



Dave Yost • Auditor of State

**City of Jackson
Jackson County, Ohio**

**Fiscal Analysis
As of December 31, 2017
and for the Year ending December 31, 2018**

City of Jackson, Jackson County

Fiscal Analysis

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Fiscal Analysis

The Auditor of State performed a fiscal analysis of the City of Jackson pursuant to Sections 118.03 and 118.022 of the Ohio Revised Code. This analysis took the form of a review of the financial conditions at December 31, 2017 and the examination of a financial forecast of the general fund for the year ending December 31, 2018. This analysis indicates that neither a fiscal emergency nor fiscal watch exist at the City of Jackson.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Randy R. Heath, Mayor of the City of Jackson; Eric Brown, Council President of the City of Jackson and Timothy S. Keen, Director of the Office of Budget and Management.

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DAVE YOST
Auditor of State

July 24, 2018

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City of Jackson, Jackson County

Fiscal Analysis

Introduction

Under the authority provided for in Section 118.021 of the Ohio Revised Code, the Auditor of State initiated and performed an analysis for the City of Jackson, Jackson County (the City) as of December 31, 2017, to determine whether the fiscal condition of the City justifies the declaration of fiscal emergency.

A city is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists as of December 31. The six conditions are: 1) default on any debt obligation; 2) failure to make payment of all payroll; 3) and increase in the minimum levy of the City which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in City funds; 6) a sizeable deficiency when the City's treasury balance is compared to the positive cash balances of the City's funds.

The existence of the conditions described under Conditions four, five, and six of this report at year-end do not constitute a basis for the declaration of fiscal emergency if the City clearly demonstrates to the satisfaction of the Auditor of State that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2017.

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Issue Amount</u>
<u>General Obligation Bonds</u>			
2007 Water System Bonds	4.00%	11/15/17	\$2,375,000
<u>Revenue Bonds</u>			
2014 Refunded Electric System Revenue Bonds	2.45%	09/12/14	2,680,000
<u>Notes</u>			
Building Acquisition	4.00%	12/5/2017	125,000
Building Improvement	4.00%	12/5/2017	100,000
<u>Loans</u>			
OPWC (CO15R)	0.00%	6/13/2017	627,980
OWDA:			
Belt Press/Backwash Pump (5387)	0.00%	12/5/2017	1,380,296
WWTP Expansion (4668)	1.00%	12/5/2017	8,051,554
Jackson-McCarty Ln San. Sewer Imp. (7011)	3.41%	12/5/2017	178,377
WWTP Improvements Phase I (7047)	1.00%	12/5/2017	3,655,891
<u>Leases</u>			
WesBanco Aerial Truck	2.80%	7/17/2017	326,400
Milton Pumper Truck	1.99%	9/27/2017	200,000
Garbage Truck	1.79%	9/25/2017	140,834

City of Jackson, Jackson County

Fiscal Analysis

We obtained a list of outstanding debt from the 2016 audited financial statements and reviewed the existing minutes for the period of January 1, 2017 through December 31, 2017 to identify any new debt issues. We obtained the vouchers for the payments made before December 31, 2017, and compared the billing statements, invoices, or requests for payment to the amortization schedules and debt proceedings to determine if the City met its debt obligations in a timely manner. We also reviewed the billing statements, invoices, and requests for payment for any delinquent amounts. There were no debt payments more than 30 days past due.

Debt Issue	Payment Date	Amount Due	Payments 30 Days Past Due at Decmeber 31, 2017
<u>General Obligation Bonds</u>			
2007 Water System Bonds	11/15/17	\$231,981	\$0
<u>Revenue Bonds</u>			
2014 Refunded Electric System Revenue Bonds	11/28/17	224,255	0
<u>Notes</u>			
Building Acquisition	12/5/2017	741	0
Building Improvement	12/5/2017	594	0
<u>Loans</u>			
OPWC (CO15R)	6/13/2017	10,466	0
OWDA:			
Belt Press/Backwash Pump (5387)	12/5/2017	34,507	0
WWTP Expansion (4668)	12/5/2017	222,590	0
Jackson-McCarty Ln San. Sewer Imp. (7011)	12/5/2017	4,771	0
WWTP Improvements Phase I (7047)	12/5/2017	101,068	0
<u>Leases</u>			
WesBanco Aerial Truck	7/17/2017	37,955	0
Milton Pumper Truck	9/27/2017	18,902	0
Garbage Truck	9/25/2017	29,175	0

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The City has not defaulted on its debt obligation for more than thirty days as of December 31, 2017.

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

City of Jackson, Jackson County

Fiscal Analysis

We reviewed the payroll records of the City as of December 31, 2017. We reviewed the City Council's minutes, ordinances and other personnel records to determine the employees of the City, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed payroll reports and interviewed various employees to see if payroll checks were issued on the scheduled pay dates. These procedures were performed to ascertain whether City employees had been paid within the time specified by Section 118.03(A)(2) of the Ohio Revised Code.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of December 31, 2017. All employees have been paid in amounts and at the times required by City ordinance and negotiated agreements.

Condition Three - Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Jackson County Auditor whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the City for 2017 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Jackson County Auditor indicated that the Budget Commission had not taken any action to increase the inside millage of the City for 2017.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of December 31, 2017. The Jackson County Budget Commission has not taken any action to increase the inside millage of the City, thus reducing another subdivision's inside millage.

Condition Four - Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

City of Jackson, Jackson County

Fiscal Analysis

We prepared a schedule of accounts payable as of December 31, 2017, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2017, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I
General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2017

	Payables Over 30 Days Past Due	General Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of General Fund Budget	Accounts Payable in Excess of General Fund Budget
General	\$8,489	\$1,616,282	\$0	\$857,079	\$0

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2017. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2017, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II
Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(4)
As of December 31, 2017

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Sixth of the Available Revenues	Accounts Payable in Excess of Available Revenues
General	\$8,489	\$1,616,282	\$0	\$604,812	\$0
Cemetery	41	68,104	0	7,917	0
Water Operating	5,629	561,925	0	405,034	0
Sewer Operating	24,748	1,570,085	0	634,334	0
Garbage Operating	190	487,784	0	135,334	0
Electric Operating	8,159	9,699,347	0	3,306,000	0
Totals	<u>\$47,256</u>	<u>\$14,003,527</u>	<u>\$0</u>	<u>\$5,093,431</u>	<u>\$0</u>

City of Jackson, Jackson County

Fiscal Analysis

Conclusion: Schedules I and II indicate that as of December 31, 2017, a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code. Accounts payable which were at least thirty days past-due at the end of the year, less the year-end balance in the general fund and respective special funds did not exceed one-sixth of the general fund budget and available revenues of those special funds as of December 31, 2017.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5), of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2017, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. No additional calculations were performed, as there were no adjusted aggregate fund deficits.

Conclusion: a fiscal emergency condition does not exist under Sections 118.03(A)(5) of the Ohio Revised Code as of December 31, 2017.

Condition Six - Treasury Deficiency

Section 118.03(A)(6), of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City's reconciled bank balances to its fund cash balances as of December 31, 2017. From the treasury balance, we subtracted the aggregate sum of all positive fund balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2017 to determine if a treasury deficiency exists.

City of Jackson, Jackson County

Fiscal Analysis

Schedule III
Treasury Balance
Ohio Revised Code Section 118.03(A)(6)
as of December 31, 2017

	Amounts as of <u>12/31/2017</u>
Account Balances	
Unsegregated Bank Treasury Accounts	
WesBanco Primary Checking	\$2,943,984
WesBanco Money Market	100,802
Investments and Marketable Securities	
Held for Unsegregated Treasury	
STAR Ohio General Account	13,948,289
Negotiable Certificates of Deposit	<u>2,766,000</u>
Total Account Balances	<u>19,759,075</u>
Reconciling Factors:	
Outstanding Checks - Primary Checking	(61,322)
Unreported Interest Primary Checking	(2,893)
Unreported Interest Money Market	(13)
Unreported Interest STAR Ohio General Account	(14,724)
Deposits in Transit	12,720
Posting Adjustments	<u>(1,674)</u>
Total Reconciling Factors	<u>(67,906)</u>
Total Unsegregated Treasury	<u>19,691,169</u>
Positive Cash Fund Balances of Unsegregated Treasury	
General	1,616,282
Cemetery	68,104
Street C.M. & R	136,442
Permissive Tax	141,106
State Highway	61,580
Edwin Jones Park	13,472
Cemetery Tax Levy	26,051
Community Improvement	519,633
Lillian Jones Museum Opr	25,035
Catch Program	1,743
Cont Prof Development	10,772
Community Development	754
Program Income	1,978
Program Income (Home)	40,388
L.E.P.C.	394
Enforcement & Education	917
Jim Mckitterick Park	876
City Garden Club	1
Manpower Park Brick	2,748
Railroad Rehabilitation	57
Handicap Playground Equipment	51
FEMA-General	1,787
Drug Offense	31,523
Flood Mitigation Project	7,080
FEMA-Fire Truck	5
Fire Tax Levy	73,996
Fire Tax Levy (1995)	147,671
Broadway St Water Project	5,667
CDBG Formula Grant	1,402

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City of Jackson, Jackson County

Fiscal Analysis

Schedule III
 Treasury Balance (Continued)
 Ohio Revised Code Section 118.03(A)(6)
 as of December 31, 2017

	Amounts as of 12/31/2017
Electric Construction	\$6,531
Bike Path Project	70,399
Water Plant Dewatering Project	134,093
Water Plant Project	2,569
Sewer Plant Improvement Projec	8,702
Real Estate & Improvements	1,619
Alternate Access Road Project	5,712
Park Enhancement	61
WWTP Effluent Mgmt System	22,977
Mccarty Lane Sanitary Sewer Improvement	276,185
Sewer Improvement Project	484,170
Medical Benefits	1,098,671
Water	561,925
Water Improvement	578,741
Water Utility Deposits	71,627
Water-Utility Office	76,838
Water-Distribution Dept.	346,628
Sewer	1,570,085
Sewer Improvement	14
Sewer Surplus	762,278
Sewer Utility Deposits	67,759
Sewer Equip Replacement	46,810
Sewer-Utility Office	63,274
Sewer-Collection Dept.	442,501
Garbage	487,784
Garbage Improvement	670
Garbage Utility Deposits	19,890
Garbage-Utility Office	27,916
Electric Revenue	9,699,347
Electric Replacement & Improve	80,760
Railroad	56,126
Railroad Rehab Aluchem	1,497
Municipal Swimming Pool	33,885
Pool Natures Works Grant	133
Jackson City Recreation	22,053
Mckinley Park Recreation	645
Street Excavation	12,350
Fire Loss	2,355
Unclaimed Moneys	44,083
Visitors Center	85,341
Micromonitoring Eff. Study	21
Harding Avenue Bridge	2,655
Recreation Endowment	12,418
Cemetary Endowment	26,432
Total Fund Balance of Unsegated Treasury	20,254,045

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City of Jackson, Jackson County

Fiscal Analysis

Schedule III
Treasury Balance (Continued)
Ohio Revised Code Section 118.03(A)(6)
as of December 31, 2017

	Amounts as of <u>12/31/2017</u>
Treasury Deficit	(\$562,876)
One-sixth of Treasury Receipts	<u>6,086,266</u>
Treasury Surplus	<u><u>\$5,523,390</u></u>

Conclusion: a fiscal emergency condition does not exist under Sections 118.03(A)(6) of the Ohio Revised Code, at December 31, 2017.

Financial Forecast

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative body of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

The Jackson City Council approved a financial forecast of the general fund for the year ending December 31, 2018. The Auditor of State examined the forecast and issued a report dated April 27, 2018 (see Appendix A). The financial forecast anticipates a positive fund balance of \$656,850 at December 31, 2018.

Conclusion: The financial forecast of the general fund for the year ending December 31, 2018 indicates that a fiscal watch condition does not exist under Section 118.022(A)(4) of the Ohio Revised Code. The forecast reflects that the general fund has a positive fund balance at December 31, 2018.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that no fiscal emergency exists at the City of Jackson as defined in Section 118.03(A) as of December 31, 2017.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

APPENDIX A

**City of Jackson
Jackson County**

Financial Forecast

For the Years Ending December 31, 2018

City of Jackson, Ohio

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Dave Yost • Auditor of State

Members of Council
City of Jackson
145 Broadway Street
Jackson, Ohio 45640

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the City of Jackson for the year ending December 31, 2018, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The City of Jackson's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions are suitable supported and provide a reasonable basis for the management's forecast.

There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The statement of revenues, expenditures and changes in fund balance arising from cash transactions of the general fund for the fiscal years ended June 30, 2016 and 2017 were compiled by us and we have not audited or reviewed the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying financial statements. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for determining that the cash basis of accounting is an acceptable framework. Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Management has chosen to omit the disclosures associated with the cash basis of accounting.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

DAVE YOST
Auditor of State

Columbus, Ohio

April 27, 2018

CITY OF JACKSON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2016 and 2017, Actual; and
Ending December 31, 2018; Forecasted
General Fund

	2016 Actual	2017 Actual	2018 Forecasted	Variance Increase (Decrease)
<u>Revenues:</u>				
Property Taxes	\$360,677	\$362,795	\$384,562	\$21,767
Other Local Taxes	67,068	81,691	86,593	4,902
Kilowatt Per Hour Tax	669,806	651,275	690,352	39,077
Intergovernmental	182,025	189,827	178,399	(11,428)
Charges For Services	73,340	75,540	77,810	2,270
Fees, Licenses and Permits	151,169	150,087	134,400	(15,687)
Investment Income	163,140	220,700	180,000	(40,700)
Right of Way and Reimbursements	2,036,557	2,311,407	931,763	(1,379,644)
Other	131,264	181,025	30,000	(151,025)
Total Revenues	3,835,046	4,224,347	2,693,879	(1,530,468)
<u>Expenditures:</u>				
Current:				
Security of Persons and Property				
Police Department				
Personal Services	1,279,930	1,329,560	1,303,517	(26,043)
Employee Fringe Benefits	638,312	627,254	596,161	(31,093)
Contractual Services	166,396	151,550	146,700	(4,850)
Supplies and Materials	51,432	64,161	27,150	(37,011)
Utilities	5,799	8,985	9,000	15
Capital Outlay	56,178	40,782	2,000	(38,782)
Other Operating Expenses	369	1,164	1,600	436
Total Police Department	2,198,416	2,223,456	2,086,128	(137,328)
Fire Department				
Employee Fringe Benefits	300	300	300	0
Contractual Services	26,200	19,284	46,840	27,556
Supplies and Materials	16,413	12,218	7,100	(5,118)
Utilities	1,625	2,010	4,000	1,990
Capital Outlay	7,121	6,460	9,000	2,540
Other Operating Expenses	118	130	800	670
Total Fire Department	51,777	40,402	68,040	27,638
Total Security of Persons and Property	2,250,193	2,263,858	2,154,168	(109,690)
Transportation				
Mechanics				
Personal Services	109,273	150,137	152,713	2,576
Employee Fringe Benefits	47,729	50,006	69,813	19,807
Contractual Services	1,395	1,552	1,900	348
Supplies and Materials	6,632	4,891	6,400	1,509
Utilities	594	413	800	387
Capital Outlay	5,937	3,171	3,000	(171)
Total Mechanics	171,560	210,170	234,626	24,456

(continued)

CITY OF JACKSON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2016 and 2017, Actual; and
Ending December 31, 2018; Forecasted
General Fund (Continued)

	2016	2017	2018	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Forecasted</u>	<u>Increase (Decrease)</u>
General Government				
Mayor's Office				
Personal Services	\$50,000	\$50,000	\$50,000	\$0
Employee Fringe Benefits	15,635	15,428	15,580	152
Contractual Services	260	990	1,600	610
Supplies and Materials	23	0	180	180
Other Operating Expenses	256	403	1,000	597
Total Mayor's Office	<u>66,174</u>	<u>66,821</u>	<u>68,360</u>	<u>1,539</u>
City Council				
Personal Services	38,281	38,289	40,000	1,711
Employee Fringe Benefits	6,261	5,894	7,257	1,363
Contractual Services	2,000	3,379	4,400	1,021
Supplies and Materials	0	1,874	2,500	626
Total City Council	<u>46,542</u>	<u>49,436</u>	<u>54,157</u>	<u>4,721</u>
Auditor				
Personal Services	188,763	190,895	198,030	7,135
Employee Fringe Benefits	101,282	94,436	94,824	388
Contractual Services	4,867	5,431	9,300	3,869
Supplies and Materials	3,523	2,639	5,550	2,911
Utilities	1,078	933	1,100	167
Capital Outlay	7,022	717	1,500	783
Other Operating Expenses	0	0	1,100	1,100
Total Auditor	<u>306,535</u>	<u>295,051</u>	<u>311,404</u>	<u>16,353</u>
City Attorney				
Personal Services	77,273	78,434	79,465	1,031
Employee Fringe Benefits	39,464	38,492	38,639	147
Contractual Services	1,995	1,820	13,725	11,905
Supplies and Materials	1,111	782	2,000	1,218
Capital Outlay	200	841	500	(341)
Other Operating Expenses	243	0	500	500
Total City Attorney	<u>120,286</u>	<u>120,369</u>	<u>134,829</u>	<u>14,460</u>
Treasurer				
Personal Services	7,200	7,200	9,600	2,400
Employee Fringe Benefits	1,383	1,341	1,742	401
Contractual Services	430	570	1,750	1,180
Supplies and Materials	138	142	500	358
Other Operating Expenses	0	81	200	119
Total Treasurer	<u>9,151</u>	<u>9,334</u>	<u>13,792</u>	<u>4,458</u>

(continued)

CITY OF JACKSON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
 For the Years Ended December 31, 2016 and 2017, Actual; and
 Ending December 31, 2018; Forecasted
 General Fund (Continued)

	2016 Actual	2017 Actual	2018 Forecasted	Variance Increase (Decrease)
Service				
Personal Services	\$221,538	\$229,464	\$168,972	(\$60,492)
Employee Fringe Benefits	126,741	121,267	98,939	(22,328)
Contractual Services	10,797	13,173	16,201	3,028
Supplies and Materials	5,700	4,914	5,432	518
Utilities	11,175	10,277	14,400	4,123
Capital Outlay	2,231	1,549	2,500	951
Other Operating Expenses	1,151	750	1,000	250
Total Service	<u>379,333</u>	<u>381,394</u>	<u>307,444</u>	<u>(73,950)</u>
Safety				
Contractual Services	11,258	11,614	15,000	3,386
Total Safety	<u>11,258</u>	<u>11,614</u>	<u>15,000</u>	<u>3,386</u>
Civil Service				
Contractual Services	311	557	2,500	1,943
Total Civil Service	<u>311</u>	<u>557</u>	<u>2,500</u>	<u>1,943</u>
General Government				
Contractual Services	158,735	175,138	199,040	23,902
Supplies and Materials	5,040	312	2,000	1,688
Utilities	0	686	2,000	1,314
Capital Outlay	77,865	3,034	2,500	(534)
Other Operating Expenses	36,103	24,332	0	(24,332)
Total General Government	<u>277,743</u>	<u>203,502</u>	<u>205,540</u>	<u>2,038</u>
Total General Government	<u>1,217,333</u>	<u>1,138,078</u>	<u>1,113,026</u>	<u>(25,052)</u>
Debt Service:				
Principal Retirement	1,023	1,067	1,200	133
Interest and Fiscal Charges	1,271	1,228	1,300	72
Total Debt Service	<u>2,294</u>	<u>2,295</u>	<u>2,500</u>	<u>205</u>
Total Expenditures	<u>3,641,380</u>	<u>3,614,401</u>	<u>3,504,320</u>	<u>(110,081)</u> (continued)

CITY OF JACKSON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
 For the Years Ended December 31, 2016 and 2017, Actual; and
 Ending December 31, 2018; Forecasted
 General Fund (Continued)

	2016	2017	2018	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Forecasted</u>	<u>Increase (Decrease)</u>
Other Financing Uses				
Advances Out	53,805	0	0	0
Transfers Out	<u>82,145</u>	<u>394,659</u>	<u>148,991</u>	<u>(245,668)</u>
Total Other Financing Uses	<u>135,950</u>	<u>394,659</u>	<u>148,991</u>	<u>(245,668)</u>
 Total Expenditures and Other Financing Uses	 <u>3,777,330</u>	 <u>4,009,060</u>	 <u>3,653,311</u>	 <u>(355,749)</u>
 Excess of Revenues Over (Under) Expenditures and Other Financing Uses	 57,716	 215,287	 (959,432)	 (1,174,719)
 Cash Balance, January 1	 1,343,279	 1,400,995	 1,616,282	 215,287
Cash Balance, December 31	1,400,995	1,616,282	656,850	(959,432)
 Estimated Encumbrances, December 31	 <u>(28,035)</u>	 <u>(29,590)</u>	 <u>0</u>	 <u>29,590</u>
 Unencumbered Fund Balance, December 31	 <u>\$1,372,960</u>	 <u>\$1,586,692</u>	 <u>\$656,850</u>	 <u>(\$929,842)</u>

See accompanying summary of significant forecast assumptions and accounting policies
 See independent accountant's report

CITY OF JACKSON, OHIO

Schedule of Expenditures by Object and Department, and Other Financing Uses - Budget Basis
For the Years Ended December 31, 2016 and 2017, Actual; and
Ending December 31, 2018; Forecasted
General Fund

Object/Department	2016 Actual	2017 Actual	2018 Forecasted	Variance Increase (Decrease)
Personal Services				
Police Department	\$1,279,930	\$1,329,560	\$1,303,517	(\$26,043)
Mechanics	109,273	150,137	152,713	2,576
Mayor	50,000	50,000	50,000	0
City Council	38,281	38,289	40,000	1,711
Auditor	188,763	190,895	198,030	7,135
City Attorney	77,273	78,434	79,465	1,031
Treasurer	7,200	7,200	9,600	2,400
Service Department	221,538	229,464	168,972	(60,492)
	<u>1,972,258</u>	<u>2,073,979</u>	<u>2,002,297</u>	<u>(71,682)</u>
Employee Fringe Benefits				
Police Department	638,312	627,254	596,161	(31,093)
Fire Department	300	300	300	0
Mechanics	47,729	50,006	69,813	19,807
Mayor	15,635	15,428	15,580	152
City Council	6,261	5,894	7,257	1,363
Auditor	101,282	94,436	94,824	388
City Attorney	39,464	38,492	38,639	147
Treasurer	1,383	1,341	1,742	401
Service Department	126,741	121,267	98,939	(22,328)
	<u>977,107</u>	<u>954,418</u>	<u>923,255</u>	<u>(31,163)</u>
Contractual Services				
Police Department	166,396	151,550	146,700	(4,850)
Fire Department	26,200	19,284	46,840	27,556
Mechanics	1,395	1,552	1,900	348
Mayor	260	990	1,600	610
City Council	2,000	3,379	4,400	1,021
Auditor	4,867	5,431	9,300	3,869
City Attorney	1,995	1,820	13,725	11,905
Treasurer	430	570	1,750	1,180
Service Department	10,797	13,173	16,201	3,028
Safety	11,258	11,614	15,000	3,386
Civil Service	311	557	2,500	1,943
General Government	158,735	175,138	199,040	23,902
	<u>384,644</u>	<u>385,058</u>	<u>458,956</u>	<u>73,898</u>

(continued)

CITY OF JACKSON, OHIO

Schedule of Expenditures by Object and Department, and Other Financing Uses - Budget Basis
 For the Years Ended December 31, 2016 and 2017, Actual; and
 Ending December 31, 2018; Forecasted
 General Fund (Continued)

	2016 Actual	2017 Actual	2018 Forecasted	Variance Increase (Decrease)
Supplies and Materials				
Police Department	\$51,432	\$64,161	\$27,150	(\$37,011)
Fire Department	16,413	12,218	7,100	(5,118)
Mechanics	6,632	4,891	6,400	1,509
Mayor	23	0	180	180
City Council	0	1,874	2,500	626
Auditor	3,523	2,639	5,550	2,911
City Attorney	1,111	782	2,000	1,218
Treasurer	138	142	500	358
Service Department	5,700	4,914	5,432	518
General Government	5,040	312	2,000	1,688
	<u>90,012</u>	<u>91,933</u>	<u>58,812</u>	<u>(33,121)</u>
Utilities				
Police Department	5,799	8,985	9,000	15
Fire Department	1,625	2,010	4,000	1,990
Mechanics	594	413	800	387
Auditor	1,078	933	1,100	167
Service Department	11,175	10,277	14,400	4,123
General Government	0	686	2,000	1,314
	<u>20,271</u>	<u>23,304</u>	<u>31,300</u>	<u>7,996</u>
Capital Outlay				
Police Department	56,178	40,782	2,000	(38,782)
Fire Department	7,121	6,460	9,000	2,540
Mechanics	5,937	3,171	3,000	(171)
Auditor	7,022	717	1,500	783
City Attorney	200	841	500	(341)
Service Department	2,231	1,549	2,500	951
General Government	77,865	3,034	2,500	(534)
	<u>156,554</u>	<u>56,554</u>	<u>21,000</u>	<u>(35,554)</u>

(continued)

CITY OF JACKSON, OHIO

Schedule of Expenditures by Object and Department, and Other Financing Uses - Budget Basis
 For the Years Ended December 31, 2016 and 2017, Actual; and
 Ending December 31, 2018; Forecasted
 General Fund (Continued)

	2016	2017	2018	Variance
	<u>Actual</u>	<u>Actual</u>	<u>Forecasted</u>	<u>Increase (Decrease)</u>
Other Operating Expenses				
Police Department	\$369	\$1,164	\$1,600	\$436
Fire Department	118	130	800	670
Mayor	256	403	1,000	597
Auditor	0	0	1,100	1,100
City Attorney	243	0	500	500
Treasurer	0	81	200	119
Service Department	1,151	750	1,000	250
General Government	36,103	24,332	0	(24,332)
	<u>38,240</u>	<u>26,860</u>	<u>6,200</u>	<u>(20,660)</u>
 Debt Service				
Principal	1,023	1,067	1,200	133
Interest	1,271	1,228	1,300	72
	<u>2,294</u>	<u>2,295</u>	<u>2,500</u>	<u>205</u>
 Other Financing Uses				
Advances Out	53,805	0	0	0
Transfers Out	82,145	394,659	148,991	(245,668)
Total Other Financing Uses	<u>135,950</u>	<u>394,659</u>	<u>148,991</u>	<u>(245,668)</u>
 Total Expenditures and Other Financing Uses	<u><u>\$3,777,330</u></u>	<u><u>\$4,009,060</u></u>	<u><u>\$3,653,311</u></u>	<u><u>(\$355,749)</u></u>

See accompanying summary of significant forecast assumptions and accounting policies
 See independent accountant's report

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

Note 1 - The City

The City of Jackson (the City) is located in Southeastern Ohio in Jackson County and was incorporated as a City in 1847 under the laws of the State of Ohio.

The Mayor, Auditor, Law Director, and Treasurer are each elected to four year terms. A seven member Council, plus a Council President are elected to two year terms. Department directors and public members of various boards and commissions are appointed by the Mayor or Council.

The City of Jackson provides various services and consists of many different activities and smaller accounting entities. Among those included are a police force, a fire fighting force, a sewage treatment plant, a water treatment plant, garbage, services, electric services, a street maintenance force, and a staff to provide the necessary support to these service providers. Each of these activities and entities is under the direct control of City Council, which appropriates for, and finances, their operation.

Note 2 - Nature of Presentation

This financial forecast, to the best of the knowledge and belief of the City of Jackson, presents the expected revenues, expenditures, expenses, and changes in fund balances of the general fund for the forecasted period. Accordingly, the forecast reflects the City's judgment of the expected conditions and its expected course of action as of April 27, 2018, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents only the general fund of the City. This presentation differs from the presentation in the historical financial statements which includes certain other funds combined with the general fund. For presentation in this forecast, the general fund does not include certain items which are combined with the general fund in the City's audited financial statements for the year ended December 31, 2016, nor the yet to be completed audited financial statements for 2017.

Note 3 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the City is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The City maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The City uses various fund types and funds to report on its financial position and the results of its operation.

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

The fund types and restrictions associated with each are as follows:

Governmental Funds

General Fund - The General Fund is the operating fund of the City and is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

Permanent Funds - Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the City or its residents.

Proprietary Funds

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the City, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by City Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the City Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 - General Operating Assumptions

The City will continue to operate and maintain current service levels and pay all obligations. In addition, the City will continue to monitor and limit expenditures on materials, supplies, and capital outlay. The forecast contains those expenditures the City as determined to be necessary to preserve the health, welfare, and safety of the citizens of the City.

Note 5 – Revenues and Other Financing Sources Assumptions

A. General and Tangible Personal Property Taxes

Property tax revenues consist of real property, public utility real and personal property taxes. The City may request advances from the Jackson County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the City are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues, and are forecasted to increase by \$21,767 due to the 2017 revaluation.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the City for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2017 for taxes collected in 2018. The last triennial update is scheduled for 2020 for taxes collected in 2021. The City’s assessed values upon which property tax receipts were based for the last two years are as follows:

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

Class of Property	2016	2017
Real Property	\$117,270,100	\$122,694,450
Public Utility	3,445,480	5,520,780
Total Assessed Value	<u>\$120,715,580</u>	<u>\$128,215,230</u>

The property tax revenues are generated from inside and Charter millage and receipted into the general fund and the safety services fund.

The levies being collected by fund, the year approved, and the full tax rate are as follows:

Fund	Tax Levies	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Inside Ten Mill Limitation (Unvoted)	\$2.90
Police Pension Fund	Inside Ten Mill Limitation (Unvoted)	0.30
Fire	Outside Ten Mill Limitation (Voted)	1.00
Fire	Outside Ten Mill Limitation (Voted)	1.00
Cemetery Operating	Outside Ten Mill Limitation (Voted)	1.50
Total Tax Rate		<u>\$6.70</u>

Public utility real and personal property taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies.

B. Other Local Taxes

Other local taxes consist of transient occupancy taxes. The transient occupancy taxes are forecasted to increase six percent in 2018.

C. Kilowatt Per Hour Tax

Ohio Senate Bill 3, which became effective July 6, 1999, created an excise (kilowatt per hour) tax that is to be paid by electric distribution companies, including municipal electric distribution systems, for electricity distributed to end users in Ohio. The kilowatt per hour tax attributed to the distribution of electricity to end users outside a municipality's corporation limits is paid to the Treasurer of the State of Ohio and the tax attributed to the distribution of electricity to end users located within the City is deposited into the City's general fund. The City recovers the kilowatt per hour tax by increasing the City's electric rates by an amount equal to the kilowatt per hour tax imposed on the City. The kilowatt per hour tax is forecasted to increase six percent in 2018.

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

D. Intergovernmental Revenues

Intergovernmental revenues include local government monies, property tax allocations for rollback, homestead, and tangible property tax loss reimbursements, grants, and estate tax. The local government funds are distributed monthly by the State to the County and paid by the County Auditor to the City. The property tax allocations for rollback, homestead, and tangible personal property tax are received from the State and are based on information provided by the Jackson County Auditor.

State law grants tax relief in the form of a 10 percent reduction in residential real property tax bills. In addition, a 2.5 percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the City for the loss of real property taxes caused by the homestead and rollback tax relief programs.

E. Charges for Services

Charges for services represent revenues received from contracts with nearby townships for fire protection. The forecasted amount is based on the contracted amounts.

F. Fines, Licenses, and Permits

Fines, Licenses, and Permits represent revenues received from municipal court receipts, licensing for business operations, building permits, and franchise fees from cable utilities. The receipts are estimated based on a conservative average of historical collections.

G. Investment Income

Investment income receipts are forecasted at an average of the previous two years collection.

H. Right of Way and Reimbursements

Right of way and reimbursements consist of internal charges for utility rights of way and supplies and materials. For 2018, the City does not anticipate collecting any right of way charges. The reimbursements for supplies and materials is expected to remain consistent from 2017 collections.

I. Other

Other revenues consist mainly of various refunds and reimbursements. Other revenue collections are not consistent from year to year. The forecasted amount is a conservative estimate of the most likely items to be collected.

Note 6 - Expenditure Assumptions

A. Personal Services

Personal services include the salaries paid to the employees and elected officials of the City. The City's employees and elected officials are paid on a bi-weekly basis. City Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave.

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

The City has labor agreements with the International Brotherhood of Teamsters Local 637, The Ohio Association of Public School Employees; OAPSE/AFCSME Local 4/AFL-CIO, and American Federation of State, County, and Municipal Employees, Ohio Council 8, AFL-CIO. The OAPSE and AFCSME agreements expire on August 31, 2019. The Teamsters agreement expired on September 11, 2017, but has been extended during negotiations. All bargaining unit employees are paid longevity based on years of service.

The current AFCSME agreement provides for wage increases of two percent or \$0.50 on the hour, whichever is greater, on September 1, 2018. The OAPSE agreement provides for wage increases of two percent on September 1, 2018. No increases are forecasted for the Teamsters union employees due to the expiration of the current contract.

No increases are expected for the elected officials within the forecast period, with the exception of the treasurer's salary increases by \$2,400 in 2018 per ordinance.

An overall decrease in personal services in the amount of \$71,682 is forecasted in 2018. This is primarily due to the retirement of a secretary in the police department in May of 2018, and two positions in the service department that were vacated in 2017 and are not intended to be filled in 2018.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension system, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, eye care and dental health coverage.

All employees and/or elected officials, except police and fire, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 14 percent (the maximum) of their annual salary.

Police employees participate in the Ohio Police and Fire Retirement System (OP&F). OP&F provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the City is required to contribute 19.5 percent for police (the maximum) of their annual salary. The City has a volunteer fire department, and pays \$300 annually to the Volunteer Firemen's Dependent's Fund.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

Employees, except elected officials, are entitled to two to six weeks of vacation leave depending on length of service. All bargaining unit employees earn sick leave at a rate of 4.6 hours per each eighty hour pay period.

The City provides employee health benefits through a contract with the Teamsters Union. Insurance premiums are paid by the fund that pays the employees' salary. Health insurance costs are forecasted to decrease in 2018, based on the current premium rate.

An overall decrease in fringe benefits in the amount of \$31,163 is forecasted in 2018. This is primarily due to the unfilled position in the police and service departments, offset by an increase in the mechanics department, due to employees changing from single to family insurance coverage.

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

C. Contractual Services

Contractual services include utility charges (street lighting, telephone, internet, electricity, natural gas, and garbage), postage, advertising, legal fees, auditor and treasurer fees, County jail fees, and accounting and auditing services. The forecasted amounts are based on anticipated needs as identified by City department heads and approved by City Council, including any encumbrances carried over from 2017.

An overall increase in contractual services in the amount of \$73,898 is forecasted for 2018. This is primarily due to an increase in the fire department due to an unanticipated repair costs for a fire truck, an increase for the city attorney due to anticipated costs associated with contract negotiations, and an increase in general government due to the payment for the City's cost allocation plan, and increased election expenses.

D. Supplies and Materials

Supplies and materials expenditures include office supplies, operating supplies, fuel, information technology supplies, water and wastewater treatment supplies, and repair and maintenance costs. The forecasted amounts are based on anticipated needs as identified by City department heads and approved by City Council, including any encumbrances carried over from 2017.

An overall decrease in supplies and materials in the amount of \$33,121 is forecasted for 2018. This is primarily due to fuel and other miscellaneous items being purchased for the police and fire departments from the Community Improvement Fund rather than being purchased from the General Fund.

E. Capital Outlay

Capital expenditures are anticipated to decrease in 2018 from 2017 due largely to the purchase of a police cruiser in 2017 that will not be made in 2018.

F. Debt Service

The City makes payments to the Ohio Police and Fire Pension Fund to retire their liability from the General Fund.

G. Transfers

The City anticipates making total transfers of \$148,991 in 2018 to cover expected shortfalls in the City's Street and Cemetery Funds.

Note 7 - Contingencies

A. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed

City of Jackson – Jackson County
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2018

claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position during the forecast period.

Note 8 – Encumbrances

The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The estimated encumbrances at year-end are not significant; therefore, nothing is forecasted.

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Dave Yost • Auditor of State

CITY OF JACKSON

JACKSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 24, 2018