municipal Power, Inc. issued \$3,000,000 in Electric System Improvement Bond Anticipation Notes at an interest rate of 2.00% set to mature August 2019. AMP (American Municipal Power, Inc.) will be using the proceeds of the issuance to loan to the Village for construction of a new electric substation and approximately one mile of 69kV transmission line. The Village agrees that it will inform AMP of the amount of principal that the Village intends to retire plus accrued interest 90 days prior to the maturity of the Electric System Improvement Bond Anticipation Notes. AMP will then apply said payments to retire principal and satisfy interest and renew the outstanding principal with a new issuance in Electric System Improvement Bond Anticipation Notes. This loan will be satisfied with revenues of the electric system.

**Village of Jackson Center, Ohio**  
*Shelby County*  
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**Note 9 – Debt (Continued)**

***Amortization***

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

2018				
Year ending	OPWC	OWDA WWTP	General Obligation	General Obligation
December 31:	Loans	Loan	Loans	Bonds
2019	\$ 31,799	\$ 121,806	\$ 128,858	\$ 1,348,373
2020	31,799	121,806	77,870	-
2021	28,633	121,806	-	-
2022	28,633	121,806	-	-
2023	28,633	63,526	-	-
2024-2028	136,463	317,628	-	-
2029-2033	109,663	294,827	-	-
2034-2038	109,663	66,192	-	-
2040-2043	109,663	-	-	-
2044-2048	80,266	-	-	-
Total	<u>\$ 695,215</u>	<u>\$ 1,229,397</u>	<u>\$ 206,728</u>	<u>\$ 1,348,373</u>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 2,444 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.32 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$425,258. The Village received a credit of \$35,463 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$110,530 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). In addition the Village made payments totaling \$65,585 leaving an estimated net impaired cost balance of \$213,680. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

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

**Village of Jackson Center, Ohio**  
*Shelby County*  
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**Note 9 – Debt (Continued)**

Since March 31, 2014 the Village has made payments of \$147,817 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$5,076 and interest expense of \$9,843 incurred on AMP's line-of-credit of \$4,984,000 resulting in a net impaired cost estimate at December 31, 2018 of \$80,782. The Village does have a Potential PHFU Liability of \$119,142 resulting in a net total potential liability of \$199,924, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 13 years through a power cost adjustment.

**Note 10 – Construction and Contractual Commitments**

The Village has been awarded a \$450,000 Ohio Public Works Commission zero interest loan and a \$576,000 Ohio Water Development Authority loan for improvements at the Wastewater Treatment Plant. This project will consist of replacement of the clarifier drive, mechanical works and covers for ice and algae control will be installed; the existing chlorine building will be converted to feed Alum to reduce phosphorous levels; the addition of a new tank for the ultraviolet disinfection; and the addition of a backup generator. This project is approximately 93% complete with work continuing on the clarifiers. This project should be completed the summer of 2019.

The Village has been awarded a \$298,051.66 Ohio Water Development Authority loan for construction of a storage building with lab area at the wastewater treatment plant. This project will consist of the construction of a new storage / laboratory building and the installation of a SCADA (Supervisory Control and Data Acquisition) control system. This project is approximately 92% complete with work continuing on the SCADA system. This project should be completed the fall of 2019.

The Village has been awarded a \$500,000 Ohio Public Works Commission Grant and a \$500,000 Ohio Public Works Commission zero interest loan for reconstruction of 650 feet of Jackson Street with new stone sub-base, asphalt, curb and gutter, sidewalk, and storm drainage. The reconstruction of 1500 feet of Washington Street with new sub-base, asphalt, and storm drainage. The reconstruction of 3000 feet of College Street with asphalt milling, asphalt, storm drainage, and water line. This project is less than one percent complete with only engineering fees being disbursed. This project should be completed the summer of 2019.

**Note 11 – Joint Ventures**

**Ohio Municipal Electric Generation Agency (OMEGA 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.

**Village of Jackson Center, Ohio**  
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*(Continued)*

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**Note 11 – Joint Ventures (Continued)**

**Ohio Municipal Electric Generation Agency (OMEGA JV2) (Continued)**

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village of Jackson Center has met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. This debt was paid off in 2018. The Village's net position in OMEGA JV2 was \$14,957 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).



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**Note 11 – Joint Ventures (Continued)**

**Ohio Municipal Electric Generation Agency (OMEGA JV2) (Continued)**

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

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

**Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA 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.

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

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**Note 11 – Joint Ventures (Continued)**

**Ohio Municipal Electric Generation Agency (OMEGA JV5) (Continued)**

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, Jackson Center has met its debt coverage obligation.

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

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

The Village's net position to date in OMEGA JV5 was \$20,019 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Village of Jackson Center, Ohio**  
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**Note 12 – Jointly Governed Organizations**

The Jackson Center Community Improvement Corporation (hereinafter referred to as “CIC”) was created as a local economic development organization pursuant to State statutes. The Corporation has six members, consisting of three members from local businesses, one elected Village Council member, the Village Administrator and a chief legal Officer. The Corporation was organized on December 18, 1989, under the laws of the State of Ohio as a not-for-profit corporation whose sole purpose is to advance, encourage, and promote the industrial, economic, commercial and civic development of the Village of Jackson Center, Ohio in accordance with Section 1724.10 of the Revised Code of the State of Ohio.

On March 26, 2018, the Council of the Village passed Ordinance 2018-015 authorizing the Village Administrator to enter into a real estate purchase agreement with Airstream, Inc. and to enter into an Assignment and Assumption of purchase agreement with the “CIC” concerning said real estate purchase agreement. The Village owned property located at West Pike Street which was no longer required by the Village for a public purpose. The Village assigned its interest in the Real Estate Purchase Agreement to the “CIC”. Airstream, Inc. then remitted payment for the said real estate to the “CIC” who then remitted the proceeds to the Village. The transfer of the real estate to the “CIC”; transfer of real estate by the “CIC” and subsequent purchase of said real estate by Airstream, Inc. is pursuant to the authority of Section 1724.10 of the Ohio Revised Code. The “CIC” paid the Village \$800,704 for said property.

**Note 13 – AMP REVENUE COVERAGE**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

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**Note 13 – AMP REVENUE COVERAGE (Continued)**

Total Fund Cash Balance	<u>2018</u> \$ 1,613,537
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	2,627,082
Other Operating Receipts	<u>50,803</u>
Total Operating Receipts	2,677,885
Operating Expenses	
Personal Services	235,483
Employee Fringe Benefits	63,342
Contractual Services	2,019,518
Supplies and Materials	19,467
Total Operating Expenses	2,337,810
Operating Income (Loss)	340,075
Nonoperating Receipts (Disbursements)	
Other Nonoperating Receipts (Disbursements)	(498,300)
Special and Extraordinary Items	22,843
Change in Fund Cash Balance	(135,382)
Beginning Fund Cash Balance	<u>1,748,919</u>
Ending Fund Cash Balance	<u><u>\$ 1,613,537</u></u>

**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 143,902	\$ -	\$ -	\$ -	\$ 143,902
Municipal Income Tax	1,429,675	-	-	-	1,429,675
Intergovernmental	119,449	116,032	-	910,717	1,146,198
Charges for Services	40,086	29,617	-	-	69,703
Fines, Licenses and Permits	24,001	275	-	-	24,276
Earnings on Investments	18,918	1,884	3,468	3,215	27,485
Miscellaneous	14,579	2,202	-	2,568	19,349
<i>Total Cash Receipts</i>	<u>1,790,610</u>	<u>150,010</u>	<u>3,468</u>	<u>916,500</u>	<u>2,860,588</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	323,954	32,203	-	-	356,157
Public Health Services	3,854	-	-	-	3,854
Leisure Time Activities	75,426	-	-	-	75,426
Community Environment	2,451	-	-	-	2,451
Transportation	191,467	105,063	-	-	296,530
General Government	290,852	-	-	-	290,852
Capital Outlay	-	-	-	2,191,640	2,191,640
Debt Service:					
Principal Retirement	-	-	110,211	19,272	129,483
Interest and Fiscal Charges	-	-	31,364	757	32,121
<i>Total Cash Disbursements</i>	<u>888,004</u>	<u>137,266</u>	<u>141,575</u>	<u>2,211,669</u>	<u>3,378,514</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>902,606</u>	<u>12,744</u>	<u>(138,107)</u>	<u>(1,295,169)</u>	<u>(517,926)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	500,000	500,000
Sale of Capital Assets	74,341	-	-	-	74,341
Transfers In	-	-	230,952	460,522	691,474
Transfers Out	(725,380)	-	-	-	(725,380)
Other Financing Uses	(6,577)	-	-	-	(6,577)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(657,616)</u>	<u>-</u>	<u>230,952</u>	<u>960,522</u>	<u>533,858</u>
<i>Net Change in Fund Cash Balances</i>	244,990	12,744	92,845	(334,647)	15,932
<i>Fund Cash Balances, January 1</i>	<u>698,287</u>	<u>334,813</u>	<u>534,714</u>	<u>665,354</u>	<u>2,233,168</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	270,096	627,559	-	897,655
Committed	-	77,461	-	-	77,461
Assigned	126,372	-	-	330,707	457,079
Unassigned	816,905	-	-	-	816,905
<i>Fund Cash Balances, December 31</i>	<u>\$ 943,277</u>	<u>\$ 347,557</u>	<u>\$ 627,559</u>	<u>\$ 330,707</u>	<u>\$ 2,249,100</u>

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

**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 3,038,283	\$ -	\$ 3,038,283
Fines, Licenses and Permits	-	5,828	5,828
Miscellaneous	133,263	-	133,263
<i>Total Operating Cash Receipts</i>	<u>3,171,546</u>	<u>\$ 5,828</u>	<u>\$ 3,177,374</u>
<b>Operating Cash Disbursements</b>			
Personal Services	447,598	-	447,598
Employee Fringe Benefits	123,374	-	123,374
Contractual Services	2,209,815	-	2,209,815
Supplies and Materials	120,901	-	120,901
Other	10,435	6,879	17,314
<i>Total Operating Cash Disbursements</i>	<u>2,912,123</u>	<u>6,879</u>	<u>2,919,002</u>
<i>Operating Income/(Loss)</i>	<u>259,423</u>	<u>(1,051)</u>	<u>258,372</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	24,960	-	24,960
Earnings on Investments	469	-	469
Capital Outlay	(802,050)	-	(802,050)
Debt Proceeds	498,928	-	498,928
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(277,693)</u>	<u>-</u>	<u>(277,693)</u>
<i>(Loss) Before Transfers</i>	<u>(18,270)</u>	<u>(1,051)</u>	<u>(19,321)</u>
Transfers In	33,906	-	33,906
<i>Net Change in Fund Cash Balances</i>	15,636	(1,051)	14,585
<i>Fund Cash Balances, January 1</i>	<u>2,472,828</u>	<u>1,589</u>	<u>2,474,417</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 2,488,464</b></u>	<u><b>\$ 538</b></u>	<u><b>\$ 2,489,002</b></u>

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

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**NOTE 1 – REPORTING ENTITY**

The Village of Jackson Center (the Village), Shelby County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services including public safety, street maintenance, and water, sewer and electric utilities, park operations and police services. The Village appropriates general fund money to support a volunteer fire department.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in jointly governed organizations, joint ventures and a public entity risk pool. Notes 6, 12, 13, and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Fire Engine Fund*** - The fire engine fund accounts for and reports eighty percent of fire protection contract monies from Jackson Township and Stokes Township restricted for the acquisition of new fire engine equipment.

**Village of Jackson Center, Ohio**  
Shelby County  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Accounting (Continued)**

**Debt Service Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

**Note Retirement Fund** - This fund receives proceeds of 16.7% income tax revenue. The proceeds are being used for constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Capital Project Funds** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Davis/Linden Street Reconstruction** - This fund received proceeds from grant and loan monies from the Ohio Public Works Commission. The Village received \$485,000 in grant monies and \$500,000 in zero interest loan monies for various purposes. This included a five acre retention/detention pond, south end park improvements and Davis, Linden and South street project.

**Capital Improvement Fund** - This fund receives proceeds of 25% income tax revenue. The proceeds are being used for general municipal operations, maintenance, constructions, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

**General Improvement Fund** - This fund receives proceeds of 8.3% of income tax revenue. The proceeds are being used for general municipal operations, maintenance, constructions, new equipment, extension and enlargement of municipal services and facilities and general improvements.

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

**Water Fund** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Electric Fund** - The electric fund accounts for the provision of electric transmission and distribution to the residents and commercial users located within the Village.

**WWTP Improvements Fund** - The wastewater treatment plant improvement fund accounts for and reports proceeds from loan monies from the Ohio Public Works Commission and the Ohio Water Development Authority for improvements being made to the wastewater treatment facility.

**WWTP Building/Laboratory** - The wastewater treatment plant building / laboratory fund accounts for and reports proceeds from loan monies from the Ohio Water Development Authority for a new building / laboratory at the wastewater treatment plant.



**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Funds*** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. . The Council may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,568,413	\$ 1,864,951	\$ (703,462)
Special Revenue	156,137	150,010	(6,127)
Debt Service	234,020	234,420	400
Capital Projects	2,057,769	1,877,022	(180,747)
Enterprise	3,974,015	3,729,809	(244,206)
Total	\$ 8,990,354	\$ 7,856,212	\$ (1,134,142)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,595,668	\$ 1,623,393	\$ 972,275
Special Revenue	196,508	137,645	58,863
Debt Service	142,333	141,575	758
Capital Projects	2,461,799	2,212,426	249,373
Enterprise	4,560,841	3,949,155	611,686
Total	\$ 9,957,149	\$ 8,064,194	\$ 1,892,955

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

	2017
Demand deposits	\$ 1,388,034
Total deposits	1,388,034
STAR Ohio	3,350,068
Total investments	3,350,068
Total deposits and investments	\$ 4,738,102

***Deposits***

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

The Village's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

***Investments***

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

**NOTE 5 – TAXES**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one 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 of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**NOTE 6 – RISK MANAGEMENT**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Village Council passed Resolution 2017-014 on August 14, 2017 which was a resolution approving full and final release and settlement agreement and severance agreement and waiver and release of all claims. The Village settled a lawsuit that resulted in total payments of \$101,138 to the parties involved, from the Village's general fund, on August 21, 2017.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 6 – RISK MANAGEMENT (Continued)**

***Ohio Plan Risk Management Pool***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

*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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

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**NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

***Social Security***

Some of the Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**NOTE 9 – DEBT**

Debt outstanding at December 31, 2017 was as follows:

2017	Principal	Interest Rate
OPWC CM32A Water Well Construction	\$ 9,495	0.00%
OWDA 3797 Upgrade Water Treatment Plant	266,968	3.25%
OPWC CM13J Jackson Street Water Main	67,000	0.00%
OWDA 5375 Rehab/Replacement Wastewater Collection	81,432	0.00%
OPWC CM10P Water Well Installaion	139,569	0.00%
U.S. Bank 60-14527 Backhoe Loan	13,828	2.75%
The Peoples Savings and Loan Company 3012 Air	48,859	3.00%
OPWC CM20R Wastewater Treatment Plant	383,380	0.00%
OWDA 7315 Sewer System Updates	462,697	2.53%
OPWC CT52T Davis/Linden Street Reconstruction	500,000	0.00%
OWDA 7640 Wastewater Treatment Plan Building	213,946	3.08%
Total	\$ 2,187,174	

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 9 – DEBT (Continued)**

The ending principal balance at December 31, 2016 was understated by \$583,503. This balance was made up of a loan from the Ohio Public Works Commission loan CM20R, Ohio Water Development Authority Loan number 7315 and the Peoples Bank.

The Ohio Public Works Commission loan CM32A is a twenty year loan that originated in 2001 and relates to a water well construction project. The Village will repay the loan in semiannual installments of \$1,582.60 at zero percent interest. The final installment payment of this loan will be July, 2020. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 3797 is a twenty year loan that originated in 2002 and relates to improvements made at the water treatment plant / distribution system. The Village will repay the loan in semiannual installments of \$29,140.43 at 3.25% interest. The final installment payment of this loan will be January, 2023. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CM13J is a twenty year loan that originated in 2008 and relates to the installation of a six inch water main on Jackson Street within the village. The Village will repay the loan in semi-annual installments of \$3,350.00 at zero percent interest. The final installment payment of this loan will be July, 2027. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 5375 is a twenty year loan that originated in 2009 and relates to sanitary sewer cured in place pipe that was installed within the village. The Village will repay the loan in semiannual installments of \$3,257.27 at zero percent interest. The final installment payment of this loan will be July, 2030. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CM10P is a thirty year loan that originated in 2012 and relates to two water well installations on the Village well field. The Village will repay the loan in semiannual payments of \$2,633.38 at zero percent interest. The final installment payment of this loan will be January, 2044. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The U. S. Bank 60-14527 loan originated in 2014 for a term of five years, relates to a backhoe that the village purchased with a trade in of the old backhoe unit. The Village will repay the loan in annual payments of \$14,218.38 at 2.75% interest. The final installment payment of this loan will be July, 2018. This loan is satisfied with income tax receipts that were levied for the purpose of general municipal operations, maintenance, constructions, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

The Peoples' Savings and Loan Company 3012 loan originated in 2014 for a term of five years, relates to the upgrade of the Airstream Water Line so that they could install a sprinkler system. The Village will repay the loan in semiannual payments of \$12,733.17 at 3.00% interest. The final installment payment of this loan will be July, 2019. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CM20R is a thirty year loan that originated in 2014 and relates to improvements at the wastewater treatment facility regarding construction for an aluminum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual installments at zero percent interest. At this time, the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

**NOTE 9 – DEBT (Continued)**

The Ohio Water Development Authority loan 7315 is a twenty year loan that originated in 2016 and relates to sewer system updates regarding construction for an aluminum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual installments of \$18,469.59 at 2.53% interest. This is an estimated semiannual installment payment amount as the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Public Works Commission loan CT52T is a thirty year loan that originated in 2016 and relates to the Davis / Linden Street Reconstruction project regarding sidewalks and street improvements. The Village will repay the loan in semiannual installments of \$8,333.33 at zero percent interest. The final installment payment of this loan will be January, 2048. This loan is satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

The Ohio Water Development Authority loan 7640 is a twenty year loan that originated in 2017 and relates to wastewater treatment plant building / laboratory and SCADA system. The Village will repay the loan in semiannual installments at 3.08% interest. At this time, the project is not complete, therefore, an amortization schedule is not available to disclose. This loan will be satisfied with income tax receipts that were levied for the purpose of constructing, repairing and improving water and wastewater treatment facilities for the Village.

**Amortization**

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

2017				
Year ending	OPWC	OWDA WWTP	General	
December 31:	Loans	Loan	Obligation	Total
			Loans	
2018	\$ 23,465	\$ 101,098	\$ 39,627	\$ 164,190
2019	31,799	101,224	25,268	158,291
2020	31,798	101,354		133,152
2021	28,633	101,489		130,122
2022	28,633	101,628		130,261
2023-2027	143,167	258,426		401,593
2028-2032	109,667	238,560		348,227
2033-2037	109,667	68,949		178,616
2038-2042	109,667			109,667
2043-2047	91,234			91,234
2048-2052	8,334			8,334
Total	<u>\$ 716,064</u>	<u>\$ 1,072,728</u>	<u>\$ 64,895</u>	<u>\$1,853,687</u>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 2,444 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.32 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP.



**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 9 – DEBT (Continued)**

**AMP (Continued)**

As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs.

In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$425,258. The Village received a credit of \$35,463 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$110,530 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). In addition, the Village made payments totaling \$65,585 leaving an estimated net impaired cost balance of \$213,680. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

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

Since March 31, 2014 the Village has made payments of \$119,326 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$5,029 and interest expense of \$7,217 incurred on AMP's line-of-credit of \$4,984,000 resulting in a net impaired cost estimate at December 31, 2017 of \$106,655. The Village does have a Potential PHFU Liability of \$115,737 resulting in a net total potential liability of \$222,392, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 14 years through multiple lump sum payments through power supply invoices.

**NOTE 10 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

The Ohio Public Works Commission CM20R and the Ohio Water Development Authority 7315 will remain open in 2018 to finish up paving and the work on the clarifiers.

The Ohio Water Development Authority loan 7640 will remain open in 2018 to finish the SCADA system.

In December of 2017, the Village paid \$37,290 to the Treasurer of State for our local share of the ODOT Transportation Alternative Program – Main Street project that totals \$678,000. The Village used \$35,000 from the Permissive License Tax fund which administered by the Shelby County Commissioners. This project involves installing decorative street lighting on Main Street and decorative traffic lights and poles at the intersection of Main Street and Pike Street or State Route 65 and State Route 274 with new crosswalks. This project will commence in March or April of 2018.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 11 – CONTINGENT LIABILITIES**

The Village has been named in a Mechanic's Lien dispute between a sub-contractor and the contractor that constructed the Solar Facility on Village owned ground. Although management cannot presently determine the outcome of this dispute, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Village participates in the EcoSmart Choice Program in which residents and businesses can purchase renewable energy certificates. Because the Village is a part of this program the Village received \$14,169 in grant monies from EcoSmart Choice program which was used to purchase trees for the new park facility. The Village share of this project was \$14,922.24.

The Village received \$226,613.24 in 629 Roadwork Grant Program monies from the Ohio Development Services Agency and \$108,104.00 in PID 103538 Jobs & Commerce Grant monies from the Ohio Department of Transportation for Project Bambi. This project consisted of widening Airstream Drive to three lanes, installation of curb and gutter, sidewalk, storm sewer, street lighting, a traffic signal, pavement markings and the overlay of Pike Street (St. Rt. 274) was included also. These grants were reimbursing grants; therefore, the Village has to pay monies up front to cover expenditures and was then reimbursed by 629 Roadwork Grant program monies and PID 103538 Jobs & Commerce grant monies. The Village also received \$91,000 payment from Airstream, Inc. for their portion of the project costs. The remainder of the costs were expended from the village Capital Improvement Fund in the amount of \$153,000.00 for total project costs of \$578,717.24.

On April 27, 2015, Village Council passed Resolution 2015-005 authorizing the Village Administrator to execute and file an application with the Ohio Department of Natural Resources through the Nature Works Program. The Village received \$52,647 in grant monies from the Ohio Department of Natural Resources Nature Works program that was used towards the soccer fields at the new park facility.

The Village received \$555,000 in grant monies from the Community Development Block Grant. On June 20, 2015, Village Council passed Resolution 2015-008 to commit village funds to match the CDBG Neighborhood Revitalization Program. The Village held four public meetings in order to educate and receive community input regarding which programs the community felt needed to be addressed. The grant monies were divided up between the following programs and projects: \$84,000 went towards engineering costs for the different projects, \$98,000 went towards flooding & drainage facilities (Detention/Retention Basin), \$80,000 went towards parking facilities at the new park, \$43,000 went towards the new park facility (soccer fields, drainage), \$100,000 went towards sidewalk improvements on Davis, Linden and South streets, \$50,000 went towards street improvements on Davis, Linden and South streets, and the remaining \$100,000 went towards water facility improvements (water main) on Davis, Linden and South streets.

The Village received \$500,000 in grant monies from the Ohio Public Works Commission. The Village realized these grant monies as part of the public meetings that were held with the community when applying for the Neighborhood Revitalization Program. The grant monies were divided up between the following programs and projects: \$80,000 went towards engineering costs for the different projects, \$160,000 went towards flooding and drainage facilities (Detention/Retention Basin), \$27,000 went towards parking facilities at the new park, \$3,000 went towards the new park facility (soccer fields, drainage), \$5,000 went towards public utilities, \$175,000 went towards sidewalk improvements on Davis, Linden and South streets and the remaining \$50,000 went towards water facility improvements (water main) on Davis, Linden and South streets.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 12 – JOINT VENTURES**

**OMEGA JV2**

Ohio Municipal Electric Generation Agency Joint Venture 2 was formed in 2001. It contains three gas turbine distributed generation units and 35 diesel units with a total capacity of 138.65 MW at sites located throughout Ohio. AMP manages the project on behalf of 36 participating member communities: Amherst, Arcanum, Bowling Green, Bradner, Brewster, Custar, Cuyahoga Falls, Dover, Edgerton, Emore Galion, Genoa, Grafton, Hamilton, Haskins, Jackson Center, Lodi, Lucas, Milan, Monroeville, Montpelier, Napoleon, Niles, Oak Harbor, Oberlin, Painesville, Pemberville, Pioneer, Seville, Shelby, South Vienna, St. Marys, Versailles, Wadsworth, Woodville and Yellow Springs.

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 and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, the Village of Jackson Center has met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. During 2011, AMP-Ohio retired balance of these bonds; however, the Village is still responsible for paying the remainder of their obligation for this debt to AMP-Ohio. As of December 31, 2017, the outstanding debt was \$4,142,633. The Village's net obligation for these bonds at December 31, 2017, was \$11,412. The Village's net position in JV2 was \$29,792 at December 31, 2017.

Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

**NOTE 12 – JOINT VENTURES (Continued)**

**OMEGA JV2 (Continued)**

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

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

**OMEGA JV 5**

Ohio Municipal Electric Generation Agency Joint Venture 5 was formed in 1993 by 42 participating communities, AMP built and operates a 42-megawatt hydroelectric plant on the Ohio River on behalf of the joint venture and has back-up generation sources located throughout Ohio. The plant has two generating units with a FERC rated capacity of 21 MW per unit. Participants (in order of ownership percentage): Cuyahoga Falls, Bowling Green, Niles, Napoleon, Jackson, Hudson, Wadsworth, Oberlin, New Bremen, Bryan, Hubbard, Montpelier, Minster, Columbiana, Wellington, Versailles, Monroeville, Oak Harbor, Lodi, Pemberville, Edgerton, Arcanum, Seville, Brewster, Pioneer, Genoa, Jackson Center, Grafton, Elmore, Woodville, Milan, Bradner, Beach City, prospect, Haskins, Lucas, Arcadia, South Vienna, Waynesfield, Eldorado, Republic and Custar.

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.

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 12 – JOINT VENTURES (Continued)**

**OMEGA JV 5 (Continued)**

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2017, Jackson Center has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases. JV5 was created to construct a 42 MW run-of-the-river hydroelectric plant (including 40 MW of backup generation) and associated transmission facilities and sells electricity from its operations to JV5 participants.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs. The Village's net investment to date in OMEGA JV5 was \$20,019 at December 31, 2017. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

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**NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS**

The Jackson Center Community Improvement Corporation (hereinafter referred to as “CIC”) is a jointly governed organization, created as a local economic development organization pursuant to State statutes. The Corporation has six members, consisting of three members from local businesses, one elected Village Council member, the Village Administrator and a chief legal officer. The Corporation was organized on December 18, 1989, under the laws of the State of Ohio as a not-for-profit corporation whose sole purpose is to advance, encourage, and promote the industrial, economic, commercial and civic development of the Village of Jackson Center, Ohio in accordance with Section 1724.10 of the Revised Code of the State of Ohio.

On June 19, 2017, Village Council adopted Ordinance 2017-015 authorizing the Village Administrator to enter into a real estate purchase agreement with Lippert Components Manufacturing, Inc. and agreement with the Jackson Center Community Improvement Corporation concerning said real estate purchase agreement. The Village owned property (0.682 acres more or less) on Jerry Drive which was no longer required by the Village for a public purpose. The Village assigned its interest in the Real Estate Purchase Agreement to the “CIC”. Lippert Components Manufacturing, Inc. then remitted payment for the said real estate to the “CIC” who then remitted the proceeds to the Village. The transfer of the real estate to the “CIC”; transfer of real estate by the “CIC” and subsequent purchase of said real estate by Lippert Components Manufacturing is pursuant to the authority of Section 1724.10 of the Ohio Revised Code. The “CIC” paid the Village \$4,774 for said property.

On September 25, 2017, Village Council adopted Ordinance 2017-018 authorizing the Village Administrator to enter into a real estate purchase agreement with Airstream, Inc. and agreement with the Jackson Center Community Improvement Corporation concerning said real estate purchase agreement. The Village owned property (11.994 acres more or less) on Jerry Drive which was no longer required by the Village for a public purpose. The Village assigned its interest in the Real Estate Purchase Agreement to the “CIC”. Airstream, Inc. then remitted payment for the said real estate to the “CIC” who then remitted the proceeds to the Village. The transfer of the real estate to the “CIC”; transfer of real estate by the “CIC” and subsequent purchase of said real estate by Airstream, Inc. is pursuant to the authority of Section 1724.10 of the Ohio Revised Code. The “CIC” paid the Village \$83,958 for said property.

**NOTE 14 – AMP REVENUE COVERAGE**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Jackson Center, Ohio**  
*Shelby County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
(Continued)

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**NOTE 14 – AMP REVENUE COVERAGE (Continued)**

	2017
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$ 2,394,385
Other Operating Receipts	53,342
Total Operating Receipts	2,447,727
Operating Expenses	
Personal Services	190,860
Employee Fringe Benefits	56,772
Contractual Services	1,865,629
Supplies and Materials	22,751
Total Operating Expenses	2,136,012
Operating Income (Loss)	311,715
Nonoperating Receipts (Disbursements)	
Intergovernmental Receipts	14,169
Other Nonoperating Receipts (Disbursements)	(290,153)
Change in Fund Cash Balance	35,731
Beginning Fund Cash Balance	1,713,188
Ending Fund Cash Balance	\$ 1,748,919

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Certified Public Accountants, A.C.

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

June 30, 2019

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

To Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Jackson Center**, Shelby County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 30, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters we must report under *Government Auditing Standards*.

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 June 30, 2019.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

VILLAGE OF JACKSON CENTER  
SHELBY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The following posting errors were noted:

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions.”

During 2018 and 2017, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Fund Balances where subsequent year appropriations exceeded expected revenues were classified as Unassigned instead of Assigned in the General Fund in 2018 and 2017;
- Fund Balances in the Street Construction Maintenance & Repair Fund and the Parks and Recreation fund was posted to Assigned instead of Restricted for 2018 and 2017;
- Loan Proceeds were posted as intergovernmental in both 2018 and 2017;
- Reimbursement grants were recorded as negative receipts and expenditures to remove the activity from the books in 2018 and 2017. This caused the intergovernmental revenue and capital outlay expenditures to be under stated;
- Income Tax activity was reported in the special revenue fund instead of the General Fund in 2017;
- Mayors Court receipts, disbursements, and fund balances were not recorded on the financial statements in 2018 and 2017;
- State Highway revenues were posted to Taxes instead of Intergovernmental in 2017;
- Principal and interest payments were misclassified in 2018 and 2017;

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassification entries. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code, the Ohio Village Handbook and Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Managements Response: Management did not respond to this finding.

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**VILLAGE OF JACKSON CENTER  
SHELBY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Ohio Rev. Code Section 5705.10(I) – Capital Outlay expenditures in the Capital Project Fund not related to capital outlay.	Corrective Action Taken and Finding is Fully Corrected	N/A
2016-002	Fund Balance Classification Errors	Not Corrected	Repeated as finding 2018-001
2016-003	Financial Reporting Errors	Not Corrected	Repeated as Finding 2018-001

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# OHIO AUDITOR OF STATE KEITH FABER



**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 17, 2019**