

VILLAGE OF JACKSON CENTER

SHELBY COUNTY

**JANUARY 1, 2011 TO DECEMBER 31, 2012
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of Jackson Center
P.O. Box 819
Jackson Center, Ohio 45334

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Jackson Center, Shelby County, prepared by E.S. Evans and Company, for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code.

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 "Dave Yost".

Dave Yost
Auditor of State

July 5, 2013

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E.S. Evans and Company

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Jackson Center
Shelby County
Jackson Center, Ohio

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Jackson Center (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, [including mayor's court receipts, disbursements and balances,] and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Summary Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Fund Summary Report to the December 31, 2011 balances in the Fund Summary Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Summary Reports. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.

- b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Appropriation History Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We obtained the Monthly Distribution Reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes for March and August in 2011, and May and October in 2012 to the Village's Revenue Ledger Report. The amounts agreed
2. We compared the allocation of income tax receipts for the years ended December 31, 2012 and 2011 to the Village's funds according to the allocation requirements of Ordinance No. 08-28. The allocation agreed with the percentages the Ordinance requires.

Water, Sewer, Electric and Refuse Funds

1. We haphazardly selected 10 Water, Sewer, Electric and Refuse Fund collection cash receipts from the year ended December 31, 2012 and 10 Water, Sewer, Electric and Refuse Fund collection cash receipts from the year ended December 31, 2011 recorded in the Utilities Cash Receipts Journal and determined whether the:
 - a. Receipt amount per the Utilities Cash Receipts Journal agreed to the amount credited to the customer's account per review of each individual account on the utility billing system. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period [multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings]. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

2. We read the Summary Open A/R by Account Report.
 - a. We noted this report listed \$14,231.16 and \$30,578.87 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$0 and \$0 were recorded as more than 90 days delinquent.

3. We read the Utility Bill Adjustment Journal.
 - a. We noted this report listed a total of \$2,829.44 and \$2,064.64 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Village Administrator approved each adjustment.

Debt

1. From the prior audit documentation, we noted the following notes and bond anticipation notes outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3 except for the OWDA Water Treatment Plant Improve note in which the Village showed a balance of \$613,312. (the difference of \$56,294 was an encumbrance to a Vendor canceled in 2011)

Issue	Principal outstanding as of December 31, 2010:
OPWC Water Well Construction	\$30,069
OPWC Jackson St. Main	\$110,550
OWDA Water Treatment Plant Improve	\$557,018
OWDA Sanitary Sewer CIPP	\$125,600
Bond Anticipation Notes	\$57,465

2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.

3. We obtained a summary of notes and bond anticipation notes debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund and special revenue – fire truck fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents (bond anticipation note) to the amounts recorded in the special revenue – fire truck fund per the Revenue Ledger. The amounts agreed.
5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the Village used a bond anticipation to pay for a fire truck that was purchased in 2009.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Employee Detail Wage Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Wage Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare <u>(and social security for employees not enrolled in pension system)</u>	January 15, 2013	12/28/12	\$2,871.21	\$2,871.21
State income taxes	January 15, 2013	12/26/12	\$1,077.73	\$1,077.73
School District income taxes	January 15, 2013	12/26/12	\$409.35	\$409.35
Village of X income taxes	January 15, 2013	12/26/12	\$731.89	\$731.89
OPERS retirement	January 31, 2013	12/31/12	\$9,884.40	\$9,884.40
OP&F retirement	January 31, 2103	12/28/12	\$1,025.95	\$1,025.95

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Summary Report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number and amount per the monthly bank statement agreed to the check number and amount recorded in the Payment Summary Report and to the amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. The Village accounts for the Mayor's Court as part of the general fund. Receipts and distributions from the Mayor's Court are recorded by the Village in the subsequent month.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2012 and 2011 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.

The amounts on the hand-written dockets did not agree the amount per the cash book on 3 out of the 5 cases. Two had a variance of \$5 each and one was a variance of \$20. In addition, the amount received per one case file did not agree the Court book and receipt by \$59.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and one month from the year ended 2011 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Summary Report for the General, Capital Improvement and Electric Operating funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Capital Improvement and Electric Operating funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Summary Report for 2012 and 2011 for the following funds: General, Capital Improvement, and Electric Operating. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Summary report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Capital Improvement and Electric Operating funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2012 and 2011 for the General, Capital Improvement and Electric Operating fund, as recorded in the Appropriation Summary Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. During 2012, the Village established the OPWC West Street Reconstruction Fund to account for the project and State restricted funding. In addition during 2012, the Village established the Water Well Installation fund to account for the project and State restricted funding. These funds were established in compliance with Ohio Rev. Code Section 5705.09
7. We scanned the 2012 and 2011 Revenue Summary Reports and Appropriation Summary Reports for evidence of interfund transfers exceeding \$10,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Summary Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Appropriation for the years ended December 31, 2012 and 2011 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Compliance – American Municipal Power Joint Venture Debt Covenant Requirements

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

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage including other available funds (as defined) for its OMEGA JV2 for the years ended December 31, 2012 and 2011.

For the year ended December 31, 2012, the ratio of the Village's Electric Utility receipts to OMEGA JV2 debt service disbursements was 15.14, meeting the Village's debt covenant obligation of 1.10 times set forth in Appendix M, Section 11(A) of the Joint Venture Agreement.

For the year ended December 31, 2011, this ratio was 15.15, thus meeting the Village's debt covenant obligation.

Exhibit JV2/JV5 presents the supporting calculations.

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

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage for its OMEGA JV5 for the years ended December 31, 2012 and 2011..

For the year ended December 31, 2012, the ratio of the Village's Electric Utility receipts to OMEGA JV5 debt service disbursements was 1.18, meeting the Village's debt covenant obligation of 1.10 times set forth in Section 17(A) of the Joint Venture Agreement.

For the year ended December 31, 2011, this ratio was 0.56, thus not meeting the Village's debt covenant obligation.

Exhibit JV2/JV5 presents the supporting calculations.

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

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

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

June 14, 2013

Village of Jackson Center
Shelby County, Ohio
2011-2012

<u>Electric Fund - Unaudited Cash Basis</u>	<u>2011</u>	<u>2012</u>
Operating Receipts		
Charges for Service	1,562,086.08	1,430,750.63
Miscellaneous	27,818.84	31,380.16
Total Operating Receipts	<u>1,589,904.92</u>	<u>1,462,130.79</u>
Operating Disbursements		
Personal Services	205,099.74	205,294.66
Employee Fringe Benefits	53,968.84	63,757.24
Contractual Services	1,242,410.86	1,151,135.87
Supplies and Materials	124,435.67	27,281.18
Total Operating Disbursements	<u>1,625,915.11</u>	<u>1,447,468.95</u>
Net Operating Income	<u>(36,010.19)</u>	<u>14,661.84</u>
Non-Operating Receipts/(Disbursements)		
Property and Other Local Taxes	359.00	-
Capital Outlay	<u>(15,791.48)</u>	<u>(45,384.37)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(15,432.48)</u>	<u>(45,384.37)</u>
Transfers		
Transfers-In	69,308.42	-
Transfers-Out	<u>(69,308.42)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balance	(51,442.67)	(30,722.53)
Fund Balance - January 1	<u>1,194,546.68</u>	<u>1,143,104.01</u>
Fund Balance - December 31	<u><u>1,143,104.01</u></u>	<u><u>1,112,381.48</u></u>
Debt Service Payments:		
JV2	11,412.00	11,412.00
JV5	<u>70,441.08</u>	<u>70,442.64</u>
	<u><u>81,853.08</u></u>	<u><u>81,854.64</u></u>
Electric Fund Operating Income	(36,010.19)	14,661.84
JV2 & JV5 Debt Payments	<u>81,853.08</u>	<u>81,854.64</u>
Adjusted Operating Income Available for Debt Service	<u>45,842.89</u>	<u>96,516.48</u>
JV5 Debt Coverage (required to be 1.10)	0.56	1.18
JV2 Debt Coverage (required to be 1.10)	15.15	15.14

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Dave Yost • Auditor of State

VILLAGE OF JACKSON CENTER

SHELBY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 18, 2013**