



**Dave Yost • Auditor of State**

**Village of Manchester  
Adams County**

**Fiscal Emergency Termination**

**Local Government Services**



Village of Manchester, Adams County

Fiscal Emergency Termination

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For the Years Ending December 31, 2018 through December 31, 2022

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# Dave Yost • Auditor of State

## CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the Village of Manchester, the Auditor of State performed an analysis of the Village of Manchester to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the Village of Manchester no longer meets the fiscal emergency conditions set forth in Section 118.04 of the Revised Code, that the objectives of the financial recovery has been met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the Village of Manchester and its role in the operation of the Village of Manchester is terminated as of October 16, 2018.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Cody L. Wagner, Mayor of the Village of Manchester; Christine Henderson, President Pro-Tempore of Village Council, John Kasich, Governor; Timothy Keen, Director of the Office of Budget and Management; Josh Mandel, Treasurer of State; Jon Husted, Secretary of State; and David Gifford, Adams County Auditor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST  
Auditor of State

October 16, 2018

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Village of Manchester, Adams County  
Report on the Termination of the Village of Manchester  
Financial Planning and Supervision Commission

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**Report on the Termination of the Village of Manchester Financial Planning and Supervision Commission**

At the request of the Financial Planning and Supervision Commission (the Commission) of the Village of Manchester, Adams County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code, should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred...; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages four through eleven of the report indicate that the Village has effectively implemented a financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page eleven.

We have reviewed the objectives of the financial plan and determined that the Village has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page sixteen.

We examined and issued a non-adverse report on the five-year forecast prepared by the Village. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the Village of Manchester, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the Village of Manchester, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

Village of Manchester, Adams County  
Report on the Termination of the Village of Manchester  
Financial Planning and Supervision Commission

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**Section 1 - Financial Accounting and Reporting System**

When a Village is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Village's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of Manchester (the Village) and issued a Report on Accounting Methods, dated February 24, 1998. The report identified areas where the Village's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

**Budgetary System**

**Auditor of State Comment from Report on Accounting Methods**

Appropriations exceed estimated resources as established in the most recent certificate of estimated resources for the following funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$106,447	\$144,859	(\$38,412)
Cops Fast Grant	0	23,438	(23,438)
Cops More Grant	0	14,300	(14,300)
Police Law			
Enforcement DUI	145	2,076	(1,931)
Police Law			
Enforcement Education	1,105	2,000	(895)
Sewer	207,925	500,000	(292,075)
Federal Emergency			
Medical Assistance	0	9,377	(9,377)

**Implemented**

The 2018 appropriations do not exceed the available resources as established in the most recent certificate of estimated resources.

Village of Manchester, Adams County  
Report on the Termination of the Village of Manchester  
Financial Planning and Supervision Commission

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**Chart of Fund and Account Codes**

Auditor of State Comment from Report on Accounting Methods

The revenue and expenditure account codes which should be used within each of the Village funds can be found in the Village Clerk's Manual. The Village uses the account codes for the general fund, street construction maintenance and repair fund, state highway improvement fund, fire levy fund, sewer fund, and water fund. The remaining funds use their fund name as account codes.

Implemented

The Fiscal Officer uses account codes that appropriately describe the transactions according to descriptions in the Uniform Accounting Network Manual and the Village Officer's Handbook.

**Accounting Ledgers**

Auditor of State Comment from Report on Accounting Methods

The following deficiencies were found with the cash journal:

- a. The account number and purchase order number are not recorded for all transactions.
- b. The transactions are posted in pencil.
- c. The cash balance in the total column is not recorded for each transaction.
- d. Cash balances are not recorded at the beginning of each page.

Implemented

The Fiscal Officer uses the Uniform Accounting Network to record all transactions. The Uniform Accounting Network records all account numbers and purchase order numbers for all transactions. All transactions are posted electronically. Cash balances are updated after each transaction and properly displayed.

Auditor of State Comment from Report on Accounting Methods

The following deficiencies were found with the receipt ledger:

- a. All ledger pages are not labeled with the fund, major revenue source, account name and number.
- b. The estimated revenue by account is not posted.
- c. Year-to-date totals are not recorded and the estimated amount remaining to be received is not computed.
- d. The receipts ledger is not reconciled to the cash journal.

Village of Manchester, Adams County  
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Implemented

The Fiscal Officer uses the Uniform Accounting Network for accounting purposes. The receipt ledger labels the fund, major revenue source, account name and number. The estimated revenue by account is posted. The Uniform Accounting Network generates reports with year-to-date totals and estimated amount of revenue remaining. Through the Uniform Accounting Network, the receipt ledger is reconciled to the cash journal.

Auditor of State Comment from Report on Accounting Methods

The following deficiencies were found with the appropriation ledger:

- a. All ledger pages are not labeled with the fund, major revenue source, account name and number.
- b. The amounts appropriated by account within the appropriation ordinance are not recorded.
- c. Encumbrances are not posted and the unencumbered balance is not computed.
- d. Month and year-to-date totals are not recorded.
- e. The appropriation ledger is not reconciled to the cash journal.

Implemented

The Fiscal Officer uses the Uniform Accounting Network for accounting purposes. The appropriation ledger labels the fund, major revenue source, account name and number. Amounts appropriated by account, within the appropriation ordinance, are recorded. The Uniform Accounting Network generates reports detailing encumbrances posted. The unencumbered balance is computed. The Uniform Accounting Network also generates reports with month and year-to-date totals. Through the Uniform Accounting Network, the appropriation ledger is reconciled to the cash journal.

**Revenue Transactions**

Auditor of State Comment from Report on Accounting Methods

The pay-in orders do not indicate the fund name and account code.

Implemented

The Fiscal Officer uses the Uniform Accounting Network and each receipt (pay-in order) indicates the fund name and account code.

Auditor of State Comment from Report on Accounting Methods

Utility and Mayor's Court revenues are summarized in the cash journal. The detail is kept by the Mayor and the Utility Clerk. By not having the detail in the cash journal, there is a potential to have problems reconciling and possible errors in reporting totals to the Fiscal Officer.

Village of Manchester, Adams County  
Report on the Termination of the Village of Manchester  
Financial Planning and Supervision Commission

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Implemented

Utility and Mayor's Court revenues are detailed separately in the cash journal. The Village no longer has a Mayor's Court effective March 2017.

**Purchasing Process**

Auditor of State Comment from Report on Accounting Methods

Purchased orders and vouchers did not clearly indicate the items, quantities, and unit cost of each item. Also, the purchase orders and vouchers did not include the appropriation code.

Implemented

The Fiscal Officer utilizes the Uniform Accounting Network to prepare purchase orders, which indicates the item, quantity, and unit cost of each item. The purchase orders and vouchers include the appropriation fund code.

Auditor of State Comment from Report on Accounting Methods

Most purchases were not certified for the availability of funds.

Implemented

Purchases are certified for the availability of funds through the use of purchase orders.

Auditor of State Comment from Report on Accounting Methods

Purchase obligations were not encumbered nor were the purchase order numbers referenced in the cash journal or the appropriation ledger.

Implemented

Purchase obligations are encumbered and the purchase order numbers are referenced in the cash journal and appropriation ledger through the use of the Uniform Accounting Network.

Auditor of State Comment from Report on Accounting Methods

Invoices were not directed to the Fiscal Officer in a timely fashion.

Implemented

Invoices are directed to the Fiscal Officer in a timely fashion. The Village has all invoices sent to the Fiscal Officer's address.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer cannot assure appropriations are available due to purchase orders being issued after an invoice is received.

Village of Manchester, Adams County  
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Implemented

The Fiscal Officer certifies appropriations are available prior to purchase orders being issued. Purchase orders are issued before an invoice is received.

**Cash Expenditures**

Auditor of State Comment from Report on Accounting Methods

There is no evidence that money drawn from the Village treasury is only for appropriations enacted by the Village Council. The warrant does not show upon its face the appropriation from which the expenditure is made and the fund which it is drawn upon.

Implemented

Money drawn from the Village treasury is only for appropriations enacted by the Village Council. The Village utilizes the Uniform Accounting Network which includes on each check (warrant), the appropriation from which the expenditure is made and the fund which it is drawn upon.

Auditor of State Comment from Report on Accounting Methods

There is no verification for receipt of the invoiced goods or services and the invoice is not recomputed for accuracy.

Implemented

The Fiscal officer receives all invoices, matches them to received items and re-computes the invoice for accuracy.

Auditor of State Comment from Report on Accounting Methods

Three council members do not always sign the vouchers.

Implemented

Three council members sign each voucher.

**Payroll Processing**

Auditor of State Comment from Report on Accounting Methods

No reduction of compensation is applied if a member of Council is absent from regular meetings.

Implemented

No reduction of compensation is applied if a member of Council has an excused absence from regular meetings. In accordance with ORC Section 705.13, a Council member's absence may be excused based on a two-thirds vote of all members for each absence. During 2018, Council member absences were approved in accordance with ORC Section 705.13.

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Auditor of State Comment from Report on Accounting Methods

The Council does not fix their compensation for the ensuing term of elective officers at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. The last salary ordinance is dated March 1996 and is not signed.

Implemented

The Village Council has fixed the compensation for the ensuing term of elective officers at a meeting. The last salary ordinance adopted by Council was dated January 2, 2018 and is signed by the Village Mayor and the Fiscal Officer.

**Inventory of Capital Assets**

Auditor of State Comment from Report on Accounting Methods

The Village, by not maintaining a complete capital asset inventory, cannot determine the following:

- a. An adequate amount of insurance coverage;
- b. That assets are used in the most efficient manner;
- c. Whether idle assets exist that could be sold to generate additional revenue; or,
- d. Loss of theft of an asset.

Implemented

The Village maintains a complete capital asset inventory listing through the Uniform Accounting Network.

**Cash Management and Investing**

Auditor of State Comment from Report on Accounting Methods

The reconciliation process is not completed timely. As of December 1997, the last bank reconciliation was for the month of September 1997. The September 1997 reconciliation shows a difference of \$3,685.64 between the book and bank balance. The last time the book and bank balanced was December, 1996.

Implemented

The reconciliation process is completed timely. The Fiscal Officer performs the bank reconciliation each month during the first two weeks of the subsequent month. The Fiscal Officer lists all reconciling items individually on the monthly bank reconciliations.

Auditor of State Comment from Report on Accounting Methods

The reconciliation does not indicate fund balances. Also, the reconciliation does not include a list of outstanding checks and deposits and other items necessary to reconcile the bank to the cash journal.

Village of Manchester, Adams County  
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Implemented

The Fiscal Officer utilizes the Uniform Accounting Network to perform bank reconciliations. The reconciliation indicates fund balances and provides a list of outstanding checks and deposits and other items necessary to reconcile the bank to the cash journal.

**Financial Reporting**

Auditor of State Comment from Report on Accounting Methods

The Village has not submitted an annual financial report for the year ended December 31, 1996.

Implemented

The Fiscal Officer submitted the Village's annual financial report for the year ended December 31, 2017, on February 6, 2018.

Auditor of State Comment from Report on Accounting Methods

Interim financial reporting is not done by the Fiscal Officer.

Implemented

Interim financial preparation is done by the Fiscal Officer. The Fiscal Officer provides monthly reports to the Village Council. Monthly reports include a cash summary by fund report, revenue status report, appropriation status report, comparison of budget and appropriated report, the prior month's bank statement, and the prior month's bank reconciliation.

**Recording Official Proceedings**

Auditor of State Comment from Report on Accounting Methods

The Council minutes do not clearly identify resolutions or ordinances and their titles.

Implemented

The Council minutes clearly identify resolutions or ordinances and their titles.

Auditor of State Comment from Report on Accounting Methods

Council minutes were not always signed by the presiding officer and Fiscal Officer.

Implemented

Council minutes are signed by the President of Council and Fiscal Officer. The Council minutes are signed at the following meeting upon approval.

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Report on the Termination of the Village of Manchester  
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Auditor of State Comment from Report on Accounting Methods

Ordinance and resolution numbers are not published in a newspaper once a week.

Implemented

Ordinance and resolution numbers are published in a newspaper once a week.

**Audit Report and Management Letters**

The Village Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The letters that accompanied the December 31, 2016 and 2015, audit identified several noncompliance issues and several recommendations.

The findings in the audit relate to adjustments made to the Village's financial statements during the audit, invoices were dated prior to the purchase order date, Fiscal Officer not certifying with the County Auditor the total amount of all sources available for expenditures, appropriations exceeded its estimated resources, amendments to an appropriation measure should be made by Council resolution, disbursements exceeded appropriations, negative fund balance at year end, and failing to submit to a financial plan.

The Village has addressed creating purchase orders before receiving invoices, making sure appropriations do not exceed estimated resources, making sure disbursements do not exceed appropriations, and having positive fund balances as part of their work to correct the Report on Accounting Methods comments. The Village is in the process of addressing the remaining non-compliance issues and recommendations. These items will not prevent termination of the Financial Planning and Supervision Commission.

**Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions**

Under Section 118.27(A)(2) of the Ohio Revised Code, the Village shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

**Condition One - Default on Any Debt Obligation**

Section 118.03(A)(1) of the 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.

Village of Manchester, Adams County  
 Report on the Termination of the Village of Manchester  
 Financial Planning and Supervision Commission

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A summary of the Village's outstanding debt as of August 31, 2018, is as follows:

Debt Issue	Interest Rate	Year Issued	Issue Amount
<u>Mortgage Revenue Bonds</u>			
Water USDA Mortgage Revenue Bonds	4.38%	2004	\$530,000
Sanitary Sewer Mortgage Revenue Bonds, Series A	4.50%	1998	975,000
<u>Loans</u>			
Ambulance Acquisition Loan	3.75%	2015	142,000
OWDA Water Treatment and Wellfield Improvement Loan	1.50%	2004	963,420
OWDA Storm Sewer Replacement Loan	1.50%	2010	123,879
OWDA Storm Sewer Construction Loan	1.50%	2011	190,685
OWDA Phase 2 Storm Sewer Improvement Loan	1.50%	2013	39,374
OWDA Sewer Collection System Rehabilitation Loan	0.00%	2017	1,112,995
OWDA Sewer Collection System Rehabilitation Phase II Loan	0.00%	2018	185,000

We reviewed the outstanding indebtedness as of August 31, 2018. The Village has \$3,155,912 in outstanding debt and had made all debt payments due as of that date.

**Conclusion:** A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. The Village had not defaulted on any of its debt obligations for more than thirty days as of August 31, 2018.

**Condition Two - Payment of All Payroll**

Section 118.03(A)(2) of the 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 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.

We obtained an understanding of the payroll process through discussion with the Fiscal Officer. We obtained payroll reports and pay rate legislation. We reviewed bank statements to determine whether Village employees were paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and fund balances to cover payroll.

**Conclusion:** A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of August 31, 2018. All employees have been paid in amounts and at the times required by ordinance.

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**Condition Three - Increase in Minimum Tax Levy**

Section 118.03(A)(3) of the 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 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 Adams County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the Village for 2018 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Adams County Budget Commission indicated that the Commission had not taken any action for tax year 2018 to increase the inside millage of the Village.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of August 31, 2018.

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

Section 118.03(A)(4) of the 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 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 benefits 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 the 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 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 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.

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 all special funds from which such accounts are lawfully payable.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2017. There were no payables that were in excess of available balance in any of the Village's funds.

Village of Manchester, Adams County  
Report on the Termination of the Village of Manchester  
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**Condition Five - Deficit Fund Balances**

Section 118.03(A)(5) of the 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 at December 31, 2017, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code. There were no deficit fund balances at December 31, 2017.

**Condition Six - Treasury Balances**

Section 118.03(A)(6) of the 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 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 Village's reconciled bank balance to its statement of cash position by fund for all funds as of December 31, 2017, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all cash balances.

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Schedule I

Treasury Balances  
 Ohio Revised Code Section 118.03(A)(6)  
 As of December 31, 2017

	<u>Amounts at December 31, 2017</u>
Bank Cash Balance	
Fifth Third Bank - General Checking	\$621,470
Fifth Third Bank Certificates of Deposit	63,755
First State Bank Certificate of Deposit	<u>23,454</u>
Total Bank Cash Balance	708,679
Less Reconciling Factors:	
Other Adjustments	(3,663)
Outstanding Checks	<u>(43,640)</u>
Total Treasury Balance	<u>661,376</u>
Less: Positive Cash Fund Balances	
General	54,227
Street Construction Maintenance and Repair	28,468
Street Resurfacing and Repairs Levy	30,409
State Highway	21,291
Parks and Recreation	15,944
Drug Law Enforcement	7,306
Law Enforcement Trust	1,738
Enforcement and Education	3,935
Computer Fund	1,836
Emergency Medical Services (EMS)	41,685
Fire Levy	54,725
Police Levy	30,152
Fire Truck Debt Service	4,052
Water Operating	198,206
Water Repair and Improvement	6,580
Sewer Operating	56,237
Storm Water	23,544
Sewer Debt Service	15,296
Water Debt Service	38
Sewer Reserve	37,438
Storm Water Debt Service	82
Water Reserve	<u>28,187</u>
Total Positive Cash Fund Balances	<u>661,376</u>
Treasury Deficiency	<u><u>\$0</u></u>

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2017. The treasury balance less the positive fund cash balances as of December 31, 2017, did not exceed one-sixth of the treasury receipts for the year.

**Section 3 - Financial Plan Objectives**

We obtained a copy of the financial plan of the Village and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

**Section 4 - Financial Forecast**

Financial forecasting is an important management tool to assist the Village in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(3)(d) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

**DISCLAIMER**

Because the preceding 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 herein.

**APPENDIX A**

**Village of Manchester  
Adams County**

**Financial Forecast  
For the Years Ending December 31, 2018 through December 31, 2022**

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Village of Manchester, Adams County

Financial Forecast

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# Dave Yost • Auditor of State

Members of Council  
Village of Manchester  
400 Pike Street  
Manchester, Ohio 45144

## **Independent Accountant's Report**

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the general fund of the Village of Manchester, for the five years ending December 31, 2022. This statement is presented on the budget basis of accounting used by the Village of Manchester rather than on generally accepted accounting principles. The Village of Manchester's management is responsible for the forecast. Our responsibility is to determine whether the Village has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the Village of Manchester and the Financial Planning and Supervision Commission of the Village of Manchester and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST  
Auditor of State

September 17, 2018

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**Village of Manchester**  
*Adams County*  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2015 through 2017 Actual*  
*and Ending December 31, 2018 Through 2022 Forecasted*  
*General Fund*

	2015 Actual	2016 Actual	2017 Actual
<b><u>Revenues</u></b>			
General Property Tax - Real Estate	\$28,602	\$25,140	\$23,954
Municipal Income Tax	188,487	188,679	175,255
Intergovernmental Revenue	28,846	30,976	33,799
Charges for Services	0	38,600	7,352
Rent	6,129	6,040	5,819
Fines and Forfeitures	25,564	13,711	8,311
Fees, Licenses and Permits	9,972	9,581	17,412
Interest	227	173	478
Contributions and Donations	20,102	1,310	400
Miscellaneous	1,287	1,985	5,766
<i>Total Revenues</i>	<u>309,216</u>	<u>316,195</u>	<u>278,546</u>
<b><u>Other Financing Sources</u></b>			
Transfers - In	0	2,353	0
Proceeds of Loans	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>2,353</u>	<u>0</u>
<i>Total Revenues and Other Financing Sources</i>	<u>309,216</u>	<u>318,548</u>	<u>278,546</u>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property			
Police Enforcement			
Personal Services	0	24,389	7,711
Fringe Benefits	0	7,357	2,339
Contractual Services	0	738	0
Materials and Supplies	0	4,446	520
Total Police Enforcement	<u>0</u>	<u>36,930</u>	<u>10,570</u>
Fire Fighting, Prevention, and Inspection			
Other	0	0	4,615
Street Lighting			
Contractual Services	15,030	11,815	11,076
Other Security of Persons and Property			
Materials and Supplies	0	0	0
Total Security of Persons and Property	<u>15,030</u>	<u>48,745</u>	<u>26,261</u>
Public Health Services			
Other Assistance			
Contractual Services	\$4,361	\$4,171	\$2,305

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted	2022 Forecasted
\$23,800	\$23,800	\$23,800	\$23,800	\$23,800
175,050	175,050	175,050	175,050	175,050
33,500	33,500	33,500	33,500	33,500
0	0	0	0	0
5,800	5,800	5,800	5,800	5,800
0	0	0	0	0
10,100	10,100	10,100	10,100	10,100
400	400	400	400	400
0	400	400	400	400
0	500	500	500	500
<u>248,650</u>	<u>249,550</u>	<u>249,550</u>	<u>249,550</u>	<u>249,550</u>
88,867	46,000	0	0	0
0	50,000	0	0	0
<u>88,867</u>	<u>96,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>337,517</u>	<u>345,550</u>	<u>249,550</u>	<u>249,550</u>	<u>249,550</u>
0	0	0	0	0
0	0	0	0	0
60,000	60,000	60,000	60,000	60,000
0	0	0	0	0
<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
4,231	4,650	4,650	4,650	4,650
13,754	297	327	359	395
500	0	0	0	0
<u>78,485</u>	<u>64,947</u>	<u>64,977</u>	<u>65,009</u>	<u>65,045</u>
<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$2,000</u>

**Village of Manchester**  
*Adams County, Ohio*  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2015 through 2017 Actual*  
*and Ending December 31, 2018 Through 2022 Forecasted*  
*General Fund (Continued)*

	2015 Actual	2016 Actual	2017 Actual
<b>Community Environment</b>			
Community Planning & Zoning			
Personal Services	\$0	\$0	\$0
Fringe Benefits	0	0	0
Materials and Supplies	0	0	0
Total Community Environment	<u>0</u>	<u>0</u>	<u>0</u>
<b>General Government</b>			
Mayor and Administrative Offices			
Personal Services	2,028	2,000	2,016
Fringe Benefits	382	1,110	399
Contractual Services	0	0	0
Materials and Supplies	173	327	15
Other	0	0	9,000
Total Mayor and Administrative Offices	<u>2,583</u>	<u>3,437</u>	<u>11,430</u>
<b>Council</b>			
Personal Services	10,761	10,650	10,815
Fringe Benefits	1,932	5,426	2,296
Contractual Services	1,131	2,246	4,459
Materials and Supplies	0	35	0
Total Council	<u>13,824</u>	<u>18,357</u>	<u>17,570</u>
<b>Mayor's Court</b>			
Personal Services	31,574	32,415	19,269
Fringe Benefits	5,098	5,643	11,567
Contractual Services	4,450	5,766	2,222
Materials and Supplies	1,108	877	130
Total Mayor's Court	<u>\$42,230</u>	<u>\$44,701</u>	<u>\$33,188</u>
Personal Services	\$32,795	\$25,861	\$28,728
Fringe Benefits	10,515	2,420	3,875
Contractual Services	2,166	5,528	3,315
Materials and Supplies	1,818	3,108	1,182
Total Clerk - Treasurer	<u>47,294</u>	<u>36,917</u>	<u>37,100</u>
<b>Lands and Buildings</b>			
Personal Services	0	555	16,986
Fringe Benefits	0	7	2,355
Contractual Services	24,591	20,328	27,283
Materials and Supplies	4,553	2,440	7,502
Total Lands and Buildings	<u>\$29,144</u>	<u>\$23,330</u>	<u>\$54,126</u>

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted	2022 Forecasted
\$0	\$7,200	\$7,200	\$7,200	\$7,200
0	1,112	1,112	1,112	1,112
0	200	200	200	200
0	8,512	8,512	8,512	8,512
2,000	2,000	2,000	2,000	2,000
435	435	435	435	435
75	75	75	75	75
200	200	200	200	200
4,539	0	0	0	0
7,249	2,710	2,710	2,710	2,710
10,800	10,800	10,800	10,800	10,800
3,200	3,200	3,200	3,200	3,200
4,199	4,800	4,800	4,800	4,800
0	0	0	0	0
18,199	18,800	18,800	18,800	18,800
0	0	0	0	0
6,120	0	0	0	0
0	0	0	0	0
0	0	0	0	0
\$6,120	\$0	\$0	\$0	\$0
\$32,000	\$16,000	\$16,000	\$16,000	\$16,000
13,846	12,440	13,579	14,888	16,393
8,157	8,314	8,531	8,770	9,032
1,300	1,300	1,300	1,300	1,300
55,303	38,054	39,410	40,958	42,725
20,800	20,800	20,800	20,800	20,800
3,692	3,700	3,700	3,700	3,700
26,615	27,140	28,153	29,217	30,334
29,425	7,000	7,000	7,000	7,000
\$80,532	\$58,640	\$59,653	\$60,717	\$61,834

**Village of Manchester**  
*Adams County*  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2015 through 2017 Actual*  
*and Ending December 31, 2018 Through 2022 Forecasted*  
*General Fund (Continued)*

	2015 Actual	2016 Actual	2017 Actual
Property Tax Collection Fees			
Contractual Services	\$6,270	\$2,175	\$2,631
State Auditor Fees			
Contractual Services	4,932	4,687	4,292
Solicitor			
Personal Services	0	0	0
Fringe Benefits	0	0	0
Contractual Services	3,628	7,561	10,772
Total Solicitor	3,628	7,561	10,772
Income Tax Administration			
Contractual Services	3,326	6,235	5,187
Materials and Supplies	272	0	0
Total Income Tax Administration	3,598	6,235	5,187
Tax Refunds			
Other	5,005	10,455	9,600
Other General Government			
Personal Services	0	0	975
Other	26	2,809	0
Total Other General Government	26	2,809	975
Total General Government	158,534	160,664	186,871
<b>Capital Outlay</b>			
Capital Outlay	20,027	0	0
<b>Debt Service</b>			
Principal	11,154	5,000	0
Interest	0	0	0
Total Capital Outlay	11,154	5,000	0
<i>Total Expenditures</i>	209,106	218,580	215,437
<b>Other Financing Uses</b>			
Transfers - Out	94,000	106,000	39,000
<i>Total Expenditures and Other Financing Uses</i>	303,106	324,580	254,437
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,110	(6,032)	24,109
Fund Balance adjustment	(10,359)	7,339	(915)
Cash Balance, January 1	33,975	29,726	31,033
Cash Balance December 31	\$29,726	\$31,033	\$54,227

2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted	2022 Forecasted
\$4,550	\$3,800	\$3,800	\$3,800	\$3,800
7,500	12,100	7,500	12,300	7,500
9,650	12,000	12,000	12,000	12,000
1,700	2,250	2,250	2,250	2,250
650	0	0	0	0
12,000	14,250	14,250	14,250	14,250
5,200	5,200	5,200	5,200	5,200
0	0	0	0	0
5,200	5,200	5,200	5,200	5,200
1,600	0	0	0	0
0	0	0	0	0
100	100	100	100	100
100	100	100	100	100
198,353	153,654	151,423	158,835	156,919
0	50,000	0	0	0
0	0	10,000	10,000	10,000
0	0	600	600	600
0	0	10,600	10,600	10,600
278,838	279,113	237,512	244,956	243,076
32,177	10,000	5,000	5,000	5,000
311,015	289,113	242,512	249,956	248,076
26,502	56,437	7,038	(406)	1,474
0	0	0	0	0
54,227	80,729	137,166	144,204	143,798
\$80,729	\$137,166	\$144,204	\$143,798	\$145,272

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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**Note 1 - The Village**

The Village of Manchester (the Village) is located in southwest Ohio in Adams County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory village, Manchester must comply with all State laws regulating village government. The decision making process is directed by an elected Village Council and Mayor.

The Village Council is the legislative authority of the Village and consists of six members who are elected at large and serve terms of four years. The Village Council elects a President Pro Tempore to preside over Village Council meetings in the Mayor's absence. The Village Council has the authority to prescribe, by ordinance, the manner in which any power of the Village shall be exercised.

The Mayor is the chief executive officer of the Village and serves a term of four years. The Mayor supervises the administration of the Village and is the President of Village Council. The Mayor makes recommendations to Village Council and has voting rights only in the case of a tie.

Because the Village has chosen to exercise section 733.262 of the Revised Code, the Mayor, with Village Council approval, appoints a Fiscal Officer who also serves as Clerk for the Village Council. The Fiscal Officer attends all Village Council meetings and keeps a record of all proceedings, rules, bylaws, and legislation. In addition, the Fiscal Officer keeps accurate statements of all monies received and expended by the Village, keeps records of all property owned by the Village, and of all taxes and assessments. The Fiscal Officer performs the accounting procedures for the Village necessary to comply with the administrative rules adopted by the Auditor of State.

Services provided by the Village include street maintenance and repair, maintenance of state highways within the Village, street lighting, park operations, fire services, and water, sewer, and storm water utilities.

On October 1, 1997, the Auditor of State declared the Village of Manchester to be in a state of fiscal emergency in accordance with Ohio Revised Code Section 118.03. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the Village, Council President, three individuals whose residency or principal place of business is within the Village, and a designee from both the State Treasurer's Office and the Office of Budget and Management. The Village has 120 days after the first meeting of the Commission to approve a financial recovery plan. Once the plan has been adopted, the Village's discretion is limited in that all financial activity of the Village must be in accordance with the plan.

**Note 2 - Nature of Presentation**

This financial forecast, to the best of the knowledge and belief of the Village of Manchester, presents the expected revenues, expenditures, and changes in fund balance of the General Fund for the forecasted period. Accordingly, the forecast reflects the Village's judgment of the expected conditions and its expected course of action as of September 17, 2018, the date of this forecast, the expected conditions and its expected course of action. 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.

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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The forecast presents the funds that are significant to the operations of the Village. For the Village, this consists of the general fund.

**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 Village 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 Village 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 restrictions require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund** - The General Fund is the operating fund of the Village and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is disbursed 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 specific 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 the disbursement of 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 enterprise funds).

**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.

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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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 Village under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Village'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.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village 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 Village 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 appropriations for the full year are not ready for approval by Village 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 Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Village 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.

Village of Manchester, Adams County  
 Summary of Significant Forecast Assumptions and Accounting Policies  
 For the Years Ending December 31, 2018, through 2022

**Note 4 – General Fund Revenues and Other Financing Sources Assumptions**

**A. Property Taxes**

Property tax revenues consist of real property and public utility real and personal property. The Village may request advances from the Adams County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Village 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.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the Village 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 2016 for taxes collected in 2017. The next triennial update is scheduled for 2019 for taxes collected 2020. The Village’s assessed values upon which property tax receipts were based for the last four years are as follows:

<u>Class of Property</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real Property	\$12,612,130	\$12,689,330	\$12,361,320	\$12,198,690
Public Utility	1,483,600	1,414,780	1,729,980	1,426,830
<b>Total Assessed Value</b>	<b>\$14,095,730</b>	<b>\$14,104,110</b>	<b>\$14,091,300</b>	<b>\$13,625,520</b>

The property tax revenues are generated from inside and voted millage and receipted into the general fund, police fund, fire fund and street maintenance and repair fund.

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

<u>Levy Type</u>	<u>Fund</u>	<u>Original Year Approved</u>	<u>Latest Year Renewed</u>	<u>First Year of Collection</u>	<u>Last Year of Collection</u>	<u>Full Tax Rate (Per \$1,000 of Assessed Valuation)</u>
Inside Millage	General Fund	n/a	n/a	n/a	n/a	\$2.00
Outside Millage	Police Fund	2009	2013	2010	2019	3.50
Outside Millage	Fire Fund	2010	2017	2011	2021	3.50
Outside Millage	Street Maintenance and Repair	2016	n/a	2017	2021	5.00
<b>Total Tax Rate</b>						<b>\$14.00</b>

Public utility real taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes.

Real Property - No change in real property taxes is expected over the forecasted period as there is no growth anticipated in the Village.

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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B. Municipal Income Tax

The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.0 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. All income tax revenue is credited to the general fund and used to pay the cost of administering the tax and for general government operations. The amounts forecasted were based on 2017 actual collections. Due to geographical limitations, no growth is expected in the Village.

C. Intergovernmental

Intergovernmental revenues include local government monies and property tax allocations for rollback and homestead. The local government funds are distributed monthly by the State to the Village and by the County Auditor to the Village. The property tax allocations for rollback and homestead are received from the State and are based on information provided by the 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 Village for the loss of real property taxes caused by the homestead and rollback tax relief programs. Homestead and rollback receipts have been forecasted to be consistent with the forecasted property tax revenues. There is no change expected in the amount of local government monies received from the State.

Cigarette and liquor permit revenues are expected to remain relatively consistent with prior years and will remain unchanged during the forecast period.

D. Charges for Services

In prior years, charges for services consisted of a contract with the Manchester Local School District for a school resource officer provided by the Village's police department. During 2017, the Village's police department ceased operations; thus, these revenues will no longer be collected.

E. Rent

Rent revenues are derived from a rental agreement with the Village's water and sewer departments for office space along with the rental of the Village hall for community activities. Revenues are expected to remain consistent throughout the forecast period.

F. Fines and Forfeitures

In prior years, fines and forfeitures consisted of both court fines and court costs associated with the Villages Mayor's Court. During 2017, the Village's police department ceased operations, thereby ceasing operations of the Mayors court. Thus, these revenues will no longer be collected.

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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G. Fees, Licenses, and Permits

Fees, licenses, and permits primarily consist of cable franchise fees. Actual receipts increased during 2017 due to the Village receiving a true-up of approximately \$7,300. The Village does not anticipate receiving these additional revenues during forecast period. The amount forecasted is an estimate based on 2017 actual revenues.

H. Interest

The Village earns very little interest and expects interest to remain consistent with 2017 throughout the forecasted period.

I. Transfers In

The Village is anticipating transfers into the general fund for 2018 and 2019. These transfers represent the remaining balance of monies in funds associated with the police department which has been disbanded.

J. Proceeds from Loan

During 2019, the Village intends to secure a capital improvement loan to put a new roof on the Village hall. The loan is anticipated to be paid back within a five year period.

**Note 5 – General Fund Expenditures Assumptions**

A. Personal Services

Personal services expenditures represent the salaries paid to elected officials and Village employees. Salaries are paid monthly for the Mayor and Council members. All other employees of the Village are paid bi-weekly. The amounts forecasted for salaries and wages are based on the current pay rates and existing staff levels.

The Village Council consists of six members with an annual salary of \$1,800 per member. Village Council is paid from the General fund.

The Mayor's salary is \$2,000 per year and is paid from the general fund.

The Fiscal Officer is paid \$13.50 per hour and pay is based on a 80 hour bi-weekly pay period. The Fiscal Officer is entitled to be paid one and one-half times her standard hourly rate should she work any hours above 80 hours during a pay period. Also, prior to 2018, the fiscal officer was paid entirely from the General fund. Starting in 2018, the fiscal officer's salary is allocated between the general, water, and sewer funds in accordance with Village ordinance.

The Village of Manchester has one part-time employee paid from general fund. This employee is paid bi-weekly and is not eligible to earn leave and benefits.

Village of Manchester, Adams County  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Years Ending December 31, 2018, through 2022

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No increases to personal services occurred in the forecast period. During 2018, the Village hired a Village Solicitor at a salary of \$1,000 per month and will be paid monthly. Prior to this, the Village contracted with an attorney to provide legal services. The addition of this employee and retirement payments began during 2018 and is expected to remain consistent throughout the forecast. During 2019, the Village is anticipating hiring a part-time zoning officer for an estimated salary of \$600 per month. This position is expected to continue and remain consistent throughout the forecast.

#### B. Fringe Benefits

Fringe benefits include employer contributions to the State pension systems, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, and life coverage.

All employees and/or elected officials 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.

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. The workers' compensation rate has been forecasted to remain the same, with increases to the total as a result of salary increases.

Full-time employees are entitled to vacation leave of one to five weeks per year depending on length of service. Full-time employees earn sick leave at a rate of 4.6 hours per 80 hours in active work status.

Full-time employees are eligible to participate in the Village's medical insurance plan. The Village pays 80 percent of the insurance premiums. The Village also pays 80 percent of costs for a group life insurance program that covers all employees. The Village expects insurance costs to increase an average of 15 percent per year throughout the forecast period. Starting 2018, the only employee in the general fund that receives insurance benefits is the fiscal officer. Prior to 2018, the fiscal officer declined the use of these benefits. These benefit premiums are split in the same manner as salaries.

#### C. Contractual Services

Contractual services include utility charges, postage, advertising, auditor and treasurer fees, accounting and auditing services, income tax collection fees, insurance and bonding, equipment lease, training, other charges and a contract for police services.

Contractual services for security of persons and property represent a contract with the Adams County Sheriff's Office for police services within the Village. The contract amount is expected to remain consistent throughout the forecast period.

In general, utility costs for the forecast period are expected to decrease. This is due to Council's intent to assess the costs for streets lights beginning in 2019. The Village will only be responsible for two percent of the costs associated with the street lights after the assessment. The remaining costs will be paid from special assessment revenues, which will be recorded in a street lighting special revenue fund. Other utility costs are expected to increase from zero to 10 percent each year during the forecast depending on the service provided.

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Contractual services for property tax collection fees are expected to remain consistent throughout the forecast period as a result of property collections remaining consistent.

During 2018, the Village intends to contract with the Auditor of State's office for general assistance as well as assistance with filing the year-end financial reports.

The Village has contracted with RITA for tax collection services. Administration fees with RITA are based on a percentage of income tax collections and are expected to remain consistent throughout the forecast.

Contractual Services for UAN fees will increase beginning in 2019. The Village did not pay UAN fees while in fiscal emergency. They will resume paying UAN fees in 2019.

#### D. Materials and Supplies

With the exception of police enforcement and Mayor's court, forecasted expenditures for materials and supplies, in general, are expected to remain relatively similar to prior years during the forecast period. An increase for 2018 was forecasted for land and buildings as a result of materials needed to make repairs to Village facilities. With police operations ceasing during 2017, no materials and supplies will be needed for the police department or the Mayor's court.

#### E. Capital Outlay

The Village plans on placing a new roof on the community building as well as upgrades to the heating system during 2019.

#### F. Debt Service

The Village intends to pursue a \$50,000 loan to install a new roof on the community building during 2019. It is anticipated that the Village will pay the loan back over a five year period at a six percent interest rate. Principal payments are estimate to be \$10,000 per year.

#### G. Transfers Out

Prior to 2018, the majority of transfers out were made to support the police department. In prior years, transfers out were also made to support the Village's park and the Emergency Medical Services (EMS) funds. The Village anticipates transfers only to the park fund during the forecast period.

#### **Note 7 - Encumbrances**

The Village 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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**Note 8 - Other Funds**

When declared in fiscal emergency, the sewer assessment enterprise fund and the street capital improvement and FEMA 1997 capital improvement funds had deficit fund balances. The Village no longer utilizes these funds.

The Village has numerous funds on the books that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

**Note 9 - Pending Litigation**

The Village currently has no pending litigation.



# Dave Yost • Auditor of State

VILLAGE OF MANCHESTER

ADAMS 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  
OCTOBER 16, 2018