

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2004 and 2003

BEVERLY WREN, CLERK-TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of Jackson Center
122 E. Pike St.
Jackson Center, Ohio 45334

We have reviewed the Independent Auditor's Report of the Village of Jackson Center, Shelby County, prepared by Julian & Grube, Inc., for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 4, 2005

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**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2004 and 2003	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2004.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2004.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2003.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2003.....	8
Notes to the Financial Statements.....	9 - 22
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23 - 24
Schedule of Findings.....	25 - 26

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor’s Report

Members of Council and Mayor
Village of Jackson Center
122 E. Pike St.
Jackson Center, Ohio 45334

We have audited the accompanying financial statements of the Village of Jackson Center, Shelby County, Ohio, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village of Jackson Center’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

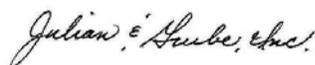
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

As described more fully in Note 2, the Village of Jackson Center prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Jackson Center as of December 31, 2004 and 2003, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Jackson Center, Shelby County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2005, on our consideration of the Village of Jackson Center’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 17, 2005

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004 AND 2003

<u>Cash and Cash Equivalents</u>	<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 2,496,850	\$ 2,361,514
Total Cash and Cash Equivalents	<u>\$ 2,496,850</u>	<u>\$ 2,361,514</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 61,038	\$ 45,687
Special Revenue Funds	189,169	129,846
Debt Service Funds	73,981	188,553
Capital Projects Funds	<u>628,567</u>	<u>497,622</u>
Total Governmental Funds	<u>952,755</u>	<u>861,708</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>1,491,892</u>	<u>1,361,774</u>
 <u>Fiduciary Fund Type:</u>		
Agency Funds	<u>52,203</u>	<u>138,032</u>
Total Fund Balances	<u>\$ 2,496,850</u>	<u>\$ 2,361,514</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 81,131	\$ 31,714	\$ -	\$ -	\$ 112,845
Intergovernmental	91,851	78,208	-	1,814	171,873
Charges for services	36,620	19,101	326,019	-	381,740
Fines, licenses, and permits	15,207	920	-	-	16,127
Interest	18,611	1,693	3,873	5,805	29,982
Miscellaneous	2,632	224	267	5,499	8,622
Total cash receipts	<u>246,052</u>	<u>131,860</u>	<u>330,159</u>	<u>13,118</u>	<u>721,189</u>
Cash disbursements:					
Current:					
Security of persons and property	163,330	24,753	-	-	188,083
Leisure time activities	7,472	-	-	-	7,472
Community environment	1,191	-	-	-	1,191
Transportation	6,075	47,784	-	-	53,859
General government	47,301	-	-	-	47,301
Capital outlay	-	-	-	594,916	594,916
Debt service:					
Principal retirement	-	-	875,148	300,000	1,175,148
Interest and fiscal charges	-	-	48,674	-	48,674
Total cash disbursements	<u>225,369</u>	<u>72,537</u>	<u>923,822</u>	<u>894,916</u>	<u>2,116,644</u>
Total cash receipts over/(under) cash disbursements	<u>20,683</u>	<u>59,323</u>	<u>(593,663)</u>	<u>(881,798)</u>	<u>(1,395,455)</u>
Other financing receipts/(disbursements):					
Proceeds of loans	-	-	-	68,834	68,834
Proceeds from sale of notes	-	-	350,000	300,000	650,000
Operating transfers in	83,177	-	129,091	643,909	856,177
Operating transfers out	(88,177)	-	-	-	(88,177)
Other uses	(332)	-	-	-	(332)
Total other financing receipts/(disbursements)	<u>(5,332)</u>	<u>-</u>	<u>479,091</u>	<u>1,012,743</u>	<u>1,486,502</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	15,351	59,323	(114,572)	130,945	91,047
Cash fund balances, January 1, 2004	<u>45,687</u>	<u>129,846</u>	<u>188,553</u>	<u>497,622</u>	<u>861,708</u>
Cash fund balances, December 31, 2004	<u>\$ 61,038</u>	<u>\$ 189,169</u>	<u>\$ 73,981</u>	<u>\$ 628,567</u>	<u>\$ 952,755</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,850,264	\$ -	\$ 1,850,264
Other miscellaneous	14,071	-	14,071
Total operating cash receipts	<u>1,864,335</u>	<u>-</u>	<u>1,864,335</u>
Operating cash disbursements:			
Personal services	279,568	8,236	287,804
Employee fringe benefits	85,918	1,209	87,127
Contractual services	1,220,265	20,330	1,240,595
Supplies and material	97,359	142	97,501
Capital outlay	48,978	-	48,978
Miscellaneous	8,536	40,000	48,536
Total operating cash disbursements	<u>1,740,624</u>	<u>69,917</u>	<u>1,810,541</u>
Operating income/(loss)	<u>123,711</u>	<u>(69,917)</u>	<u>53,794</u>
Nonoperating cash receipts/(disbursements):			
Taxes	898	757,088	757,986
Other local tax	83,177	-	83,177
Earnings on investments	509	-	509
Excise tax expense	(83,177)	-	(83,177)
Total nonoperating cash receipts/(disbursements)	<u>1,407</u>	<u>757,088</u>	<u>758,495</u>
Income before operating transfers	125,118	687,171	812,289
Transfers in	5,000	-	5,000
Transfers out	<u>-</u>	<u>(773,000)</u>	<u>(773,000)</u>
Net Income/(loss)	130,118	(85,829)	44,289
Cash fund balances, January 1, 2004	<u>1,361,774</u>	<u>138,032</u>	<u>1,499,806</u>
Cash fund balances, December 31, 2004	<u>\$ 1,491,892</u>	<u>\$ 52,203</u>	<u>\$ 1,544,095</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 38,293	\$ 348,924	\$ 387,217	\$ 329,229	\$ (19,695)	\$ 7,394	\$ 387,090	\$ 394,484	\$ 313,878	\$ 1,934	\$ 315,812	\$ 78,672
Special Revenue	127,710	118,366	246,076	131,860	13,494	2,046	245,791	247,837	72,537	745	73,282	174,555
Debt Service	188,553	803,677	992,230	809,250	5,573	-	992,204	992,204	923,822	-	923,822	68,382
Capital Projects	426,786	1,257,738	1,684,524	1,025,861	(231,877)	183,927	1,683,612	1,867,539	894,916	283,368	1,178,284	689,255
Proprietary:												
Enterprise	<u>1,266,351</u>	<u>2,008,870</u>	<u>3,275,221</u>	<u>1,953,919</u>	<u>(54,951)</u>	<u>95,088</u>	<u>3,274,822</u>	<u>3,369,910</u>	<u>1,823,801</u>	<u>9,252</u>	<u>1,833,053</u>	<u>1,536,857</u>
Total												
(Memorandum Only)	<u>\$ 2,047,693</u>	<u>\$ 4,537,575</u>	<u>\$ 6,585,268</u>	<u>\$ 4,250,119</u>	<u>\$ (287,456)</u>	<u>\$ 288,455</u>	<u>\$ 6,583,519</u>	<u>\$ 6,871,974</u>	<u>\$ 4,028,954</u>	<u>\$ 295,299</u>	<u>\$ 4,324,253</u>	<u>\$ 2,547,721</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 83,048	\$ 28,126	\$ -	\$ -	\$ 111,174
Intergovernmental	79,108	61,118	-	375,000	515,226
Charges for services	11,192	17,566	409,597	-	438,355
Fines, licenses, and permits	17,187	1,040	-	-	18,227
Interest	11,723	872	1,643	3,587	17,825
Miscellaneous	14,694	2,341	18,066	114	35,215
Total cash receipts	<u>216,952</u>	<u>111,063</u>	<u>429,306</u>	<u>378,701</u>	<u>1,136,022</u>
Cash disbursements:					
Current:					
Security of persons and property	142,415	24,285	-	-	166,700
Public health services	1,000	-	-	-	1,000
Leisure time activities	7,929	-	-	-	7,929
Community environment	5,554	-	-	-	5,554
Transportation	2,453	48,996	-	-	51,449
General government	48,114	-	-	-	48,114
Capital outlay	-	-	-	1,576,185	1,576,185
Debt service:					
Principal retirement	-	-	1,805,885	375,000	2,180,885
Interest and fiscal charges	-	-	108,809	-	108,809
Total cash disbursements	<u>207,465</u>	<u>73,281</u>	<u>1,914,694</u>	<u>1,951,185</u>	<u>4,146,625</u>
Total cash receipts over/(under) cash disbursements	<u>9,487</u>	<u>37,782</u>	<u>(1,485,388)</u>	<u>(1,572,484)</u>	<u>(3,010,603)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of notes	-	-	835,000	1,081,543	1,916,543
Operating transfers in	78,355	-	110,660	551,977	740,992
Operating transfers out	(82,558)	-	-	-	(82,558)
Advances in	10,266	10,266	-	-	20,532
Advances out	(10,266)	(10,266)	-	-	(20,532)
Other uses	(1,447)	-	-	-	(1,447)
Total other financing receipts/(disbursements)	<u>(5,650)</u>	<u>-</u>	<u>945,660</u>	<u>1,633,520</u>	<u>2,573,530</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	3,837	37,782	(539,728)	61,036	(437,073)
Cash fund balances, January 1, 2003	<u>41,850</u>	<u>92,064</u>	<u>728,281</u>	<u>436,586</u>	<u>1,298,781</u>
Cash fund balances, December 31, 2003	<u>\$ 45,687</u>	<u>\$ 129,846</u>	<u>\$ 188,553</u>	<u>\$ 497,622</u>	<u>\$ 861,708</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,742,128	-	\$ 1,742,128
Other miscellaneous	35,461	-	35,461
Total operating cash receipts	<u>1,777,589</u>	<u>-</u>	<u>1,777,589</u>
Operating cash disbursements:			
Personal services	269,565	7,828	277,393
Employee fringe benefits	80,122	1,171	81,293
Contractual services	1,105,678	23,391	1,129,069
Supplies and material	118,714	262	118,976
Capital outlay	44,959	-	44,959
Miscellaneous	7,472	5,623	13,095
Total operating cash disbursements	<u>1,626,510</u>	<u>38,275</u>	<u>1,664,785</u>
Operating income/(loss)	<u>151,079</u>	<u>(38,275)</u>	<u>112,804</u>
Nonoperating cash receipts/(disbursements):			
Taxes	898	772,667	773,565
Other local tax	78,355	-	78,355
Earnings on investments	277	-	277
Sale of fixed assets	366,878	-	366,878
Excise tax expense	(78,355)	-	(78,355)
Total nonoperating cash receipts/(disbursements)	<u>368,053</u>	<u>772,667</u>	<u>1,140,720</u>
Income before operating transfers and advances:	519,132	734,392	1,253,524
Transfers in	4,203	-	4,203
Transfers out	-	(662,637)	(662,637)
Advances in	356	-	356
Advances out	(356)	-	(356)
Net Income	523,335	71,755	595,090
Cash fund balances, January 1, 2003	<u>838,439</u>	<u>66,277</u>	<u>904,716</u>
Cash fund balances, December 31, 2003	<u>\$ 1,361,774</u>	<u>\$ 138,032</u>	<u>\$ 1,499,806</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 41,027	\$ 310,200	\$ 351,227	\$ 305,373	\$ (4,827)	\$ 823	\$ 338,109	\$ 338,932	\$ 301,736	\$ 7,394	\$ 309,130	\$ 29,802
Special Revenue	90,199	77,600	167,799	121,329	43,729	1,865	166,849	168,714	83,547	2,046	85,593	83,121
Debt Service	68,281	2,136,032	2,204,313	1,374,966	(761,066)	-	2,138,000	2,138,000	1,914,694	-	1,914,694	223,306
Capital Projects	311,962	1,869,254	2,181,216	2,012,221	142,967	58,515	2,180,473	2,238,988	1,951,185	183,927	2,135,112	103,876
Proprietary:												
Enterprise	826,742	1,445,500	2,272,242	2,228,556	783,056	11,697	2,269,711	2,281,408	1,705,221	95,088	1,800,309	481,099
Total												
(Memorandum Only)	\$ 1,338,211	\$ 5,838,586	\$ 7,176,797	\$ 6,042,445	\$ 203,859	\$ 72,900	\$ 7,093,142	\$ 7,166,042	\$ 5,956,383	\$ 288,455	\$ 6,244,838	\$ 921,204

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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Jackson Center (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water, sewer and electric utility services, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

GOVERNMENTAL FUND TYPES

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant Special Revenue Funds:

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

COPS Fast Fund - This fund receives state monies to help cover for the wages and benefits of the Village's police force.

DEBT SERVICE FUND TYPE:

This fund is used to accumulate resources for the payment of indebtedness.

Debt Service - This fund accumulates resources for the payment of Ohio Water Development Authority Loans.

CAPITAL PROJECTS FUND TYPE:

Capital Improvement Fund - This fund pays for major capital improvements using income tax receipts.

General Improvement Fund - This fund pays for maintenance projects using income tax receipts.

OWDA WTP Improvement Fund - This fund is paying for an upgrade of the water treatment plant using OWDA loan proceeds.

PROPRIETARY FUND TYPE:

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise fund:

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

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUND TYPES:

Trust and Agency Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village has no trust funds. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Income Tax (Agency Fund) - This fund is used to pay for income tax collection and then distributes income tax revenues to other funds within the Village.

B. BASIS OF ACCOUNTING

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

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds (except Agency) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the line item level in each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted appropriation amendment measures during 2004 and 2003.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had outstanding encumbrances at December 31, 2004 and 2003.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income received by the Village totaled \$30,491 and \$18,102 for the years ended December 31, 2004 and 2003, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund and advances. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. The resources advanced are temporary loans of cash.

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 3 - COMPLIANCE

A. In noncompliance with Ohio Revised Code Section 5705.39, the following funds had appropriations in excess of estimated resources for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Capital Projects Fund:</u>	
Capital Improvement	\$ 3,780
 <u>Enterprise Fund:</u>	
Water	18,954

The Village Clerk-Treasurer is attempting to obtain additional amended certificates as new monies are known and appropriated.

B. In noncompliance with Ohio Revised Code Section 5705.41(B), the following items had expenditures in excess of appropriations for the year ended December 31, 2003:

<u>Fund Type/Line Item</u>	<u>Excess</u>
<u>General</u>	
Police Salary	\$ 9,442
Clerk-Treasurer Salary	1,866

The Village Clerk-Treasurer is attempting to have Council approve appropriation modifications prior to year end.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2004	2003
Deposits: Demand deposits	\$ 260,795	\$ 469,267
Investments in STAR Ohio	2,236,055	1,892,247
Total cash and cash equivalents	\$ 2,496,850	\$ 2,361,514

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/04</u>
2004 Bond Anticipation note for construction and real estate acquisition, due in 2005 bearing interest at 4.25%.	\$ 650,000
2003 Ohio Water Development Authority (OWDA) loan for a water system project.	785,374
Ohio Public Works Commission (OPWC) interest free loan due in annual payments of \$4,850 through 2007 for the North Main Street sewer project.	13,813
Ohio Public Works Commission (OPWC) interest free loan due in annual payments of \$3,166 through 2019 for the water well construction project.	<u>47,376</u>
Total debt obligations at December 31, 2004	<u><u>\$ 1,496,563</u></u>

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 5 - DEBT OBLIGATIONS - (Continued)

	<u>Balance 01/01/04</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/04</u>
2003 - OWDA Loan -				
Construction	\$ 748,673	\$ 68,834	\$ (32,133)	\$ 785,374
OPWC Loan - N. Main	16,978	-	(3,165)	13,813
OPWC Loan - Water Well	52,226	-	(4,850)	47,376
2004 - Bond Anticipation Note	<u>1,135,000</u>	<u>650,000</u>	<u>(1,135,000)</u>	<u>650,000</u>
Total Debt Obligations	<u>\$ 1,952,877</u>	<u>\$ 718,834</u>	<u>\$ (1,175,148)</u>	<u>\$ 1,496,563</u>

	<u>Balance 01/01/03</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/03</u>
OWDA Loan - Construction	\$ -	\$ 781,543	\$ (32,870)	\$ 748,673
G.O. Bonds	630,000	-	(630,000)	-
OPWC Loan - Planning	75,000	-	(75,000)	-
OPWC Loan - N. Main	21,828	-	(4,850)	16,978
OPWC Loan - Water Well	55,391	-	(3,165)	52,226
Bond Anticipation Note	<u>1,435,000</u>	<u>1,135,000</u>	<u>(1,435,000)</u>	<u>1,135,000</u>
Total Debt Obligations	<u>\$ 2,217,219</u>	<u>\$ 1,916,543</u>	<u>\$ (2,180,885)</u>	<u>\$ 1,952,877</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2004, is as follows:

<u>Year Ending December 31,</u>	<u>Bond Anticipation</u>		<u>1998 OPWC</u>	<u>2001 OPWC</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>
2005	\$ 650,000	\$ 27,625	\$ 4,850	\$ 3,166
2006	-	-	4,850	3,166
2007	-	-	4,113	3,166
2008	-	-	-	3,166
2009	-	-	-	3,166
2010 - 2014	-	-	-	15,830
2015 - 2019	-	-	-	15,716
Totals	<u>\$ 650,000</u>	<u>\$ 27,625</u>	<u>\$ 13,813</u>	<u>\$ 47,376</u>

The 2003 OWDA construction note was not yet fully disbursed as of December 31, 2004. Upon final disbursement, OWDA will finalize financing terms and repayment requirements. Until the finalization of the financing terms, the Village is required to pay \$31,065 annually.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 6 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 1.50% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in an agency trust and transferred based on Council ordinance allocation to various funds for operations. The Village collected \$757,088 in 2004 and \$772,667 in 2003 in income tax receipts.

NOTE 8 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. OPERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004 and 2003.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 9 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages 100% rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance to full-time employees through a private carrier.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

NOTE 11 - JOINT VENTURE WITH EQUITY INTEREST

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
SHELBY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 11 - JOINT VENTURE WITH EQUITY INTEREST - (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-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenue of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be a 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, 2004 the Village of Jackson Center has met their 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 134.081 MW 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-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net obligation for these bonds at December 31, 2004 was \$109,212 (Including amounts withheld for Debt Service Reserve, amounts held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The Village's net investment in OMEGA JV2 was \$103,150 at December 31, 2004 and \$103,150 at December 31, 2003. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 12 - INTERFUND TRANSACATIONS

The Village had the following interfund transfers for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ 83,177	\$ 88,177
<u>DEBT SERVICES FUND:</u>		
Note Retirement	129,091	-
<u>CAPITAL PROJECTS FUNDS:</u>		
Capital Improvement	489,309	-
General Improvement	154,600	-
Total Capital Projects Funds	643,909	-
<u>AGENCY FUND:</u>		
Income Tax	-	773,000
<u>ENTERPRISE FUND:</u>		
Swimming Pool	5,000	-
Total	\$ 861,177	\$ 861,177

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 12 - INTERFUND TRANSACATIONS - (Continued)

The Village had the following interfund transfers for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ 78,355	\$ 82,558
<u>DEBT SERVICES FUND:</u>		
Note Retirement	110,660	-
<u>CAPITAL PROJECTS FUNDS:</u>		
Capital Improvement	419,449	-
General Improvement	132,528	-
Total Capital Projects Funds	551,977	-
<u>AGENCY FUND:</u>		
Income Tax	-	662,637
<u>ENTERPRISE FUND:</u>		
Swimming Pool	4,203	-
Total	<u>\$ 745,195</u>	<u>\$ 745,195</u>

The transfers during the years ended December 31, 2004 and 2003 were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The Village had the following interfund advances for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
GENERAL FUND	\$ 10,266	\$ 10,266
<u>SPECIAL REVENUE FUND:</u>		
Cops Fast	10,266	10,266
<u>ENTERPRISE FUND:</u>		
Swimming Pool	356	356
Total	<u>\$ 20,888</u>	<u>\$ 20,888</u>

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 13 - UTILITY SERVICE AGREEMENT

The Village entered into a utility service agreement with Plastipak Holdings, Inc. on November 12, 2001 regarding water and sewer services. This agreement, among other things, calls for Plastipak to pay the Village \$3,000,000 which includes surcharge generated from water and sewer usage. At December 31, 2004 Plastipak Holdings had paid the Village the entire amount owed.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council and Mayor
Village of Jackson Center
122 E. Pike St.
Jackson Center, Ohio 45334

We have audited the financial statements of the Village of Jackson Center (the “Village”) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 17, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Jackson Center’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated June 17, 2005.

Members of Council and Mayor
Village of Jackson Center

Compliance and Other Matters

As part of reasonably assuring whether the Village of Jackson Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-VOJC-001 and 2004-VOJC-002. We also noted an immaterial instance of noncompliance that we have reported to the management of the Village of Jackson Center in a separate letter dated June 17, 2005.

This report is intended solely for the information of the Council and management of the Village of Jackson Center and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
June 17, 2005

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO
DECEMBER 31, 2004 AND 2003**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2004-VOJC-001

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources as follows:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Capital Projects Fund:</u>	
Capital Improvement	\$ 3,780
<u>Enterprise Fund:</u>	
Water	18,954

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

Village Response: The Village Clerk-Treasurer is attempting to obtain additional amended certificates as new monies are known and appropriated.

**VILLAGE OF JACKSON CENTER
SHELBY COUNTY, OHIO
DECEMBER 31, 2004 AND 2003**

SCHEDULE OF FINDINGS

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2004-VOJC-002
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Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the year ended December 31, 2004 the Village had expenditures exceeding appropriations in the following items:

<u>Fund Type/Line Item</u>	<u>Excess</u>
<u>General</u>	
Police Salary	\$ 9,442
Clerk-Treasurer Salary	1,866

The Village is expending monies that have not been approved by the Members of Council. This could result in unnecessary purchases or fund deficits.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Village Response: The Village Clerk-Treasurer is attempting to have Council approve appropriation modifications prior to year end.



**Auditor of State
Betty Montgomery**

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**VILLAGE OF JACKSON CENTER
SHELBY COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 18, 2005**