



**VILLAGE OF JACKSON CENTER
SHELBY COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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, 2019 through December 31, 2020. 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

August 11, 2021

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VILLAGE OF JACKSON CENTER
SHELBY COUNTY

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Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

June 30, 2021

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, 2020 and 2019.

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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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, 2020 and 2019, or changes in financial position and 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 16 for 2020 and in Note 14 for 2019 in the financial statements the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, 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, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 173,896	\$ -	\$ -	\$ -	\$ 173,896
Municipal Income Tax	1,259,613	-	244,352	-	1,503,965
Intergovernmental	66,715	364,345	-	453,000	884,060
Special Assessments	-	-	-	-	-
Charges for Services	41,600	27,464	-	-	69,064
Fines, Licenses and Permits	21,142	-	-	-	21,142
Earnings on Investments	16,658	1,446	3,198	-	21,302
Miscellaneous	73,300	2,840	-	-	76,140
Total Cash Receipts	1,652,924	396,095	247,550	453,000	2,749,569
Cash Disbursements					
Current:					
Security of Persons and Property	323,353	80,402	-	-	403,755
Public Health Services	4,150	-	-	-	4,150
Leisure Time Activities	224,255	-	-	-	224,255
Community Environment	20,296	-	-	-	20,296
Transportation	357,418	51,285	-	-	408,703
General Government	331,388	74,614	-	-	406,002
Capital Outlay	1,128,160	136,799	-	953,000	2,217,959
Debt Service:					
Principal Retirement	1,214,249	-	181,993	15,860	1,412,102
Interest and Fiscal Charges	52,523	-	24,401	-	76,924
Total Cash Disbursements	3,655,792	343,100	206,394	968,860	5,174,146
Excess of Receipts Over (Under) Disbursements	(2,002,868)	52,995	41,156	(515,860)	(2,424,577)
Other Financing Receipts (Disbursements)					
Sale of Bonds	1,100,001	-	-	-	1,100,001
Loans Issued	-	-	-	500,000	500,000
Other Debt Proceeds	750,000	-	-	-	750,000
Sale of Capital Assets	49,909	8,200	-	-	58,109
Other Financing Sources	108	-	-	-	108
Other Financing Uses	(4)	(25,000)	-	-	(25,004)
Total Other Financing Receipts (Disbursements)	1,900,014	(16,800)	-	500,000	2,383,214
Net Change in Fund Cash Balances	(102,854)	36,195	41,156	(15,860)	(41,363)
Fund Cash Balances, January 1	1,475,454	347,795	749,782	15,860	2,588,891
Fund Cash Balances, December 31	\$ 1,372,600	\$ 383,990	\$ 790,938	\$ -	\$ 2,547,528

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)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,548,279
Miscellaneous	104,653
	<u>3,652,932</u>
<i>Total Operating Cash Receipts</i>	<u>3,652,932</u>
Operating Cash Disbursements	
Personal Services	465,396
Employee Fringe Benefits	121,930
Contractual Services	2,238,331
Supplies and Materials	121,152
Other	7,668
	<u>2,954,477</u>
<i>Total Operating Cash Disbursements</i>	<u>2,954,477</u>
<i>Operating Income (Loss)</i>	<u>698,455</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	55,352
Earnings on Investments (proprietary funds only)	386
Miscellaneous Receipts	50
Capital Outlay	(230,191)
Principal Retirement	(219,374)
Interest and Other Fiscal Charges	(44,465)
	<u>(438,242)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(438,242)</u>
<i>Net Change in Fund Cash Balances</i>	260,213
<i>Fund Cash Balances, January 1</i>	<u>2,575,590</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,835,803</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)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 1,153
<i>Total Additions</i>	<u>1,153</u>
Deductions	
Distributions to Other Governments	(312)
Other Distributions	(941)
<i>Total Deductions</i>	<u>(1,253)</u>
Net Change in Fund Balances	(100)
<i>Fund Cash Balances, January 1</i>	<u>398</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 298</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, 2020

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, 12, and 13 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

Coronavirus Relief Fund The Coronavirus Relief Fund accounts for and reports the three separate distributions of Federal CARES Act monies through SB 310 that was then amended into HB 481 and the expenditures of said monies for qualifying expenses with regards to the COVID-19 pandemic. This program is being administered through the Ohio Office of Budget and Management and distributed through the Shelby County Auditor’s Office to the Village.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting

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 The 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.

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:

Jackson, Washington & College Streets Reconstruction Fund The Jackson, Washington and College Streets Reconstruction Fund accounts for and reports proceeds of Ohio Small Government Capital Improvements Program \$500,000 Grant monies and \$500,000 in zero interest loan monies administered through the Ohio Public Works Commission. The proceeds are restricted for the reconstruction of 650 feet of Jackson Street with new stone sub-base, asphalt, curb and gutter, sidewalk, and storm drainage. The reconstruction of 1,500 feet of Washington Street with new sub-base, asphalt, and storm drainage. The reconstruction of 3,000 feet of College Street with asphalt milling, asphalt, storm drainage, and water line.

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 services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for mayor's court activity.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 2020 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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,549,994	\$3,552,942	\$2,948
Special Revenue	404,268	404,295	27
Debt Service	279,907	247,550	(32,358)
Capital Projects	978,000	953,000	(25,000)
Enterprise	3,656,611	3,708,720	52,109
Total	\$8,868,780	\$8,866,507	(\$2,273)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,417,328	\$3,655,796	\$761,532
Special Revenue	416,803	381,277	35,526
Debt Service	228,883	206,394	22,490
Capital Projects	968,860	968,860	0
Enterprise	4,090,076	3,458,007	632,069
Total	\$10,121,950	\$8,670,334	\$1,451,616

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$ 1,866,187
Total deposits	1,866,187
STAR Ohio	3,517,441
Total investments	3,517,441
Total Deposits and Investments	\$ 5,383,629

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$10,817 in unremitted employee payroll withholdings.

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.

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes (Continued)

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 Membership

The Government 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. OPRM had 771 members as of December 31, 2020.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management (Continued)

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, 2020.

	(In Thousands)
Assets	\$18,827
Liabilities	<u>(\$13,530)</u>
Members' Equity	<u>\$ 5,297</u>

You can read the complete audited financial statements for OPRM at the Plan's website, 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent (10%) of their gross salaries, and the Village contributed an amount equaling fourteen percent (14%) of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% percent of their wages. The Village contributed to OP&F an amount equal to 19.5% percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several Village 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, 2020.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 1,100,000	3.29%
OPWC CM32A Water Well Construction	1,582	0.00%
OWDA 3797 Upgrade Water Treatment Plant	111,977	3.25%
OPWC CM13J Jackson Street Water Main	50,250	0.00%
OWDA 5375 Rehab/Replacement Wastewater Collection	61,887	0.00%
OPWC CM10P Water Well Installaion	126,403	0.00%
OPWC CM20R Wastewater Treatment Plant	428,373	0.00%
OWDA 7315 Sewer System Updates	413,625	2.53%
OPWC CT52T Davis/Linden Street Reconstruction	466,667	0.00%
OWDA 7640 Wastewater Treatment Plan Building	235,809	3.08%
The Peoples Savings and Loan Company 408	91,416	3.00%
American Municipal Power, Inc. Loan	2,585,000	2.25%
OPWC CT49V Jackson, Washington & College Street	500,000	0.00%
US Bank Swimming Pool Improvement Bonds	400,000	2.25%
The Peoples Savings and Loan Company 420	350,000	2.75%
Total	<u>\$ 6,922,989</u>	

In March of 2020 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 \$1,100,000 payable to The Huntington National Bank at an interest rate of 3.29% set to mature on March 19, 2021. The original proceeds were used to purchase approximately 50 acres of real property in the Village, however, the proceeds of this issue were used to pay off the 2019 issue. 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.

Village of Jackson Center, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

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. On April 7, 2020 the Ohio Public Works Commission notified the Village that due to the COVID-19 pandemic, the Ohio Public Works Commission hereby defers all July 2020 Loan Repayments with no payment due until the January 2021 billing cycle. Loan amortization schedules were reissued to show no payment due for July 2020. The Village has the option to make a double payment (for July 2020 and January 2021) in January 2021 which will be applied as an extra payment, or to make a single payment in keeping with the revised amortization schedule. There are no late fees or additional accrued interest as part of this deferral. The final installment payment of this loan will be January, 2021. 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. On April 7, 2020 the Ohio Public Works Commission notified the Village that due to the COVID-19 pandemic, the Ohio Public Works Commission hereby defers all July 2020 Loan Repayments with no payment due until the January 2021 billing cycle. Loan amortization schedules were reissued to show no payment due for July 2020. The Village has the option to make a double payment (for July 2020 and January 2021) in January 2021 which will be applied as an extra payment, or to make a single payment in keeping with the revised amortization schedule. There are no late fees or additional accrued interest as part of this deferral. 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
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. On April 7, 2020 the Ohio Public Works Commission notified the Village that due to the COVID-19 pandemic, the Ohio Public Works Commission hereby defers all July 2020 Loan Repayments with no payment due until the January 2021 billing cycle. Loan amortization schedules were reissued to show no payment due for July 2020. The Village has the option to make a double payment (for July 2020 and January 2021) in January 2021 which will be applied as an extra payment, or to make a single payment in keeping with the revised amortization schedule. There are no late fees or additional accrued interest as part of this deferral. 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 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 alum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual payments of \$7,260.57 at zero percent interest. On April 7, 2020 the Ohio Public Works Commission notified the Village that due to the COVID-19 pandemic, the Ohio Public Works Commission hereby defers all July 2020 Loan Repayments with no payment due until the January 2021 billing cycle. Loan amortization schedules were reissued to show no payment due for July 2020. The Village has the option to make a double payment (for July 2020 and January 2021) in January 2021 which will be applied as an extra payment, or to make a single payment in keeping with the revised amortization schedule. There are no late fees or additional accrued interest as part of this deferral. The final installment payment of this loan will be July, 2049. 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 alum feed system, building, clarifier rebuilds and a generator. The Village will repay the loan in semiannual installments of \$15,798.49 at 2.53% interest. The final installment payment of this loan will be January, 2037. 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. On April 7, 2020 the Ohio Public Works Commission notified the Village that due to the COVID-19 pandemic, the Ohio Public Works Commission hereby defers all July 2020 Loan Repayments with no payment due until the January 2021 billing cycle. Loan amortization schedules were reissued to show no payment due for July 2020. The Village has the option to make a double payment (for July 2020 and January 2021) in January 2021 which will be applied as an extra payment, or to make a single payment in keeping with the revised amortization schedule. There are no late fees or additional accrued interest as part of this deferral. 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.

Village of Jackson Center, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

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 of \$8,961.10 at 3.08% interest. The final installment payment of this loan will be January, 2038. 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 three 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.

The Peoples' Savings and Loan Company 3138 loan originated in 2018 for a term of three years, relates to the replacement of the filter media at the Water Treatment Plant as the existing media has lost 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, 2050. 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 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 \$2,800,000 in Electric System Improvement Bond Anticipation Notes at an interest rate of 3.00% 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. The August 2019 issue was in the amount of \$2,949,000 and the Village retired at the time of closing \$153,000 in principal and \$57,185.33 in interest. This issue has a maturity date of August 13, 2020 and an interest rate of 2.25%.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

In turn the August 2020 issue was in the amount of \$2,585,000 and the Village retired at the time of closing \$164,022.12 in principal and \$44,465.46 in interest. This issue has a maturity date of August 12, 2021 and an interest rate of 1.50%.

Peoples Federal Savings and Loan Association 326300408 loan originated in 2019 for a term of five years, relates to the purchase of a 2020 Stoops Freightliner Dump/Plow truck. The Village will repay the loan in annual payments of \$24,595.48 at 3.00% interest. The final installment payment of this loan will be January, 2024. 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 2020, the Village issued \$400,000 Swimming Pool Improvement Bonds, Series 2020 and authorized the sale of those bonds to U.S. Bank National Association for the purpose of making renovations and upgrades to the municipal swimming pool. The Village agrees to pay installments of principal and interest in the amount of \$45,128.86 for a period of ten years at 2.25% interest. The final installment payment of this loan will be March 2030. 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.

Peoples Federal Savings and Loan Association 326300420 loan originated in 2020 for a term of ten years, relates to an addition to the current Service Building located at 108 College Street. The Village will repay the loan in annual payments of \$40,484.97 at 2.75% interest. The final installment payment of this loan will be November, 2030. 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.

Amortization

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

Year ending	OPWC	OWDA WWTP	General Obligation	General Obligation	AMP	
December 31:	Loans	Loan	Loans	Bonds	Ohio	Total
2021	\$ 61,405	\$ 114,315	\$ 110,209	\$1,136,693	\$2,623,775	\$4,046,397
2022	59,822	114,315	110,209	-	-	284,346
2023	59,822	56,034	110,209	-	-	226,065
2024	59,822	56,034	110,209	-	-	226,065
2025	59,822	56,034	85,614	-	-	201,470
2026-2030	282,360	276,911	428,473	-	-	987,744
2031-2035	265,610	247,595	-	-	-	513,205
2036-2040	265,610	67,441	-	-	-	333,051
2041-2045	260,343	-	-	-	-	260,343
2046-2050	198,659	-	-	-	-	198,659
Total	<u>\$ 1,573,275</u>	<u>\$ 988,679</u>	<u>\$ 954,923</u>	<u>\$1,136,693</u>	<u>\$2,623,775</u>	<u>\$7,277,345</u>

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

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 amount the participants and the AMP General Fund based on each participants original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$204,799 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 \$5,160 and interest expense of \$12,612 incurred on AMP's line-of-credit of \$4,984,000 resulting in a net impaired cost estimate at December 31, 2020 of \$26,653. The Village does have a Potential PHFU Liability of \$124,434 resulting in a net total potential liability of \$151,087, 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 as 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 11 years through a power cost adjustment.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Construction and Contractual Commitments

In the Summer of 2020, the Village Council applied for grant monies from Ohio Public Works Commission (OPWC) and Community Development Block Grant (CDBG) Neighborhood Revitalization Program and Ohio Department of Natural Resources (ODNR). The Village has been informed that we will be receiving \$700,000 in grant monies from CDBG Neighborhood Revitalization Program and \$500,000 in grant monies from Ohio Public Works Commission (OPWC) to go towards our projects. As of December 31, 2020 we have not heard a reply from the Ohio Department of Natural Resources. With these monies, we are looking to complete several projects which include new watermain from Parkview Street to the East towards the Village corporation line. This will be an installation of a new eight inch water main to replace the old six inch main. New curb and gutter and sidewalks will be added on the South side of Pike Street and the street pavement will be widened. Also planned is a new water main installation on South Main Street where a new twelve inch water main will be installed from Leo Street to the South Corporation limit. This will replace an old six inch main. New curb, gutter and sidewalks will also be added and the pavement widened. Paving will take place on several streets; North Fork, South Fork, Maple, Oak and Back Forty Drive. We also hope to start on the second phase of Tiger Trail Park. This will include softball and baseball fields, additional parking area, extension of the walking track and storm water upgrades.

Another project the Village is hoping to complete in 2021 is installing a new street between Davis Street and Pike Street by the Family Life Center. This will include storm water upgrades, curb, gutters, sidewalks and additional parking spaces. Currently this is considered just a driveway, so the Village is working with the owners to obtain the right-of-way for construction of the new street which will be named Leininger Lane.

The Village will also be advertising for Engineering for the construction of a new Water Treatment Facility. This will be a three to four year project from start to completion.

The Village will also be making an addition to the existing Service Building that encompasses the Village Utilities Garage. Plans are being worked on and we are hoping for an early summer start on the 4,320 square foot addition.

Note 11 – Contingent Liabilities

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Joint Ventures

Ohio Municipal Electric Generation Agency (OMEGA JV2)

(Most current information available. AMP's 2020 audits will not be complete until the end of April, 2021.)

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, 2020, 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 rates 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 position in OMEGA JV2 was (\$92) at December 31, 2020. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Joint Ventures (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2020 are:

Municipality	Percent Ownership	kW Entitlement	Municipality	Percent Ownership	kW Entitlement
Amherst	3.73%	5,000	Milan	0.55%	737
Arcanum	0.03%	44	Monroeville	0.57%	764
Bowling Green	14.32%	19,198	Montpelier	2.98%	4,000
Bradner	0.09%	119	Napoleon	0.20%	264
Brewster	0.75%	1,000	Niles	11.48%	15,400
Custar	0.00%	4	Oak Harbor	0.55%	737
Cuyahoga Falls	7.46%	10,000	Oberlin	0.91%	1,217
Dover	5.22%	7,000	Painesville	5.22%	7,000
Edgerton	1.09%	1,460	Pemberville	0.15%	197
Elmore	0.27%	364	Pioneer	0.86%	1,158
Galion	4.29%	5,753	Seville	0.80%	1,066
Genoa	0.15%	199	Shelby	1.89%	2,536
Grafton	0.79%	1,056	South Vienna	0.09%	123
Hamilton	23.87%	32,000	St. Marys	2.98%	4,000
Haskins	0.05%	73	Versailles	1.24%	1,660
Jackson Center	0.22%	300	Wadsworth	5.81%	7,784
Lodi	0.16%	218	Woodville	0.06%	81
Lucas	0.12%	161	Yellow Springs	1.05%	1,408
	<u>62.61%</u>	<u>83,949</u>		<u>37.39%</u>	<u>50,132</u>
			Grand Total	<u>100%</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.

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Joint Ventures (Continued)

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, 2020, 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 \$49,803,187. 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, 2020. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Note 13 – 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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Jointly Governed Organizations (Continued)

In fiscal year ending December 31, 2020, the Village transacted the following real estate transactions with the CIC.

Ordinance 2020-010 The Village entered into an Assignment and Assumption of Purchase Agreement with the CIC to dispose of property no longer needed for a public purpose. The property is commonly known as the newly created Lot 577 in the Whole Jackson Center Plat, Jackson Center, Ohio. The Village transferred said property to the CIC and the CIC transferred (sold) the property to TRED Properties. TRED Properties paid the CIC the amount of \$40,000 for the property and payment of the sale proceeds to the CIC was remitted to the Village. A copy of all the documentation can be found attached to the original Ordinance 2020-010 adopted March 9, 2020 referenced above.

Resolution 2020-008 The Village entered into an Assignment and Assumption of Simultaneous Exchange Agreement to transfer real estate to the CIC in exchange for real estate from James Fisher and Glenn McKinney. This was an exchange of property rather than a sale of property. The first property owned by James Fisher and Glenn McKinney commonly known as 308 West Pike Street, Jackson Center Ohio and contains approximately 0.717 acres. The second property is owned by the Village and is located on State Route 65 containing approximately 9.455 acres. The properties were exchanged in kind through the CIC. The Village transferred the State Route 65 (9.455 acres) to the CIC who in turned exchanged the property with James Fischer and Glenn McKinney for the property commonly known as 308 West Pike Street, Jackson Center. A copy of all the documentation can be found attached to the original Resolution 2020-008 adopted April 27, 2020 referenced above.

Note 14 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ 558	\$ -	\$ 558
Outstanding Encumbrances	-	13,177	13,177
<i>Total</i>	\$ 558	\$ 13,177	\$ 13,736

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – 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:

	2020
Total Fund Cash Balance	\$ 1,760,278
Total Long-Term Debt	\$ -
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$ 2,734,009
Other Operating Receipts	32,797
Total Operating Receipts	2,766,806
 Operating Expenses	
Personal Services	219,062
Employee Fringe Benefits	70,357
Contractual Services	1,972,586
Supplies and Materials	37,030
Total Operating Expenses	2,299,035
Operating Income (Loss)	467,771
 Nonoperating Receipts (Disbursements)	
Other Debt Proceeds	61,833
Capital Outlay	(227,841)
Principal Payments	(164,022)
Interest Payments	(44,465)
Change in Fund Cash Balance	93,326
Beginning Fund Cash Balance	1,666,952
Ending Fund Cash Balance	\$ 1,760,278

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$25,000 was sub-granted to other organizations, \$57,060 was returned to the granting agency, and \$17,554 was spent on-behalf of the government. These amounts are reflected as general government expenditures and other financing uses in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**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, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 168,217	\$ -	\$ -	\$ -	\$ 168,217
Municipal Income Tax	1,325,173	-	264,234	-	1,589,407
Intergovernmental	50,139	120,617	6,519	342,000	519,275
Special Assessments	-	-	-	-	-
Charges for Services	41,066	28,157	-	-	69,223
Fines, Licenses and Permits	25,083	-	-	-	25,083
Earnings on Investments	63,789	4,604	10,658	-	79,051
Miscellaneous	21,053	2,295	-	-	23,348
Total Cash Receipts	1,694,520	155,673	281,411	342,000	2,473,604
Cash Disbursements					
Current:					
Security of Persons and Property	313,905	12,117	-	-	326,022
Public Health Services	4,294	-	-	-	4,294
Leisure Time Activities	172,298	-	-	-	172,298
Community Environment	22,383	1,204	-	-	23,587
Basic Utility Services	-	-	-	-	-
Transportation	434,613	139,061	-	-	573,674
General Government	315,780	-	-	-	315,780
Capital Outlay	641,682	-	-	509,892	1,151,574
Debt Service:					
Principal Retirement	100,000	-	219,673	1,216,667	1,536,340
Payment of Capital Appreciation Bond Accretion	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Interest and Fiscal Charges	47,578	-	31,781	-	79,359
Total Cash Disbursements	2,052,533	152,382	251,454	1,726,559	4,182,928
Excess of Receipts Over (Under) Disbursements	(358,013)	3,291	29,957	(1,384,559)	(1,709,324)
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	-	-	1,200,000	1,200,000
Other Debt Proceeds	113,193	-	-	-	113,193
Advances In	320,000	-	-	320,000	640,000
Advances Out	(320,000)	-	-	(320,000)	(640,000)
Other Financing Uses	(4,000)	-	-	-	(4,000)
Total Other Financing Receipts (Disbursements)	109,193	-	-	1,200,000	1,309,193
Net Change in Fund Cash Balances	(248,820)	3,291	29,957	(184,559)	(400,131)
Fund Cash Balances, January 1	1,724,274	344,504	719,825	200,419	2,989,022
Fund Cash Balances, December 31					
Nonspendable	921	-	-	-	921
Restricted	-	244,086	749,782	-	993,868
Committed	-	103,709	-	-	103,709
Assigned	910,737	-	-	15,860	926,597
Unassigned	563,796	-	-	-	563,796
Fund Cash Balances, December 31	\$ 1,475,454	\$ 347,795	\$ 749,782	\$ 15,860	\$ 2,588,891

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, 2019**

	Proprietary Fund Type		Fiduciary Fund Type	Totals
	Enterprise		Agency	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 3,416,993	\$ -	\$ -	\$ 3,416,993
Fines, Licenses and Permits	-	3,290	-	3,290
Miscellaneous	82,550	-	-	82,550
<i>Total Operating Cash Receipts</i>	<u>3,499,543</u>	<u>3,290</u>		<u>3,502,833</u>
Operating Cash Disbursements				
Personal Services	450,695	-	-	450,695
Employee Fringe Benefits	112,041	-	-	112,041
Contractual Services	2,172,711	-	-	2,172,711
Supplies and Materials	124,101	-	-	124,101
Other	8,275	3,510	-	11,785
<i>Total Operating Cash Disbursements</i>	<u>2,867,823</u>	<u>3,510</u>		<u>2,871,333</u>
<i>Operating Income (Loss)</i>	<u>631,720</u>	<u>(220)</u>		<u>631,500</u>
Non-Operating Receipts (Disbursements)				
Earnings on Investments (proprietary funds only)	1,305	-	-	1,305
Loans Issued	22,958	-	-	22,958
Other Debt Proceeds	2,723,994	-	-	2,723,994
Miscellaneous Receipts	50	-	-	50
Capital Outlay	(3,183,907)	-	-	(3,183,907)
Principal Retirement	(153,000)	-	-	(153,000)
Interest and Other Fiscal Charges	(57,185)	-	-	(57,185)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(645,785)</u>	<u>-</u>		<u>(645,785)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(14,065)</u>	<u>(220)</u>		<u>(14,285)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,589,655</u>	<u>618</u>		<u>2,590,273</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,575,590</u>	<u>\$ 398</u>	<u>\$</u>	<u>\$ 2,575,988</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, 2019

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:

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds (Continued)

Note Retirement Fund The 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.

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 January through November of 2018, proceeds of 25% of income tax revenue via transfers from the income tax fund, a fund rolled up into the general fund in fiscal year 2018. 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 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 services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for mayor's court activity.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 2019 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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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:

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,800,468	\$ 1,807,713	\$ 7,245
Special Revenue	155,337	155,673	336
Debt Service	274,128	281,411	7,283
Capital Project	1,542,000	1,542,000	-
Enterprise	6,494,602	6,247,850	(246,752)
Custodial	3,510	3,290	(220)
Total	\$ 10,270,045	\$ 10,037,937	\$ (232,108)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,714,755	\$ 2,059,633	\$ 655,122
Special Revenue	219,560	152,552	67,008
Debt Service	273,396	251,454	21,942
Capital Projects	1,742,419	1,726,559	15,860
Enterprise	7,147,585	6,266,987	880,598
Custodial	3,510	3,510	-
Total	\$ 12,101,225	\$ 10,460,695	\$ 1,640,530

Note 4 – Deposits and Investments

The Village maintains a deposits 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:

	2019
Demand Deposit	\$ 1,668,942
Total Deposits	1,668,942
STAR Ohio	3,495,937
Total Investments	3,495,937
Total deposits and investments	\$ 5,164,879

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 6 – Risk Management (Continued)

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 Membership

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. OPRM had 776 members as of December 31, 2019.

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, 2019.

	(In Thousands)
Assets	\$15,920
Liabilities	<u>(\$11,329)</u>
Members' Equity	<u>\$ 4,591</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent (10%) of their gross salaries, and the Village contributed an amount equaling fourteen percent (14%) of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio 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 health care 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, 2019.

Social Security

Several Village 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, 2019.

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 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 1,200,000	4.07%
OPWC CM32A Water Well Construction	3,165	0.00%
OWDA 3797 Upgrade Water Treatment Plant	165,314	3.25%
OPWC CM13J Jackson Street Water Main	53,600	0.00%
OWDA 5375 Rehab/Replacement Wastewater Collection	68,402	0.00%
OPWC CM10P Water Well Installaion	129,036	0.00%
OPWC CM20R Wastewater Treatment Plant	435,634	0.00%
OWDA 7315 Sewer System Updates	434,363	2.53%
OPWC CT52T Davis/Linden Street Reconstruction	475,000	0.00%
OWDA 7640 Wastewater Treatment Plan Building	246,227	3.08%
The Peoples Savings and Loan Company 312	25,409	3.00%
The Peoples Savings and Loan Company 313	50,747	3.25%
2020 Freightliner	113,193	3.00%
American Municipal Power, Inc. Loan	2,804,374	2.25%
Total	<u>\$ 6,204,464</u>	

In March of 2019 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 \$1,200,000 payable to The Huntington National Bank at an interest rate of 4.07% set to mature on March 21, 2020. The original proceeds were used to purchase approximately 50 acres of real property in the Village, however, the proceeds of this issue were used to pay off the 2018 issue. 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.

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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt (Continued)

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 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 payments of \$7,260.57 at zero percent interest. 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 \$15,798.79 at 2.53% interest. This is an estimated semiannual installment payment amount as the project is was just recently completed, 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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt (Continued)

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 of \$10,035.90 at 3.08% interest. This is an estimated semiannual installment payment amount as the project is was just recently completed, 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 three 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.

The Peoples' Savings and Loan Company 3138 loan originated in 2018 for a term of three 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 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 \$2,800,000 in Electric System Improvement Bond Anticipation Notes at an interest rate of 3.00% 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. On August 15, 2019 the Bond Anticipation Note was issued for \$2,949,000 at 2.25% payable at maturity on August 13, 2020. The proceeds of the new bond paid off the old bond and funded the remaining amount of the project. This loan will be satisfied with revenues of the electric system.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt (Continued)

Peoples Federal Savings and Loan Association 326300408 loan originated in 2019 for a term of five years, relates to the purchase of a 2020 Stoops Freightliner Dump/Plow truck. The Village will repay the loan in annual payments of \$24,595.48 at 3.00% interest. The final installment payment of this loan will be January, 2024. 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.

Amortization

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

Year ending December 31:	OPWC Loans	OWDA WWTP Loan	General Obligation Loans	General Obligation Bonds	AMP Ohio	Total
2020	\$ 23,160	\$ 113,869	\$ 24,595	\$1,248,840	\$2,840,471	\$4,250,935
2021	44,737	114,002	24,595	-	-	183,334
2022	43,155	114,138	24,595	-	-	181,888
2023	43,155	85,139	24,595	-	-	152,889
2024	43,155	56,034	24,595	-	-	123,784
2025-2029	205,725	280,170	-	-	-	485,895
2030-2034	182,275	254,110	-	-	-	436,385
2035-2039	182,275	141,719	-	-	-	323,994
2040-2044	182,270	-	-	-	-	182,270
2045-2049	139,264	-	-	-	-	139,264
2050	7,264	-	-	-	-	7,264
Total	<u>\$1,096,435</u>	<u>\$ 1,159,181</u>	<u>\$122,975</u>	<u>\$1,248,840</u>	<u>\$2,840,471</u>	<u>\$6,467,902</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

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt (Continued)

Amortization – AMPGS (Continued)

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 amount the participants and the AMP General Fund based on each participants original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$176,308 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, 2019 of \$54,465. The Village does have a Potential PHFU Liability of \$122,736 resulting in a net total potential liability of \$177,201, 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 as 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 12 years through a power cost adjustment.

Note 10 – Construction and Contractual Commitments

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 the Jackson, Washington and College Streets Reconstruction project. This is through the Ohio Small Government Capital Improvements Program. The project will consist of the 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. The project is approximately 4.70% complete with work beginning in January. The project should be completed the summer of 2020.

The Village has been awarded a \$136,799 grant through the Land & Water Conservation Fund (LWCF) program. The LWCF program is a federal grant program administered by ODNR, on behalf of the National Park Service, for the state of Ohio. This project includes removal of 1-meter diving board, changing the pool water depth at deep end to maximum depth of five feet two inches, new main drains, and addition of a zero depth entry with new piping and a new water slide feature. The total contract price of the awarded contract is \$700,600. The Village will be obtaining financing for the remainder of the project. The project should be completed the spring of 2020.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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, 2019, 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 rates 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 position in OMEGA Jv2 was \$7,043 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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, 2019 are:

Municipality	Percent Ownership	kW Entitlement	Municipality	Percent Ownership	kW Entitlement
Amherst	3.73%	5,000	Milan	0.55%	737
Arcanum	0.03%	44	Monroeville	0.57%	764
Bowling Green	14.32%	19,198	Montpelier	2.98%	4,000
Bradner	0.09%	119	Napoleon	0.20%	264
Brewster	0.75%	1,000	Niles	11.48%	15,400
Custar	0.00%	4	Oak Harbor	0.55%	737
Cuyahoga Falls	7.46%	10,000	Oberlin	0.91%	1,217
Dover	5.22%	7,000	Painesville	5.22%	7,000
Edgerton	1.09%	1,460	Pemberville	0.15%	197
Elmore	0.27%	364	Pioneer	0.86%	1,158
Galion	4.29%	5,753	Seville	0.80%	1,066
Genoa	0.15%	199	Shelby	1.89%	2,536
Grafton	0.79%	1,056	South Vienna	0.09%	123
Hamilton	23.87%	32,000	St. Marys	2.98%	4,000
Haskins	0.05%	73	Versailles	1.24%	1,660
Jackson Center	0.22%	300	Wadsworth	5.81%	7,784
Lodi	0.16%	218	Woodville	0.06%	81
Lucas	0.12%	161	Yellow Springs	1.05%	1,408
	<u>62.61%</u>	<u>83,949</u>		<u>37.39%</u>	<u>50,132</u>
			Grand Total	<u>100%</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.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Joint Ventures (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (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, 2019, 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 \$49,803,187. 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, 2019. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Jackson Center, Ohio
Shelby County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

In fiscal year ending December 31, 2019, the Village did not transact any business with the CIC.

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, 2019
(Continued)

Note 13 – AMP Revenue Coverage (Continued)

	2019
Total Fund Cash Balance	\$ 1,666,952
Total Long-Term Debt	\$ -
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$ 2,663,120
Other Operating Receipts	15,735
Total Operating Receipts	2,678,855
 Operating Expenses	
Personal Services	215,329
Employee Fringe Benefits	60,212
Contractual Services	1,857,556
Supplies and Materials	18,625
Other	775
Total Operating Expenses	2,152,497
Operating Income (Loss)	526,358
 Nonoperating Receipts (Disbursements)	
Capital Outlay	(271,583)
Principal Payments	(153,000)
Interest Payments	(57,185)
Other Nonoperating Receipts (Disbursements)	50
Special and Extraordinary Items	8,775
Change in Fund Cash Balance	53,415
Beginning Fund Cash Balance	1,613,537
Ending Fund Cash Balance	\$ 1,666,952

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

June 30, 2021

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

To the 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, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 30, 2021, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
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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 2020-001 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 financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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, 2020 AND 2019

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

FINDING NUMBER 2020-001

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.

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting

During 2020 and 2019, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- Mayors Court receipts, disbursements, and fund balances were not recorded on the financial statements in 2020 and 2019. Additionally, the monies collected from Mayors Court were not paid to the State of Ohio by the 20th day of the next month.

Not posting receipts and disbursements 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 and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting.

Officials' Response – We did not receive a response from Officials to this finding.

VILLAGE OF JACKSON CENTER
SHELBY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Reissued as Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF JACKSON CENTER

SHELBY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/24/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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