

CITY OF JACKSON
JACKSON COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**



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Columbus, Ohio 43215
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City Council
City of Jackson
145 Broadway Street
P.O. Box 1090
Jackson, OH 45640

We have reviewed the *Independent Auditor's Report* of the City of Jackson, Jackson County, prepared by Julian & Grube, Inc., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 29, 2025

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**CITY OF JACKSON
JACKSON COUNTY, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2024
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Independent Auditor's Report

City of Jackson
Jackson County
145 Broadway Street
P.O. Box 1090
Jackson, OH 45640

To the Members of Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, Jackson County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Jackson's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Jackson and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Jackson restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Jackson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Jackson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Jackson's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions, and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025 on our consideration of the City of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jackson's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jackson's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 24, 2025

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

The management's discussion and analysis of the City of Jackson's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$17,422,683 from 2023's restated total net position. Net position of governmental activities increased \$8,496,259 or 27.62% from 2023's restated net position and net position of business-type activities increased \$8,926,424 or 14.16% from 2023's restated net position.
- General revenues accounted for \$9,392,728 or 58.07% of total governmental activities revenue. Program specific revenues accounted for \$6,782,155 or 41.93% of total governmental activities revenue.
- The City had \$7,678,624 in expenses related to governmental activities; \$6,782,155 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$896,469 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,392,728.
- The general fund had revenues and other financing sources of \$5,372,098 in 2024. The general fund had expenditures and other financing uses of \$2,800,224 in 2024. The net increase in fund balance for the general fund was \$2,571,874 or 53.76%.
- The City income tax fund had revenues of \$4,545,648 and expenditures of \$3,587,097 in 2024. The net increase in fund balance for the City income tax fund was \$958,551 or 22.25%.
- The buildings and capital outlay fund had revenues of \$2,500,000 in 2024 resulting in an increase in fund balance for the buildings and capital outlay fund of \$2,500,000.
- Net position for the business-type activities, which are made up of the water, sewer, and electric major enterprise funds and the garbage, railroad, and utilities nonmajor enterprise funds, increased in 2024 by \$8,926,424. This increase in net position was due primarily to charges for service revenues being greater than expenses.
- The water fund had operating revenues of \$2,542,615 and operating expenses of \$2,342,038 in 2024. The water fund also had non-operating revenues of \$3,899, non-operating expenses of \$8,071, transfers out of \$5,000, and capital contributions of \$1,467,801. The net increase in net position for the water fund was \$1,659,206 or 20.29%.
- The sewer fund had operating revenues of \$4,149,919 and operating expenses of \$3,157,344 in 2024. The sewer fund also had non-operating expenses of \$49,661, transfers out of \$5,000, and capital contributions of \$3,550,713. The net increase in net position for the sewer fund was \$4,488,627 or 24.91%.
- The electric fund had operating revenues of \$19,871,260 and operating expenses of \$17,093,606 in 2024. The electric fund also had non-operating expenses of \$128,122 and transfers out of \$35,000. The net increase in net position for the electric fund was \$2,614,532 or 7.46%.
- In the general fund, the actual revenues and other financing sources were \$120,768 less than they were in the final budget and actual expenditures and other financing uses were \$892,557 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$2,274,242 from original to the final budget and budgeted expenditures and other financing uses increased \$729,571 from original to the final budget.

**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and other local taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, electric, railroad and garbage operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the City income tax fund, and the buildings and capital outlay fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, electric, railroad, and garbage functions. The City's water, sewer, and electric funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City did not have any fiduciary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents detailed information regarding the City's budgetary schedules and certain required supplementary information concerning the District's net pension liability/asset and net OPEB liability/asset.

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. For the table below, amounts for 2024 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3) while amounts for 2023 have been presented in accordance with previous guidance. The table below provides a summary of the City's net position for 2024 compared to 2023.

			Net Position			
	2024	2023	2024	2023	2024	Restated
	Governmental	Governmental	Business-type	Business-type	Total	2023
	Activities	Activities	Activities	Activities		Total
<u>Assets</u>						
Current and other assets	\$ 24,595,979	\$ 17,282,540	\$ 36,115,823	\$ 33,325,699	\$ 60,711,802	\$ 50,608,239
Investment in joint venture	-	-	213,335	213,335	213,335	213,335
Capital assets, net	20,459,298	19,384,574	49,888,035	45,325,164	70,347,333	64,709,738
Total assets	45,055,277	36,667,114	86,217,193	78,864,198	131,272,470	115,531,312
Total deferred outflows	2,194,115	2,240,702	1,260,624	2,400,144	3,454,739	4,640,846
<u>Liabilities</u>						
Long-term liabilities	5,752,310	5,395,647	12,698,426	15,594,547	18,450,736	20,990,194
Other liabilities	529,671	823,950	2,180,897	2,261,173	2,710,568	3,085,123
Total liabilities	6,281,981	6,219,597	14,879,323	17,855,720	21,161,304	24,075,317
Total deferred inflows	1,714,685	1,822,540	642,429	367,236	2,357,114	2,189,776
<u>Net Position</u>						
Net investment						
in capital assets	20,357,731	19,210,049	41,107,245	35,291,799	61,252,766	54,501,848
Restricted	7,447,558	3,427,178	115,412	216	7,562,970	3,427,394
Unrestricted	11,447,437	8,228,452	30,733,408	27,749,371	42,393,055	35,977,823
Total net position	\$ 39,252,726	\$ 30,865,679	\$ 71,956,065	\$ 63,041,386	\$ 111,208,791	\$ 93,907,065

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$111,208,791. At year-end, net position was \$39,252,726 and \$71,956,065 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 53.59% of total assets. Capital assets include land, artwork and historical treasures, construction in progress, land improvements, buildings, equipment, vehicles, infrastructure, and intangible right to use leased assets. The net investment in capital assets at December 31, 2024, was \$20,357,731 and \$41,107,245 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

As of December 31, 2024, the City's governmental activities unrestricted net position was a balance of \$11,447,437. A portion of the City's net position, \$7,447,558 represents resources that are subject to external restriction on how they may be used.

During 2024, the City implemented GASB Statement No. 101 (see Note 3). For the table below, the implementation has been reported as a change in accounting principle. The table below shows the changes in net position for years 2024 and 2023.

Change in Net Position

	2024 Governmental Activities	2023 Governmental Activities	2024 Business-Type Activities	2023 Business-Type Activities	2024 Total	2023 Total
Revenues						
Program revenues:						
Charges for services	\$ 1,344,306	\$ 1,325,287	\$ 27,325,533	\$ 28,632,841	\$ 28,669,839	\$ 29,958,128
Operating grants and contributions	1,755,764	1,139,420	-	-	1,755,764	1,139,420
Capital grants and contributions	3,682,085	3,819,564	5,018,514	2,047,547	8,700,599	5,867,111
Total program revenues	6,782,155	6,284,271	32,344,047	30,680,388	39,126,202	36,964,659
General revenues:						
Property and other local taxes	1,790,467	1,732,940	-	-	1,790,467	1,732,940
Income taxes	4,582,271	4,387,451	-	-	4,582,271	4,387,451
Unrestricted grants and entitlements	387,445	267,771	-	-	387,445	267,771
Permissive motor vehicle license tax	64,047	63,116	-	-	64,047	63,116
Investment earnings	2,498,191	1,960,115	3,899	23,851	2,502,090	1,983,966
Miscellaneous	70,307	96,190	186,349	243,650	256,656	339,840
Total general revenues	9,392,728	8,507,583	190,248	267,501	9,582,976	8,775,084
Total revenues	16,174,883	14,791,854	32,534,295	30,947,889	48,709,178	45,739,743
Expenses:						
General government	2,401,641	1,650,246	-	-	2,401,641	1,650,246
Security of persons and property	2,416,372	2,301,385	-	-	2,416,372	2,301,385
Public health and welfare	312,767	279,685	-	-	312,767	279,685
Transportation	2,307,578	2,317,697	-	-	2,307,578	2,317,697
Leisure time activities	235,772	321,583	-	-	235,772	321,583
Interest	4,494	6,525	-	-	4,494	6,525
Water	-	-	2,342,914	2,374,244	2,342,914	2,374,244
Sewer	-	-	3,199,810	3,581,432	3,199,810	3,581,432
Electric	-	-	17,214,533	18,416,477	17,214,533	18,416,477
Other enterprise	-	-	850,614	866,293	850,614	866,293
Total expenses	7,678,624	6,877,121	23,607,871	25,238,446	31,286,495	32,115,567
Change in net position	8,496,259	7,914,733	8,926,424	5,709,443	17,422,683	13,624,176
Net position at beginning of year, as previously reported	30,865,679	22,950,946	63,041,386	57,331,943	93,907,065	80,282,889
Restatement - change in accounting principle	(109,212)	-	(11,745)	-	(120,957)	-
Net position at beginning of year, restated	30,756,467	22,950,946	63,029,641	57,331,943	93,786,108	80,282,889
Net position at end of year	\$ 39,252,726	\$ 30,865,679	\$ 71,956,065	\$ 63,041,386	\$ 111,208,791	\$ 93,907,065

**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Governmental Activities

Governmental activities net position increased \$8,496,259 in 2024.

Security of persons and property, which primarily supports the operations of the police department accounted for \$2,416,372 of the total expenses of the City. These expenses were partially funded by \$1,037,103 in direct charges to users of the services, \$60,098 in operating grants and contributions, and \$50,000 in capital grants and contributions. Transportation expenses totaled \$2,307,578. Transportation expenses were funded by \$2,156 in direct charges to users of the services, \$1,570,267 in operating grants and contributions and \$2,548,087 in capital grants and contributions.

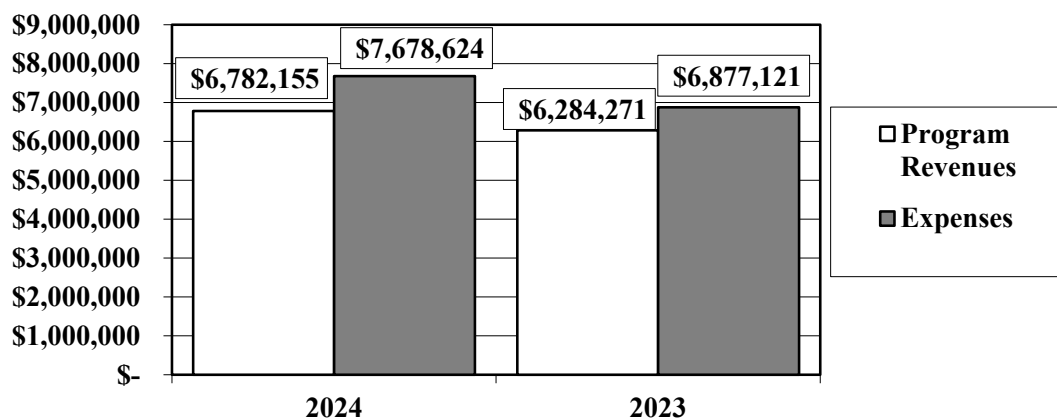
The state and federal government contributed to the City a total of \$1,755,764 in operating grants and contributions and \$3,682,085 in capital grants and contributions.

General revenues totaled \$9,392,728 and amounted to 58.07% of total governmental revenues. These revenues primarily consist of property and other local tax revenue of \$1,790,467. The other primary source of general revenues is income taxes, making up \$4,582,271. The voters approved a 1.5% income tax in the November 2020 election effective January 1, 2021 for 5 years to fund the City's Police Department as well as for infrastructure and improvements City-wide.

Overall, expenses of the governmental activities increased \$801,503 or 11.65% primarily due to general inflationary trends.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses

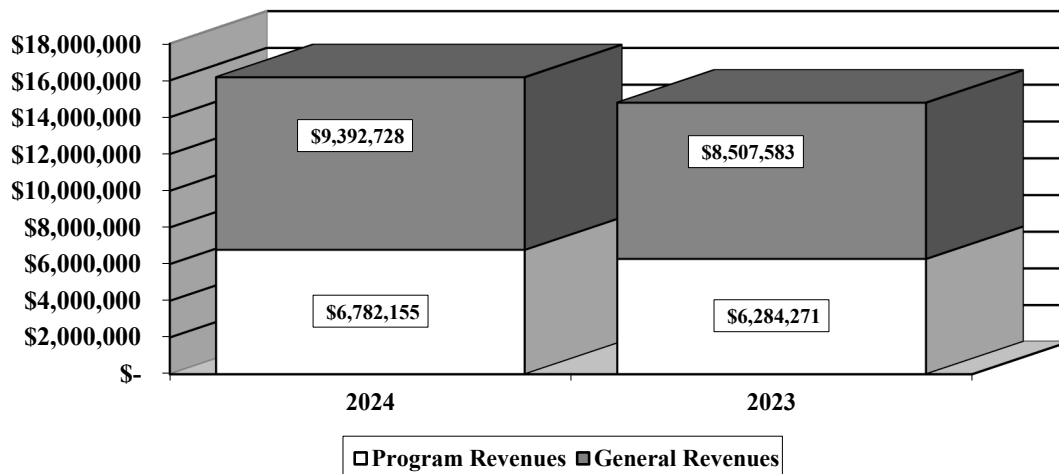


**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO**
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Governmental Activities

	Total Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2024	Net Cost of Services 2023
Program Expenses:				
General government	\$ 2,401,641	\$ 1,650,246	\$ 2,215,407	\$ 1,467,422
Security of persons and property	2,416,372	2,301,385	1,269,171	1,170,986
Public health and welfare	312,767	279,685	113,803	(17,007)
Transportation	2,307,578	2,317,697	(1,812,932)	(2,254,957)
Leisure time activity	235,772	321,583	(893,474)	219,881
Interest	4,494	6,525	4,494	6,525
Total Expenses	<u>\$ 7,678,624</u>	<u>\$ 6,877,121</u>	<u>\$ 896,469</u>	<u>\$ 592,850</u>

Governmental Activities - General and Program Revenues



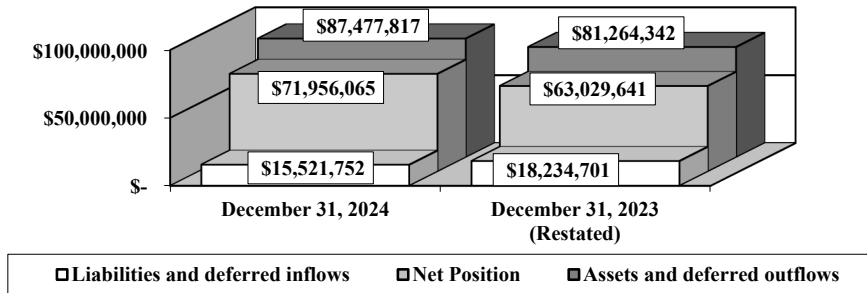
Business-Type Activities

Business-type activities include the water, sewer, and electric major enterprise funds and the railroad, garbage, and utility deposits nonmajor enterprise funds. These programs had program revenues of \$32,344,047, general revenues of \$190,248 and expenses of \$23,607,871 for 2024. The graph that follows shows the business-type activities assets and deferred outflows, liabilities and deferred inflows and net position at year-end 2024 and 2023. The amounts as of December 31, 2023 were restated as described in Note 3.

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**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$21,333,477 which is \$7,298,240 above last year's total of \$14,035,237. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2024 for all major and nonmajor governmental funds.

	Fund Balances 12/31/24	Fund Balances 12/31/23	Change
General	\$ 7,355,515	\$ 4,783,641	\$ 2,571,874
City income tax	5,267,491	4,308,940	958,551
Buildings and capital outlay	3,100,000	600,000	2,500,000
Other nonmajor governmental funds	5,610,471	4,342,656	1,267,815
Total	\$ 21,333,477	\$ 14,035,237	\$ 7,298,240

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**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

General Fund

The City's general fund balance increased 53.76%. The table that follows assists in illustrating the revenues of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 1,246,185	\$ 1,220,619	2.09 %
Intergovernmental	374,487	229,256	63.35 %
Charges for services	1,006,219	1,003,163	0.30 %
Fines, forfeitures, and settlements	31,706	26,107	21.45 %
Licenses and permits	98,310	115,815	-15.11 %
Investment income	2,500,017	1,932,147	29.39 %
Other	79,691	106,421	-25.12 %
Total	<u>\$ 5,336,615</u>	<u>\$ 4,633,528</u>	15.17 %

Tax revenue represents 23.35% of all general fund revenue. Intergovernmental revenue increased primarily due to an increase in various state and federal grants received in 2024. Investment income increased \$567,870 or 29.39% due to higher interest rates and the fair value adjustment recorded at December 31, 2024. Other revenue decreased during 2024 primarily due to additional miscellaneous receipts received during 2023 compared to 2024. All other revenues remained comparable to 2023.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 1,857,423	\$ 1,240,388	49.75 %
Security of persons and property	261,142	495,647	(47.31) %
Transportation	186,840	201,672	(7.35) %
Leisure time activity	13,261	876	1,413.81 %
Debt service	6,558	6,558	- %
Total	<u>\$ 2,325,224</u>	<u>\$ 1,945,141</u>	19.54 %

Total general fund expenditures increased \$380,083 or 19.54% from 2023 which is primarily a result of general inflationary trends.

City Income Tax Fund

The City income tax fund had revenues of \$4,545,648 and expenditures of \$3,587,097 in 2024. The net increase in fund balance for the City income tax fund was \$958,551 or 22.25%.

Buildings and Capital Outlay Fund

The buildings and capital outlay fund had revenues of \$2,500,000 in 2024 resulting in an increase in fund balance of \$2,500,000 during 2024.

**CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

The City made several revisions to the original appropriations approved by City Council. Overall, these changes resulted in an increase from the original budget of \$729,571. The City's general fund actual revenues and other financing sources were \$120,768 less than the final budgeted revenues and expenditures and other financing uses were \$892,557 less than appropriations due to conservative spending.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities.

The water fund had operating revenues of \$2,542,615 and operating expenses of \$2,342,038 in 2024. The water fund also had non-operating revenues of \$3,899, non-operating expenses of \$8,071, transfers out of \$5,000, and capital contributions of \$1,467,801. The net increase in net position for the water fund was \$1,659,206 or 20.29%.

The sewer fund had operating revenues of \$4,149,919 and operating expenses of \$3,157,344 in 2024. The sewer fund also had non-operating expenses of \$49,661, transfers out of \$5,000, and capital contributions of \$3,550,713. The net increase in net position for the sewer fund was \$4,488,627 or 24.91%.

The electric fund had operating revenues of \$19,871,260 and operating expenses of \$17,093,606 in 2024. The electric fund also had non-operating expenses of \$128,122 and transfers out of \$35,000. The net increase in net position for the electric fund was \$2,614,532 or 7.46%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$70,347,333 (net of accumulated depreciation/amortization) invested in land, artwork and historical treasures, construction in progress, land improvements, buildings, equipment, infrastructure, vehicles, and intangible right to use assets. Of this total, \$20,459,298 was reported in governmental activities and \$49,888,035 was reported in business-type activities.

The following table shows 2024 capital asset balances compared to 2023:

**Capital Assets at December 31
(Net of Depreciation/Amortization)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,407,256	\$ 1,407,256	\$ 1,831,990	\$ 1,831,990	\$ 3,239,246	\$ 3,239,246
Art work and historical treasures	291,000	291,000	-	-	291,000	291,000
Construction in progress	165,622	138,002	4,521,871	2,304,201	4,687,493	2,442,203
Land improvements	227,704	241,102	11,129	11,549	238,833	252,651
Buildings	1,330,568	1,145,734	394,449	413,297	1,725,017	1,559,031
Equipment	803,169	661,662	1,753,165	1,880,099	2,556,334	2,541,761
Infrastructure	15,623,943	14,969,046	40,552,590	37,942,070	56,176,533	52,911,116
Vehicles	609,009	525,637	821,130	933,400	1,430,139	1,459,037
Intangible right to use - leased equipment	1,027	5,135	1,711	8,558	2,738	13,693
Totals	<u>\$ 20,459,298</u>	<u>\$ 19,384,574</u>	<u>\$ 49,888,035</u>	<u>\$ 45,325,164</u>	<u>\$ 70,347,333</u>	<u>\$ 64,709,738</u>

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

The City's largest capital asset category is infrastructure which includes roads, water lines, and sewer lines. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation/amortization) represents approximately 79.86% of the City's total capital assets.

See Note 7 to the basic financial statements for additional capital asset detail.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2024 and 2023:

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Notes payable	\$ 9,073	\$ 24,495
Financed purchase agreements	91,429	144,778
Leases payable	1,065	5,252
Police and Fire Pension Liability	<u>19,208</u>	<u>20,641</u>
Total long-term obligations	<u>\$ 120,775</u>	<u>\$ 195,166</u>
	<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>
Bonds payable	\$ 3,447,295	\$ 4,008,493
Notes payable	16,051	39,589
OPWC loans	549,895	577,000
OWDA loans	4,736,836	5,431,535
Leases payable	<u>1,775</u>	<u>8,753</u>
Total long-term obligations	<u>\$ 8,751,852</u>	<u>\$ 10,065,370</u>

See Note 12 to the basic financial statements for detail on the City's long-term obligations.

Economic Conditions and Outlook

The City's administration considers the impact of various economic factors when establishing the 2024 budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have yielded significant influence on the objectives established in the 2024 budget. The primary objectives include continued improvement to constituent service delivery as well as long-term fiscal stability.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue—local property taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, City Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In 2018, the City imposed a 1% income tax which was collected for a five-month period from July 1st to November 24th. This tax was used to support the City Police Department. The remainder of these funds were expended in 2021 to fund the Police Department. The voters approved a 1.5% income tax in the November 2020 election effective January 1, 2021 for 5 years to fund the City's Police Department as well as for infrastructure and improvements City-wide.

CITY OF JACKSON, OHIO
JACKSON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

The average unemployment rate for Jackson County in 2024 was 5.6% compared to the 4.4% State of Ohio average. The City Auditor anticipates the 2024 rate to continue through 2025 with the potential for it to increase during the year. In order to meet these challenges, further cost containment and/or revenue enhancement actions will be essential. The City will continue conservative budgeting practices and be constantly looking for ways to generate additional revenue, including the reinstatement of the income tax.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the city's finances and to show the city's accountability for the money it receives. If you have questions about this report, please contact the City of Jackson's Auditor's Office by calling (740) 286-2423 or by writing the City Auditor at 145 Broadway Street, Jackson, Ohio 45640-1656.

BASIC
FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 20,343,196	\$ 30,301,345	\$ 50,644,541
Receivables:			
Income taxes	1,361,615	-	1,361,615
Real and other taxes	1,154,802	-	1,154,802
Accounts	29,898	2,623,358	2,653,256
Accrued interest	49,809	347	50,156
Due from other governments	571,187	107,500	678,687
Loans	354	-	354
Leases	78,438	208,015	286,453
Materials and supplies inventory	76,761	2,874,581	2,951,342
Prepayments	182,991	113,339	296,330
Internal balance	649,160	(649,160)	-
Net pension asset	337	398	735
Net OPEB asset	97,431	115,014	212,445
Restricted assets:			
Customer deposits	-	421,086	421,086
Investment in joint venture	-	213,335	213,335
Capital assets:			
Land, artwork and construction in progress	1,863,878	6,353,861	8,217,739
Depreciable/amortized capital assets, net	18,595,420	43,534,174	62,129,594
Total capital assets, net	20,459,298	49,888,035	70,347,333
Total assets	45,055,277	86,217,193	131,272,470
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	-	21,038	21,038
Pension	1,984,312	1,123,048	3,107,360
OPEB	209,803	116,538	326,341
Total deferred outflows of resources	2,194,115	1,260,624	3,454,739
Liabilities:			
Accounts payable	86,239	1,450,564	1,536,803
Contracts payable	212,210	49,976	262,186
Accrued wages and benefits payable	143,819	127,491	271,310
Due to other governments	66,829	26,711	93,540
Accrued interest payable	755	9,251	10,006
Claims payable	-	14,405	14,405
Customer deposits payable	-	421,086	421,086
Payroll withholdings payable	19,819	-	19,819
Unearned revenue	-	81,413	81,413
Long-term liabilities:			
Due within one year	248,268	1,452,019	1,700,287
Net pension liability	5,024,865	3,536,463	8,561,328
Net OPEB liability	153,340	-	153,340
Due in more than one year	325,837	7,709,944	8,035,781
Total liabilities	6,281,981	14,879,323	21,161,304
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,054,146	-	1,054,146
Leases	76,375	197,482	273,857
Pension	313,477	378,304	691,781
OPEB	270,687	66,643	337,330
Total deferred inflows of resources	1,714,685	642,429	2,357,114
Net position:			
Net investment in capital assets	20,357,731	41,107,245	61,252,766
Restricted for:			
Community development	941,075	-	941,075
Youth arts program	578,740	-	578,740
Cemetery	770,862	-	770,862
Transportation projects	526,796	-	526,796
Public safety	519,165	-	519,165
Capital projects	2,502,654	-	2,502,654
Pension/OPEB	97,768	115,412	213,180
Cemetery endowment:			
Nonexpendable	100,000	-	100,000
Expendable	250,770	-	250,770
Other purposes	1,159,728	-	1,159,728
Unrestricted	11,447,437	30,733,408	42,393,055
Total net position	\$ 39,252,726	\$ 71,956,065	\$ 111,208,791

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,401,641	\$ 159,465	\$ 26,769	\$ -
Security of persons and property	2,416,372	1,037,103	60,098	50,000
Public health and welfare	312,767	75,382	39,584	83,998
Transportation	2,307,578	2,156	1,570,267	2,548,087
Leisure time activity	235,772	70,200	59,046	1,000,000
Interest	4,494	-	-	-
Total governmental activities	<u>7,678,624</u>	<u>1,344,306</u>	<u>1,755,764</u>	<u>3,682,085</u>
Business-type activities:				
Water	2,342,914	2,526,917	-	1,467,801
Sewer	3,199,810	4,143,020	-	3,550,713
Electric	17,214,533	19,755,831	-	-
Other business-type activities:				
Garbage	827,569	899,765	-	-
Utility deposits	23,045	-	-	-
Total business-type activities	<u>23,607,871</u>	<u>27,325,533</u>	<u>-</u>	<u>5,018,514</u>
Total primary government	<u>\$ 31,286,495</u>	<u>\$ 28,669,839</u>	<u>\$ 1,755,764</u>	<u>\$ 8,700,599</u>

General revenues:

Property taxes levied for:

General purposes

Cemetery

Fire Protection

Other purposes

Income taxes levied for:

General purposes

Grants and entitlements not restricted
to specific programs

Permissive motor vehicle license tax

Investment earnings

Miscellaneous

Total general revenues

Change in net position

**Net position at beginning of year
as previously reported**

Restatement - change in accounting principle

Net position at beginning of year, restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (2,215,407)	\$ -	\$ (2,215,407)
(1,269,171)	-	(1,269,171)
(113,803)	-	(113,803)
1,812,932	-	1,812,932
893,474	-	893,474
(4,494)	-	(4,494)
(896,469)	-	(896,469)
-	1,651,804	1,651,804
-	4,493,923	4,493,923
-	2,541,298	2,541,298
-	72,196	72,196
-	(23,045)	(23,045)
-	8,736,176	8,736,176
(896,469)	8,736,176	7,839,707
1,257,031	-	1,257,031
190,357	-	190,357
253,957	-	253,957
89,122	-	89,122
4,582,271	-	4,582,271
387,445	-	387,445
64,047	-	64,047
2,498,191	3,899	2,502,090
70,307	186,349	256,656
9,392,728	190,248	9,582,976
8,496,259	8,926,424	17,422,683
30,865,679	63,041,386	93,907,065
(109,212)	(11,745)	(120,957)
30,756,467	63,029,641	93,786,108
\$ 39,252,726	\$ 71,956,065	\$ 111,208,791

CITY OF JACKSON, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	City Income Tax	Buildings and Capital Outlay	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 6,552,461	\$ 4,869,428	\$ 3,100,000	\$ 5,821,307	\$ 20,343,196
Receivables:					
Income taxes	-	1,361,615	-	-	1,361,615
Real and other taxes	616,718	-	-	538,084	1,154,802
Accounts	29,898	-	-	-	29,898
Interfund loans	729,571	-	-	400,000	1,129,571
Accrued interest	49,809	-	-	-	49,809
Due from other governments	130,661	3,731	-	436,795	571,187
Loans	354	-	-	-	354
Leases	78,438	-	-	-	78,438
Materials and supplies inventory	5,708	-	-	71,053	76,761
Prepayments	93,097	52,768	-	37,126	182,991
Total assets	<u>\$ 8,286,715</u>	<u>\$ 6,287,542</u>	<u>\$ 3,100,000</u>	<u>\$ 7,304,365</u>	<u>\$ 24,978,622</u>
Liabilities:					
Accounts payable	\$ 33,496	\$ 15,239	\$ -	\$ 37,504	\$ 86,239
Contracts payable	-	212,210	-	-	212,210
Accrued wages and benefits payable	50,712	62,236	-	30,871	143,819
Interfund loans payable	-	-	-	900,000	900,000
Due to other governments	18,873	28,033	-	19,923	66,829
Payroll withholdings payable	19,819	-	-	-	19,819
Total liabilities	<u>122,900</u>	<u>317,718</u>	<u>-</u>	<u>988,298</u>	<u>1,428,916</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	563,304	-	-	490,842	1,054,146
Delinquent property tax revenue not available	47,976	-	-	41,804	89,780
Accrued interest not available	26,142	-	-	-	26,142
Miscellaneous revenue not available	20,065	-	-	-	20,065
Leases	76,375	-	-	-	76,375
Income tax revenue not available	-	702,333	-	-	702,333
Intergovernmental revenue not available	74,438	-	-	172,950	247,388
Total deferred inflows of resources	<u>808,300</u>	<u>702,333</u>	<u>-</u>	<u>705,596</u>	<u>2,216,229</u>
Fund balances:					
Nonspendable	149,681	52,768	-	108,179	310,628
Restricted	-	-	2,500,000	5,184,249	7,684,249
Committed	-	5,214,723	-	351,841	5,566,564
Assigned	94,211	-	600,000	-	694,211
Unassigned (deficit)	7,111,623	-	-	(33,798)	7,077,825
Total fund balances	<u>7,355,515</u>	<u>5,267,491</u>	<u>3,100,000</u>	<u>5,610,471</u>	<u>21,333,477</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,286,715</u>	<u>\$ 6,287,542</u>	<u>\$ 3,100,000</u>	<u>\$ 7,304,365</u>	<u>\$ 24,978,622</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances		\$ 21,333,477
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,459,298
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Income taxes receivable	\$ 702,333	
Real and other taxes receivable	89,780	
Intergovernmental receivable	247,388	
Accounts receivable	20,065	
Accrued interest receivable	26,142	
Total		1,085,708
An internal service fund is used by management to charge the costs of insurance to individual funds. A portion of the internal service fund is owed to governmental activities on the statement of net position.		419,589
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(755)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Deferred outflows of resources	1,984,312	
Deferred inflows of resources	(313,477)	
Net pension asset	337	
Net pension liability	(5,024,865)	
Total		(3,353,693)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Deferred outflows of resources	209,803	
Deferred inflows of resources	(270,687)	
Net OPEB asset	97,431	
Net OPEB liability	(153,340)	
Total		(116,793)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(453,330)	
Police and fire pension liability	(19,208)	
Leases payable	(1,065)	
Notes payable	(100,502)	
Total		(574,105)
Net position of governmental activities		<u>\$ 39,252,726</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	City Income Tax	Buildings and Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	\$ -	\$ 4,536,484	\$ -	\$ -	\$ 4,536,484
Real and other taxes	1,246,185	-	-	586,284	1,832,469
Intergovernmental	374,487	8,950	2,500,000	2,710,329	5,593,766
Charges for services	1,006,219	-	-	147,738	1,153,957
Fines, forfeitures, and settlements	31,706	-	-	30,884	62,590
Licenses and permits	98,310	-	-	-	98,310
Investment income	2,500,017	-	-	117,675	2,617,692
Rental income	9,384	-	-	-	9,384
Contributions and donations	1,000	-	-	36,756	37,756
Other	69,307	214	-	113,969	183,490
Total revenues	<u>5,336,615</u>	<u>4,545,648</u>	<u>2,500,000</u>	<u>3,743,635</u>	<u>16,125,898</u>
Expenditures:					
Current:					
General government	1,857,423	130,406	-	-	1,987,829
Security of persons and property	261,142	2,264,717	-	248,417	2,774,276
Public health and welfare	-	-	-	330,938	330,938
Transportation	186,840	848,939	-	1,594,518	2,630,297
Leisure time activity	13,261	-	-	329,671	342,932
Capital outlay	-	343,035	-	338,910	681,945
Debt service:					
Principal retirement	5,620	-	-	68,771	74,391
Interest	938	-	-	4,112	5,050
Total expenditures	<u>2,325,224</u>	<u>3,587,097</u>	<u>-</u>	<u>2,915,337</u>	<u>8,827,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,011,391</u>	<u>958,551</u>	<u>2,500,000</u>	<u>828,298</u>	<u>7,298,240</u>
Other financing sources (uses):					
Transfers in	35,483	-	-	516,676	552,159
Transfers (out)	(475,000)	-	-	(77,159)	(552,159)
Total other financing sources (uses)	<u>(439,517)</u>	<u>-</u>	<u>-</u>	<u>439,517</u>	<u>-</u>
Net change in fund balances	2,571,874	958,551	2,500,000	1,267,815	7,298,240
Fund balances as previously reported	4,783,641	4,308,940	-	4,942,656	14,035,237
Adjustment - change from nonmajor fund to major fund	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>(600,000)</u>	<u>-</u>
Fund balances at beginning of year, as adjusted	<u>4,783,641</u>	<u>4,308,940</u>	<u>600,000</u>	<u>4,342,656</u>	<u>14,035,237</u>
Fund balances at end of year	<u>\$ 7,355,515</u>	<u>\$ 5,267,491</u>	<u>\$ 3,100,000</u>	<u>\$ 5,610,471</u>	<u>\$ 21,333,477</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net change in fund balances - total governmental funds	\$	7,298,240
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeds depreciation/amortization expense in the current period.

Capital asset additions	\$ 1,919,150	
Current year depreciation/amortization	(844,426)	
Total		1,074,724

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Income taxes	45,787	
Real and other taxes	22,045	
Intergovernmental revenues	(37,086)	
Licenses and permits	20,065	
Investment income	(1,826)	
Total		48,985

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

74,391

In the statement of activities, interest is accrued on outstanding notes, whereas in governmental funds, an interest expenditure is reported when due.

556

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

9,319

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.

Pension		419,624
OPEB		5,012

Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension		(491,626)
OPEB		41,046

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. A portion of the net revenue of the internal service fund is allocated among the governmental activities.

15,988

Change in net position of governmental activities	\$	8,496,259
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds					Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total	
Assets:						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 3,954,350	\$ 6,780,733	\$ 17,097,059	\$ 1,539,005	\$ 29,371,147	\$ 930,198
Receivables:						
Accounts	224,491	387,845	1,927,680	83,200	2,623,216	142
Interfund loans	-	-	500,000	-	500,000	-
Accrued interest	347	-	-	-	347	-
Due from other governments	-	107,500	-	-	107,500	-
Leases	11,545	-	-	-	11,545	-
Materials and supplies inventory	171,882	204,397	2,497,279	1,023	2,874,581	-
Prepayments	34,195	32,627	37,567	8,950	113,339	-
Restricted assets:						
Customer deposits	53,852	49,776	212,475	104,983	421,086	-
Total current assets	4,450,662	7,562,878	22,272,060	1,737,161	36,022,761	930,340
Noncurrent assets:						
Investment in joint venture	-	-	213,335	-	213,335	-
Leases	196,470	-	-	-	196,470	-
Net pension asset	115	108	135	40	398	-
Net OPEB asset	33,324	31,088	38,949	11,653	115,014	-
Capital assets:						
Land and construction in progress	2,683,515	3,098,414	571,546	386	6,353,861	-
Depreciable/amortized capital assets, net	4,577,964	18,052,638	20,690,506	213,066	43,534,174	-
Total capital assets, net	7,261,479	21,151,052	21,262,052	213,452	49,888,035	-
Total noncurrent assets	7,491,388	21,182,248	21,514,471	225,145	50,413,252	-
Total assets	11,942,050	28,745,126	43,786,531	1,962,306	86,436,013	930,340
Deferred outflows of resources:						
Unamortized deferred charges on debt refunding	4,994	-	16,044	-	21,038	-
Pension	329,088	296,167	375,376	122,417	1,123,048	-
OPEB	32,858	32,629	38,952	12,099	116,538	-
Total deferred outflows of resources	366,940	328,796	430,372	134,516	1,260,624	-
Total assets and deferred outflows of resources	12,308,990	29,073,922	44,216,903	2,096,822	87,696,637	930,340
Liabilities:						
Current liabilities:						
Accounts payable	70,415	37,073	1,324,622	18,454	1,450,564	-
Contracts payable	30,093	-	19,883	-	49,976	-
Accrued wages and benefits payable	38,543	32,212	42,907	13,829	127,491	-
Due to other governments	9,704	5,723	8,418	2,866	26,711	-
Interfund loans payable	338,802	390,769	-	-	729,571	-
Accrued interest payable	397	3	8,851	-	9,251	-
Compensated absences payable - current	26,498	15,237	78,934	7,418	128,087	-
Unearned revenue	-	-	-	81,413	81,413	-
OWDA loans payable - current	69,015	632,000	-	-	701,015	-
OPWC loans payable - current	-	27,103	-	-	27,103	-
Notes payable - current	9,039	-	-	-	9,039	-
Leases payable - current	710	355	710	-	1,775	-
Claims payable	-	-	-	-	-	14,405
Payables from restricted assets:						
Bonds payable	55,000	-	530,000	-	585,000	-
Customer deposits payable	53,852	49,776	212,475	104,983	421,086	-
Total current liabilities	702,068	1,190,251	2,226,800	228,963	4,348,082	14,405
Long-term liabilities:						
Compensated absences payable	60,834	29,757	176,693	14,740	282,024	-
Bonds payable	57,295	-	2,805,000	-	2,862,295	-
OWDA loans payable	310,565	3,725,256	-	-	4,035,821	-
OPWC loans payable	-	522,792	-	-	522,792	-
Notes payable	7,012	-	-	-	7,012	-
Net pension liability	1,024,646	955,897	1,197,601	358,319	3,536,463	-
Total long-term liabilities	1,460,352	5,233,702	4,179,294	373,059	11,246,407	-
Total liabilities	2,162,420	6,423,953	6,406,094	602,022	15,594,489	14,405
Deferred inflows of resources:						
Leases	197,482	-	-	-	197,482	-
Pension	91,259	125,955	117,443	43,647	378,304	-
OPEB	19,268	18,087	22,589	6,699	66,643	-
Total deferred inflows of resources	308,009	144,042	140,032	50,346	642,429	-
Total liabilities and deferred inflows of resources	2,470,429	6,567,995	6,546,126	652,368	16,236,918	14,405
Net position:						
Net investment in capital assets	6,727,744	16,243,546	17,922,503	213,452	41,107,245	-
Restricted for pension/OPEB	33,439	31,196	39,084	11,693	115,412	-
Unrestricted	3,077,378	6,231,185	19,709,190	1,219,309	30,237,062	915,935
Total net position	\$ 9,838,561	\$ 22,505,927	\$ 37,670,777	\$ 1,444,454	71,459,719	\$ 915,935

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities:

Net position of the internal service fund	915,935
Amount owed to governmental activities	(419,589)
Net position of business-type activities	<u>\$ 71,956,065</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds					Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total	
Operating revenues:						
Charges for services	\$ 2,526,917	\$ 4,143,020	\$ 19,755,831	\$ 899,765	\$ 27,325,533	\$ -
Other operating revenues	15,698	6,899	115,429	48,323	186,349	206,274
Total operating revenues	<u>2,542,615</u>	<u>4,149,919</u>	<u>19,871,260</u>	<u>948,088</u>	<u>27,511,882</u>	<u>206,274</u>
Operating expenses:						
Personal services	696,813	626,608	822,650	232,137	2,378,208	-
Fringe benefits	263,761	258,043	241,987	113,399	877,190	166,304
Contract services	774,913	431,217	14,805,520	271,823	16,283,473	-
Materials and supplies	143,119	228,712	228,262	37,015	637,108	-
Utilities	118,841	435,936	13,375	4,264	572,416	-
Depreciation/amortization	337,328	963,831	581,563	89,467	1,972,189	-
Other	7,263	212,997	400,249	104,906	725,415	-
Total operating expenses	<u>2,342,038</u>	<u>3,157,344</u>	<u>17,093,606</u>	<u>853,011</u>	<u>23,445,999</u>	<u>166,304</u>
Operating income	<u>200,577</u>	<u>992,575</u>	<u>2,777,654</u>	<u>95,077</u>	<u>4,065,883</u>	<u>39,970</u>
Nonoperating revenues (expenses):						
Interest expense	(8,071)	(49,661)	(128,122)	-	(185,854)	-
Interest income	3,899	-	-	-	3,899	-
Total nonoperating revenues (expenses)	<u>(4,172)</u>	<u>(49,661)</u>	<u>(128,122)</u>	<u>-</u>	<u>(181,955)</u>	<u>-</u>
Income before capital contributions and transfers	196,405	942,914	2,649,532	95,077	3,883,928	39,970
Transfer in	-	-	-	47,000	47,000	-
Transfer out	(5,000)	(5,000)	(35,000)	(2,000)	(47,000)	-
Capital contributions	<u>1,467,801</u>	<u>3,550,713</u>	<u>-</u>	<u>-</u>	<u>5,018,514</u>	<u>-</u>
Change in net position	1,659,206	4,488,627	2,614,532	140,077	8,902,442	39,970
Net position at beginning of year, as previously reported	8,156,899	18,026,035	35,064,915	1,321,173		875,965
Restatement - change in accounting principle	<u>22,456</u>	<u>(8,735)</u>	<u>(8,670)</u>	<u>(16,796)</u>		<u>-</u>
Net position at beginning of year, restated	<u>8,179,355</u>	<u>18,017,300</u>	<u>35,056,245</u>	<u>1,304,377</u>		<u>875,965</u>
Net position at end of year	<u>\$ 9,838,561</u>	<u>\$ 22,505,927</u>	<u>\$ 37,670,777</u>	<u>\$ 1,444,454</u>		<u>\$ 915,935</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue of the internal service fund is reported with business-type activities:						
					39,970	
					(15,988)	
Change in net position of business-type activities					<u>\$ 8,926,424</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds					Internal Service Fund
	Water	Sewer	Electric	Nonmajor Enterprise Funds	Total	
Cash flows from operating activities:						
Cash received from customers	\$ 2,550,114	\$ 4,184,092	\$ 20,055,281	\$ 914,559	\$ 27,704,046	\$ -
Cash received from other operations	17,850	6,899	115,429	82,673	222,851	209,522
Cash payments for employee services and benefits	(1,027,831)	(964,947)	(1,193,574)	(372,211)	(3,558,563)	-
Cash payments for goods and services	(1,041,748)	(1,107,069)	(16,288,049)	(296,110)	(18,732,976)	-
Cash payments for claims	-	-	-	-	-	(159,480)
Cash payments for other expenses	(7,263)	(210,064)	(391,249)	(104,906)	(713,482)	-
Net cash provided by operating activities	491,122	1,908,911	2,297,838	224,005	4,921,876	50,042
Cash flows from noncapital financing activities:						
Cash received from transfers in	-	-	-	47,000	47,000	-
Cash used in transfers out	(5,000)	(5,000)	(35,000)	(2,000)	(47,000)	-
Cash received from interfund loans	338,802	390,769	-	-	729,571	-
Cash used for interfund loans	-	-	(500,000)	-	(500,000)	-
Net cash provided by (used in) noncapital financing activities	333,802	385,769	(535,000)	45,000	229,571	-
Cash flows from capital and related financing activities:						
Intergovernmental receipts	1,393,897	3,685,415	-	-	5,079,312	-
Acquisition of capital assets	(1,648,750)	(4,112,781)	(724,821)	(37,433)	(6,523,785)	-
Principal retirement on OPWC loans	-	(27,105)	-	-	(27,105)	-
Principal retirement on OWDA loans	(69,015)	(625,684)	-	-	(694,699)	-
Principal retirement on notes	(9,039)	(14,499)	-	-	(23,538)	-
Principal retirement on general obligation bonds	(50,000)	-	-	-	(50,000)	-
Principal retirement on revenue bonds	-	-	(510,000)	-	(510,000)	-
Principal retirement on leases	(2,791)	(1,396)	(2,791)	-	(6,978)	-
Interest and fiscal charges	(6,851)	(49,662)	(120,984)	-	(177,497)	-
Net cash used in capital and related financing activities	(392,549)	(1,145,712)	(1,358,596)	(37,433)	(2,934,290)	-
Net increase in cash and cash equivalents	432,375	1,148,968	404,242	231,572	2,217,157	50,042
Cash and cash equivalents at beginning of year	3,575,827	5,681,541	16,905,292	1,412,416	27,575,076	880,156
Cash and cash equivalents at end of year	\$ 4,008,202	\$ 6,830,509	\$ 17,309,534	\$ 1,643,988	\$ 29,792,233	\$ 930,198

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CITY OF JACKSON, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Water	Sewer	Electric	Nonmajor Enterprise Fund	Total	
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 200,577	\$ 992,575	\$ 2,777,654	\$ 95,077	\$ 4,065,883	\$ 39,970
Adjustments:						
Depreciation/amortization	337,328	963,831	581,563	89,467	1,972,189	-
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:						
Decrease (increase) in materials and supplies inventory	(36,593)	15,381	(1,186,540)	(65)	(1,207,817)	-
Decrease (increase) in prepayments	1,419	15,804	(1,694)	1,242	16,771	-
Decrease in accounts receivable	29,708	49,054	332,723	17,065	428,550	3,390
(Increase) in net pension asset	(54)	(47)	(63)	(18)	(182)	-
(Increase) in net OPEB asset	(33,324)	(31,088)	(38,949)	(11,653)	(115,014)	-
Decrease in deferred outflows - pension	264,981	264,428	301,297	120,080	950,786	-
Decrease in deferred outflows - OPEB	49,713	50,313	59,185	18,556	177,767	-
Increase (decrease) in accounts payable	30,957	(39,887)	(54,741)	16,326	(47,345)	-
Increase (decrease) in accrued wages and benefits	(810)	(7,004)	3,197	1,240	(3,377)	-
(Decrease) in intergovernmental payable	(1,342)	(4,377)	(1,771)	(871)	(8,361)	-
(Decrease) in unearned revenue	-	-	-	(3,957)	(3,957)	-
Increase (decrease) in compensated absences payable	(28,205)	2,587	(53,879)	(11,568)	(91,065)	-
Increase (decrease) in customer deposits payable	(5,435)	(5,049)	(24,273)	36,036	1,279	-
Increase in deferred inflows - pension	65,916	101,774	81,727	23,579	272,996	-
Increase in deferred inflows - OPEB	5,599	5,044	5,314	99	16,056	-
(Decrease) in net pension liability	(361,559)	(436,549)	(449,925)	(156,326)	(1,404,359)	-
(Decrease) in net OPEB liability	(27,754)	(27,879)	(32,987)	(10,304)	(98,924)	-
Increase in claims payable	-	-	-	-	-	6,824
Net cash provided by operating activities	<u>\$ 491,122</u>	<u>\$ 1,908,911</u>	<u>\$ 2,297,838</u>	<u>\$ 224,005</u>	<u>\$ 4,921,876</u>	<u>\$ 50,184</u>

Non-cash transactions

At December 31, 2024 capital assets purchased on account for the Water fund amounted to \$30,093.

At December 31, 2024 capital assets purchased on account for the Electric fund amounted to \$19,883.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - REPORTING ENTITY

The City of Jackson (the "City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City is operated under a statutory form of government and is a municipal corporation under the laws of the State of Ohio. The City operates under a Mayor/Council form of government. The City serves as the County Seat.

The Mayor, Auditor, and Treasurer, all with four year terms, and an eight member Council, plus a Council President, with two year terms, are elected. Department directors and public members of various boards and commissions are appointed by the Mayor.

The financial reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments that are not legally separate from the City. Services provided by the primary government include police and fire protection, cemetery services, street maintenance and repairs, community and economic development, parks and recreation, and water, sewer, garbage, and electrical services. The City also maintains a rail spur. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the City Mayor and City Auditor through administrative and managerial requirements and procedures, and all are included as part of the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. No potential component units met these criteria.

The City's Electric Utility Enterprise Fund has entered into an ongoing joint venture agreement called the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV5), with 41 other Ohio municipalities for the construction, installation, and operation of a 42 megawatt hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. Additional information concerning this joint venture is presented in Note 14.

The City is also associated with a purchasing pool, the Ohio Rural Water Association (ORWA) Workers' Compensation Group Rating Program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Jackson have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited expectations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, and liabilities and deferred inflows is reported as fund balance. The City reports the following major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

City income tax fund - The City income tax fund accounts for the collection and distribution of City-levied income taxes.

Buildings and capital outlay fund - The buildings and capital outlay fund accounts for monies used for various capital projects and improvements throughout the City.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Other governmental funds of the City are used to account for:

Nonmajor 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 expenditures for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor permanent funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City reports the following 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. The City reports the following major enterprise funds:

Water Fund -To account for water services provided to individuals and commercial users. The costs of providing these services are financed primarily through user charges.

Sewer Fund -To account for sanitary sewer services provided to individuals and commercial users. The costs of providing these services are financed primarily through user charges.

Electric Fund -To account for electric services provided to individuals and commercial users. The costs of providing these services are financed primarily through user charges.

Internal Service Fund - Internal service funds are used to 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. The internal service fund is used to account for the reimbursement to employees for deductibles on their health insurance.

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 custodial 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. Custodial fund deposits held by the City and due to other governments, individuals, or other entities. The City does not have any fiduciary funds.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

The non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year in which the taxes are levied. Revenues from grants and entitlements are recognized in the year eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the City on a reimbursable basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, interest, federal and state grants, state-levied locally shared taxes (including motor vehicle registration fees and gasoline taxes), and fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 8 and 9 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to rental income in a systematic and rational manner over the term of the lease.

See Notes 8 and 9 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations resolution is the City Council's authorization to spend resources and sets annual limits on the expenditures plus encumbrances at the level of control selected by the City Council. The legal level of budgetary control is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of the City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the city auditor. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were adopted by City Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary schedules reflect the first appropriation resolution for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled (See Note 4). Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During 2024, investments were limited to STAR Ohio and negotiable certificates of deposit. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Provisions of the Ohio Revised Code restrict investment procedures. During 2024, interest was distributed to the general fund, certain special revenue funds, the permanent fund, and the water fund. Interest revenue credited to the general fund during 2024 amounted to \$2,500,017, of which \$2,182,163 was assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

G. Receivables and Payables

Receivables and payables to be recorded on the City's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and, in the case of receivables, collectability.

H. Inventory of Materials and Supplies

Inventories represent supplies held for consumption, are presented at cost on a first-in, first-out basis and are expended/expensed when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets of the City include cash held for customer deposits.

CITY OF JACKSON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

K. Capital Assets and Depreciation/Amortization

General capital assets are those assets not specifically related to activities reported in the proprietary funds.

These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities columns of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The City's capitalization threshold is \$5,000. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

All reported capital assets are depreciated/amortized except for land, artwork and historical treasures and construction in progress. Improvements are depreciated/amortized over the remaining useful life of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
	Estimated Lives	Estimated Lives
Land Improvements	25-50 years	25-50 years
Buildings	25-50 years	25-50 years
Equipment	5-20 years	5-20 years
Infrastructure	25-60 years	25-60 years
Vehicles	5-12 years	5-12 years
Intangible right to use:		
Leased equipment	3 years	3 years

The City's infrastructure consists of streets, curbs and gutters, traffic lights, water, sewer, and storm waterlines and only includes infrastructure acquired after December 31, 1980.

The City is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

M. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

N. Accrued Liabilities and Long-Term Obligations

The City reports all payables, accrued liabilities, and long-term obligations in the government-wide financial statements and it reports all payables, accrued liabilities, and long-term obligations payable from proprietary funds in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that are paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. The City recognizes long-term notes as a liability in the enterprise fund financial statements when due.

O. Bond Premium/Discount and Accounting Loss

Bond premiums/discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resource or a deferred inflow of resources.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Q. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the constitutional provisions or through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations or other governments. The amount restricted for other purposes includes the amounts restricted for the Lillian Jones Museum, continuing professional development, FEMA grants, flood mitigation and the visitor's center.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

R. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser fund. Flows of cash or goods from one fund to another without a requirement for repayment should be reported as internal transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the fund financial statements.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, electric, garbage, and railroad utility services, and health insurance contributions for the internal service fund. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as nonoperating.

U. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions from governmental activities, outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. During 2024, the water fund received \$1,467,801 in capital contributions and the sewer fund received \$3,550,713 in capital contributions.

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2024.

W. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

X. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Y. Electric Utility Minimum Cash Reserve

The City has established, by ordinance, an electric utility minimum cash reserve policy to ensure adequate resources for unforeseen emergencies, revenue shortfalls, capital improvements/replacements, and debt service requirements. The City's policy details the calculation of the minimum cash reserve which is maintained at or above the calculated amount in a separate electric reserve fund (a component of the City's electric enterprise fund). The calculation of the minimum cash reserve is performed annually in conjunction with the budget process and the electric utility's financial projections.

At December 31, 2024, the City's minimum cash reserve balance was \$5,842,064. This amount is reported as a component of unrestricted net position in the electric fund.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. These changes were incorporated into the City's 2024 financial statements.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated into the City's 2024 financial statements.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2024 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
FEMA flood mitigation fund	\$ 29,475
LED streetlight project fund	4,323

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

C. Change within the Financial Reporting Entity

For 2024, the City's buildings and capital outlay fund presentation was adjusted from nonmajor to major due to now meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 30,865,679	\$ (109,212)	\$ 30,756,467
Business-Type Activities	63,041,386	(11,745)	63,029,641
Total Net Position	<u>\$ 93,907,065</u>	<u>\$ (120,957)</u>	<u>\$ 93,786,108</u>
Proprietary Funds			
Major Funds:			
Water	\$ 8,156,899	\$ 22,456	\$ 8,179,355
Sewer	18,026,035	(8,735)	18,017,300
Electric	35,064,915	(8,670)	35,056,245
Nonmajor Enterprise Fund	1,321,173	(16,796)	1,304,377
Total Proprietary Funds	<u>\$ 62,569,022</u>	<u>\$ (11,745)</u>	<u>\$ 62,557,277</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had \$1,250 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and cash equivalents.”

B. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$3,143,476 and the bank balance of all City deposits was \$3,105,458. Of the bank balance, \$253,019 was covered by the FDIC and \$2,852,439 was covered by the Ohio Pooled Collateral System. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the City’s financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2023, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Negotiable CDs	\$ 4,260,693	\$ 987,358	\$ 250,770	\$ 750,315	\$ -	\$ 2,272,250
<i>Net Asset Value (NAV) Per Share:</i>						
STAR Ohio	43,660,208	43,660,208	-	-	-	-
Total	<u>\$ 47,920,901</u>	<u>\$ 44,647,566</u>	<u>\$ 250,770</u>	<u>\$ 750,315</u>	<u>\$ -</u>	<u>\$ 2,272,250</u>

The weighted average maturity of investments is 0.20 years.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2024. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quote, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's and Moody's has assigned STAR Ohio an AAAM and Aaa money market rating, respectively. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs are fully FDIC insured.

The City's investment policy does not specifically address credit risk beyond requiring the City to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2024:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Negotiable CD's	\$ 4,260,693	8.89
<i>Net Asset Value</i>		
<i>(NAV) Per Share:</i>		
STAR Ohio	<u>43,660,208</u>	<u>91.11</u>
Total	<u>\$ 47,920,901</u>	<u>100.00</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of December 31, 2024:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 3,143,476
Investments	47,920,901
Cash on hand	<u>1,250</u>
Total	<u>\$ 51,065,627</u>
 <u>Cash per statement of net position</u>	
Governmental activities	\$ 20,343,196
Business type activities	<u>30,722,431</u>
Total	<u>\$ 51,065,627</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Auditor collects property taxes on behalf of all taxing districts in the County, including the City of Jackson. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2024 was \$6.70 per \$1,000 of assessed value. The assessed values of real and public utility property for tax year 2024 are as follows:

Real property	\$ 157,531,520
Public utility real and personal property	<u>18,501,130</u>
Total assessed value	<u>\$ 176,032,650</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - RECEIVABLES

Receivables at December 31, 2024, consisted primarily of taxes, intergovernmental receivables arising from grants, entitlements and shared revenues, loans, leases, accrued interest, and accounts arising from customer charges, fees, and other reimbursements. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables are expected to be collected within the subsequent year with the exception of delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$89,781 and leases. The financial statements reflect loans receivable of \$354. This amount is owed to the City for Federal Community Development Block Grant monies loaned to an individual for home improvements. The loan is interest-free and is to be repaid over a period of thirty years.

A summary of intergovernmental receivables follows:

Governmental Activities:

Local Government Funds	\$ 105,393
Sales Tax	65,645
Gasoline & Motor Vehicle Tax	197,564
Homestead and Rollback	35,119
Permissive Tax	4,773
ODOD Grants	48,087
FEMA Grants	58,950
State of Ohio Grants	50,000
Municipal Court	1,925
Other Intergovernmental	<u>3,731</u>
Total Governmental Activities	<u>\$ 571,187</u>

Business-Type Activities:

Sewer Grants	<u>\$ 107,500</u>
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The City has entered into lease agreements for broadband terrestrial projects and wireless communication antennas. The City is reporting leases receivable of \$78,438 in the general fund and \$208,015 in the water fund at December 31, 2024. For 2024, the City recognized interest revenue of \$1,609 and \$4,264 in the general fund and water fund, respectively, related to these lease agreements.

The following is a schedule of future lease payments under the agreements.

Year Ending December 31,	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,472	\$ 1,528	\$ 6,000	\$ 11,545	\$ 4,055	\$ 15,600
2026	4,562	1,438	6,000	11,778	3,822	15,600
2027	4,655	1,345	6,000	12,016	3,584	15,600
2028	4,748	1,252	6,000	12,259	3,341	15,600
2029	4,844	1,156	6,000	13,412	3,088	16,500
2030 - 2034	25,728	4,272	30,000	73,725	11,175	84,900
2035 - 2039	28,431	1,569	30,000	73,280	3,220	76,500
2040	998	2	1,000	-	-	-
Total	<u>\$ 78,438</u>	<u>\$ 12,562</u>	<u>\$ 91,000</u>	<u>\$ 208,015</u>	<u>\$ 32,285</u>	<u>\$ 240,300</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
<u>Governmental Activities:</u>				
Non-Depreciable/Amortized Capital Assets:				
Art work and historical treasures	\$ 291,000	\$ -	\$ -	\$ 291,000
Construction in progress	138,002	269,137	(241,517)	165,622
Land	1,407,256	-	-	1,407,256
Total Non-Depreciable/Amortized Capital Assets	<u>1,836,258</u>	<u>269,137</u>	<u>(241,517)</u>	<u>1,863,878</u>
Depreciable/Amortized Capital Assets:				
Land Improvements	480,754	-	-	480,754
Buildings	2,596,663	249,517	-	2,846,180
Equipment	1,530,833	240,926	-	1,771,759
Infrastructure	22,401,889	1,171,271	-	23,573,160
Vehicles	2,357,112	229,816	-	2,586,928
Intangible right to use - leased equipment	12,324	-	-	12,324
Total Depreciable/Amortized Capital Assets	<u>29,379,575</u>	<u>1,891,530</u>	<u>-</u>	<u>31,271,105</u>
Accumulated Depreciation/Amortization:				
Land Improvements	(239,652)	(13,398)	-	(253,050)
Buildings	(1,450,929)	(64,683)	-	(1,515,612)
Equipment	(869,171)	(99,419)	-	(968,590)
Infrastructure	(7,432,843)	(516,374)	-	(7,949,217)
Vehicles	(1,831,475)	(146,444)	-	(1,977,919)
Intangible right to use - leased equipment	(7,189)	(4,108)	-	(11,297)
Total Accumulated Depreciation/Amortization	<u>(11,831,259)</u>	<u>(844,426)</u>	<u>-</u>	<u>(12,675,685)</u>
Total Depreciable/Amortized Capital Assets, Net	<u>17,548,316</u>	<u>1,047,104</u>	<u>-</u>	<u>18,595,420</u>
Governmental Capital Assets, Net	<u>\$ 19,384,574</u>	<u>\$ 1,316,241</u>	<u>\$ (241,517)</u>	<u>\$ 20,459,298</u>

Depreciation/amortization expense was charged to governmental activities as follows:

<u>Governmental Activities:</u>	
General Government	\$ 343,009
Security of Persons and Property	159,752
Public Health Services	14,382
Transportation	289,533
Leisure Time Activities	37,750
Total Depreciation/Amortization Expense	<u>\$ 844,426</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
<u>Business-Type Activities:</u>				
Non-Depreciable/Amortized Capital Assets:				
Land	\$ 1,831,990	\$ -	\$ -	\$ 1,831,990
Construction in Progress	<u>2,304,201</u>	<u>5,555,207</u>	<u>(3,337,537)</u>	<u>4,521,871</u>
Total Non-Depreciable/Amortized Capital Assets	<u>4,136,191</u>	<u>5,555,207</u>	<u>(3,337,537)</u>	<u>6,353,861</u>
Depreciable/Amortized Capital Assets:				
Land Improvements	27,019	-	-	27,019
Buildings	1,121,174	-	-	1,121,174
Equipment	4,741,921	116,743	-	4,858,664
Infrastructure	59,938,177	4,131,994	-	64,070,171
Vehicles	3,443,001	68,653	-	3,511,654
Intangible right to use - leased equipment	<u>20,540</u>	<u>-</u>	<u>-</u>	<u>20,540</u>
Total Depreciable/Amortized Capital Assets	<u>69,291,832</u>	<u>4,317,390</u>	<u>-</u>	<u>73,609,222</u>
Accumulated Depreciation/Amortization:				
Land Improvements	(15,470)	(420)	-	(15,890)
Buildings	(707,877)	(18,848)	-	(726,725)
Equipment	(2,861,822)	(243,677)	-	(3,105,499)
Infrastructure	(21,996,107)	(1,521,474)	-	(23,517,581)
Vehicles	(2,509,601)	(180,923)	-	(2,690,524)
Intangible right to use - leased equipment	<u>(11,982)</u>	<u>(6,847)</u>	<u>-</u>	<u>(18,829)</u>
Total Accumulated Depreciation/Amortization	<u>(28,102,859)</u>	<u>(1,972,189)</u>	<u>-</u>	<u>(30,075,048)</u>
Total Depreciable/Amortized Capital Assets, Net	<u>41,188,973</u>	<u>2,345,201</u>	<u>-</u>	<u>43,534,174</u>
Business-Type Activities Capital Assets, Net	<u>\$ 45,325,164</u>	<u>\$ 7,900,408</u>	<u>\$ (3,337,537)</u>	<u>\$ 49,888,035</u>

Depreciation/amortization expense was charged to the enterprise funds as follows:

<u>Business-Type Activities:</u>	
Water	\$ 337,328
Sewer	963,831
Electric	581,563
Garbage	<u>89,467</u>
Total Depreciation/Amortization Expense	<u>\$ 1,972,189</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
	Traditional	Combined
2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2024 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was \$596,920 for 2024. Of this amount, \$62,388 is reported as due to other governments.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2024 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2024 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$145,866 for 2024. Of this amount, \$15,507 is reported as due to other governments.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2024, the specific liability of the City was \$19,208 payable in semi-annual payments through the year 2035.

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02665800%	0.00439700%	0.01816020%	
Proportion of the net pension liability/asset current measurement date	0.02495100%	0.00659000%	0.02100170%	
Change in proportionate share	-0.00170700%	0.00219300%	0.00284150%	
Proportionate share of the net pension liability	\$ 6,532,274	\$ -	\$ 2,029,054	\$ 8,561,328
Proportionate share of the net pension asset	-	(735)	-	(735)
Pension expense	587,347	(70)	46,752	634,029

CITY OF JACKSON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 106,764	\$ 1,574	\$ 65,138	\$ 173,476
Net difference between projected and actual earnings on pension plan investments	1,318,489	129	229,932	1,548,550
Changes of assumptions	-	26	128,233	128,259
Changes in employer's proportionate percentage/ difference between employer contributions	223,075	-	291,214	514,289
Contributions subsequent to the measurement date	590,529	6,391	145,866	742,786
Total deferred outflows of resources	<u>\$ 2,238,857</u>	<u>\$ 8,120</u>	<u>\$ 860,383</u>	<u>\$ 3,107,360</u>

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 22,695	\$ 22,695
Changes of assumptions	-	-	30,813	30,813
Changes in employer's proportionate percentage/ difference between employer contributions	378,304	-	259,969	638,273
Total deferred inflows of resources	<u>\$ 378,304</u>	<u>\$ -</u>	<u>\$ 313,477</u>	<u>\$ 691,781</u>

\$742,786 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:				
2025	\$ 235,178	\$ 273	\$ 18,828	\$ 254,279
2026	381,208	273	93,625	475,106
2027	841,385	311	190,034	1,031,730
2028	(187,747)	186	52,639	(134,922)
2029	-	177	45,639	45,816
Thereafter	-	509	275	784
Total	<u>\$ 1,270,024</u>	<u>\$ 1,729</u>	<u>\$ 401,040</u>	<u>\$ 1,672,793</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation

Current measurement date	2.75%
Prior measurement date	2.75%

Future salary increases, including inflation

Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation

COLA or ad hoc COLA

Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple

Investment rate of return

Current measurement date	6.90%
Prior measurement date	6.90%

Actuarial cost method

Individual entry age

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u>100.00 %</u>	

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 10,283,555	\$ 6,532,274	\$ 3,412,299
Member-Directed Plan	(527)	(735)	(923)

Actuarial Assumptions - OP&F

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

CITY OF JACKSON, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Healthy Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 2,687,633	\$ 2,029,054	\$ 1,481,381

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<i>January 1, 2015 through</i> <i>December 31, 2021</i>	<i>January 1, 2015 through</i> <i>December 31, 2021</i>	<i>January 1, 2015 through</i> <i>December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$2,557 for 2024. Of this amount, \$267 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$3,839 for 2024. Of this amount, \$408 is reported as due to other governments.

Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability			
prior measurement date	0.02500600%	0.01816020%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.02353900%</u>	<u>0.02100170%</u>	
Change in proportionate share	<u>-0.00146700%</u>	<u>0.00284150%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 153,340	\$ 153,340
Proportionate share of the net OPEB asset	(212,445)	-	(212,445)
OPEB expense	(38,747)	(21,029)	(59,776)

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 7,374	\$ 7,374
Net difference between projected and actual earnings on OPEB plan investments	127,586	11,322	138,908
Changes of assumptions	54,694	52,769	107,463
Changes in employer's proportionate percentage/ difference between employer contributions	16,471	49,729	66,200
Contributions subsequent to the measurement date	2,557	3,839	6,396
Total deferred outflows of resources	<u>\$ 201,308</u>	<u>\$ 125,033</u>	<u>\$ 326,341</u>
	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 30,238	\$ 28,184	\$ 58,422
Changes of assumptions	91,324	98,749	190,073
Changes in employer's proportionate percentage/ difference between employer contributions	12,229	76,606	88,835
Total deferred inflows of resources	<u>\$ 133,791</u>	<u>\$ 203,539</u>	<u>\$ 337,330</u>

\$6,396 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	\$ (3,121)	\$ (30,044)	\$ (33,165)
2026	11,850	(15,700)	(3,850)
2027	99,313	(8,089)	91,224
2028	(43,082)	(12,822)	(55,904)
2029	-	(10,354)	(10,354)
Thereafter	-	(5,336)	(5,336)
Total	<u>\$ 64,960</u>	<u>\$ (82,345)</u>	<u>\$ (17,385)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 116,753	\$ (212,445)	\$ (485,139)

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 221,267	\$ 212,445	\$ 202,435

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 188,872	\$ 153,340	\$ 123,415

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

City employees and elected officials participate in a statewide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

B. Additional Insurance

The City provides \$40,000 in life insurance and accidental death and dismemberment insurance to its full-time employees working a minimum of twenty hours per week through Guardian Life Insurance Company.

The City provides comprehensive major medical insurance through Anthem Blue Cross/Blue Shield. The City pays a percentage of the total monthly premiums of \$1,990 for family coverage and \$805 for single coverage.

C. Compensated Absences

Vacation leave is earned at varying rates based upon length of service. A maximum number of vacation hours may be accumulated based on length of service. At the time of termination of employment or death, an employee (or his estate) is paid for his unused vacation leave.

Sick leave is earned at the rate of four and six tenths hours per eighty hours of service and can be accumulated without limit. In the case of death or retirement of an employee who has five to nine years of service, the employee or his estate is paid for fifty percent of his accumulated sick leave, and an employee who has ten years or more is paid one hundred percent of his accumulated sick leave.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2024, the City contracted with Jones-Stephenson for property and general liability, automobile liability, boiler and machinery liability, law enforcement liability, and public officials' liability.

Under the Jones-Stephenson program for general liability, law enforcement liability, and public officials' liability, the City has \$1,000,000 of total liability coverage for each occurrence, and a \$1,000,000 aggregate limit. During 2023, an additional \$1,000,000 excess liability was put in place for the Law and Fire Professional Liability coverage as a separate policy written with Cincinnati Specialty Underwriters. The City also has a \$4,000,000 umbrella liability policy which covers property and auto. In addition, there is a separate Directors and Officers liability policy for a limit of \$1,000,000/occurrence and \$1,000,000 aggregate. Property insurance is covered to a limit of \$68,000,000 with a \$5,000 deductible. Under automobile liability the City has \$1,000,000 of total liability coverage for each occurrence. Automobile insurance carries a \$500 per vehicle deductible for comprehensive coverage and a \$1,000 per vehicle collision coverage. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - RISK MANAGEMENT - (Continued)

The City is a member in good standing of the Ohio Rural Water Association (ORWA) group rating plan. The intent of the City's membership in the ORWA is to achieve the benefit of reduced workers' compensation premiums, foster safer working conditions, and promote cost effective claims management by virtue of its grouping and representation with other members of the ORWA. The City pays a workers' compensation premium based on its individual workers' compensation claim experience; then the workers' compensation claim experience of the ORWA members is calculated as one experience. A comparison is calculated and each member's individual workers' compensation claim experience is compared to the workers' compensation claim experience of the ORWA members. A member may then receive a refund for a favorable comparison to the group or contribute to an equity pooling fund for an unfavorable comparison. The equity pooling arrangement ensures that each member shares equally in the overall experience of the ORWA members. CompManagement, Inc. is the third-party administrator that provides case management, consulting and administrative services to participating members of the ORWA.

Beginning in 2004, the City manages the deductible portion of employee health benefits on a self-insured basis. The employee health benefit plan provides this coverage through Peoples Bank – Insurance Division, the third-party administrator of the program, which reviews and pays the claims. Patrick and Associates charges the City a monthly administration fee of \$7 per employee. The claims liability of \$14,405 reported in the self-insurance fund at December 31, 2024, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses.

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2024	\$7,581	\$166,304	(\$159,480)	\$14,405
2023	14,416	\$147,237	(\$154,072)	\$7,581

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CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. During 2024, the following changes occurred in the City's long-term obligations:

	Restated Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<u>Notes -Direct Borrowings:</u>					
Building Acquisition Note 4.0%	\$ 13,604	\$ -	\$ (8,562)	\$ 5,042	\$ 5,042
Building Improvement Note 4.0%	10,891	-	(6,860)	4,031	4,031
WesBanco Aerial Truck Financed Purchase	72,790	-	(35,883)	36,907	36,907
Milton Pumper Truck Financed Purchase	71,988	-	(17,466)	54,522	17,817
Total Notes and Financed Purchases	169,273	-	(68,771)	100,502	63,797
Leases Payable	5,252	-	(4,187)	1,065	1,065
Police and Fire Pension Liability	20,641	-	(1,433)	19,208	1,494
Compensated Absences*	462,651	-	(9,321)	453,330	181,912
Net Pension Liability	4,659,006	365,859	-	5,024,865	-
Net OPEB Liability	188,038	24,045	(58,743)	153,340	-
Total Governmental Activities	\$ 5,504,861	\$ 389,904	\$ (142,455)	\$ 5,752,310	\$ 248,268
<u>Business-Type Activities:</u>					
<u>Bonds Payable:</u>					
2007 Water System General Obligation Bonds 4%	\$ 160,000	\$ -	\$ (50,000)	\$ 110,000	\$ 55,000
Unamortized Bond Premium	3,493	-	(1,198)	2,295	-
2014 Refunded Electric System Revenue Bonds - Direct Placement	545,000	-	(225,000)	320,000	235,000
Electric System Improvement Revenue Series 2018 - Direct Placement	3,300,000	-	(285,000)	3,015,000	295,000
Total Bonds Payable	4,008,493	-	(561,198)	3,447,295	585,000
<u>Notes Payable:</u>					
2001 Holzer Hospital Water Lines 0%	25,090	-	(9,039)	16,051	9,039
2002 Holzer Hospital Lift Station 0%	14,499	-	(14,499)	-	-
Total Notes Payable	39,589	-	(23,538)	16,051	9,039
<u>OPWC Loans - Direct Borrowings:</u>					
2015 OPWC Loan 0%	491,917	-	(20,933)	470,984	20,932
2019 OPWC Loan 0%	43,930	-	(3,820)	40,110	3,820
2020 OPWC Loan 0%	41,153	-	(2,352)	38,801	2,351
Total OPWC Loans	577,000	-	(27,105)	549,895	27,103
<u>OWDA Loans - Direct Borrowings:</u>					
2007 OWDA Loan 1% (#4668)	1,954,127	-	(426,702)	1,527,425	430,980
2009 OWDA Loan 0% (#5387)	448,595	-	(69,015)	379,580	69,015
2015 OWDA Loan 3.41% (#7011)	142,824	-	(4,596)	138,228	4,754
2015 OWDA Loan 1% (#7047)	2,327,919	-	(175,739)	2,152,180	177,501
2020 OWDA Loan 0.63% (#8834)	558,070	-	(18,647)	539,423	18,765
Total OWDA Loans	5,431,535	-	(694,699)	4,736,836	701,015
<u>Other Long-Term Obligations:</u>					
Leases Payable	8,753	-	(6,978)	1,775	1,775
Compensated Absences Payable*	501,176	-	(91,065)	410,111	128,087
Net Pension Liability	4,940,822	-	(1,404,359)	3,536,463	-
Net OPEB Liability	98,924	-	(98,924)	-	-
Total Business-Type Activities	\$ 15,606,292	\$ -	\$ (2,907,866)	\$ 12,698,426	\$ 1,452,019

*The change in compensated absences liability is presented as a net change.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Governmental Activities:

Notes Payable

The City will pay the Building Acquisition and Improvement Notes from the Community Improvement Fund. These notes are a direct borrowing with WesBanco Bank Inc. The notes include a default interest rate provision, increasing the interest rate by 5% over the prevailing interest rate at the time of default. The notes are secured by the mortgage deed on property at 14 North Main Street, Jackson Ohio. Principal and interest requirements to retire these outstanding notes at December 31, 2024, are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,073	\$ 103	\$ 9,176
Total	<u>\$ 9,073</u>	<u>\$ 103</u>	<u>\$ 9,176</u>

Financed Purchase Agreement

During a prior year, the City entered into two financed purchase agreements to assist in the purchase of a new aerial platform truck and a new pumper fire truck. Financed purchase payments will be reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures and changes in fund balances for the governmental funds. The City will pay the financed purchase agreements from the Fire Tax Levy Fund (a nonmajor governmental fund). The following is a schedule of future payments under the financed purchase agreements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 54,724	\$ 2,133	\$ 56,857
2026	18,172	730	18,902
2027	<u>18,533</u>	<u>369</u>	<u>18,902</u>
Total	<u>\$ 91,429</u>	<u>\$ 3,232</u>	<u>\$ 94,661</u>

Leases Payable

The City has entered into lease agreements for the right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The leases will be paid from the general fund. The following is a schedule of future payments under the lease agreements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,065	\$ 5	\$ 1,070
Total	<u>\$ 1,065</u>	<u>\$ 5</u>	<u>\$ 1,070</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Police and Fire Pension Liability

The City will pay the Police and Fire Pension Liability from the General Fund. Principal and interest requirements to retire the City's police and fire pension liability outstanding at December 31, 2024, are:

Year	Principal	Interest	Total
2025	\$ 1,494	\$ 801	\$ 2,295
2026	1,558	737	2,295
2027	1,625	670	2,295
2028	1,694	601	2,295
2029	1,768	527	2,295
2030 - 2034	10,043	1,432	11,475
2035	<u>1,026</u>	<u>22</u>	<u>1,048</u>
Total	<u>\$ 19,208</u>	<u>\$ 4,790</u>	<u>\$ 23,998</u>

Legal Debt Margin

As of December 31, 2024, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,474,355, with an unvoted debt margin of \$9,681,796.

Net Pension Liability and Net OPEB Liability

See Notes 8 and 9 for details on the net pension liability and net OPEB liability. The City pays obligations related to employee compensation from the fund benefiting from their service, which for the City, is primarily the general fund.

Business-Type Activities:

Bonds Payable

In 1993, Water System Revenue Bonds were issued in the amount of \$2,910,000 for the purpose of (1) current refunding and permanent financing of \$2,540,000 of the City's bond anticipation notes issued to pay part of the costs of water system improvements, (2) funding a debt service reserve account, and (3) paying certain costs related to the issuance of the Series 1993 Bonds, together with other permissible costs under the Uniform Public Securities Law.

On October 9, 2007, the City issued \$2,375,000 in Water System General Obligation Bonds, with a premium of \$22,761, for the purpose of (1) defeasing the 1993 Water System Revenue Bonds, and (2) paying for additional water system improvements.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$49,314. This difference, reported as unamortized deferred charges on debt refunding, is being charged to interest through 2026.

The refunding bonds are serial bonds and are not subject to redemption prior to stated maturity.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements for the Water System General Obligation Bonds are as follows:

Year	Principal	Interest	Total
2025	\$ 55,000	\$ 4,675	\$ 59,675
2026	55,000	2,338	57,338
Total	<u>\$ 110,000</u>	<u>\$ 7,013</u>	<u>\$ 117,013</u>

On September 12, 2014, the City issued electric system revenue refunding bonds (Series 2014), par value \$2,680,000. This was a direct placement debt sold to Branch Banking and Trust Company. The proceeds were used to advance refund the Series 2006 revenue bonds. The issuance proceeds were deposited into an escrow trust fund, which consists of cash and direct or guaranteed non-callable government obligations. The principal of this escrow trust, when due, will be sufficient to pay on the redemption date the principal of, redemption premium and interest on the Series 2006 bonds. This refunded debt is considered defeased (in substance) and accordingly, has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$101,854. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

On September 27, 2018, the City issued \$4,565,000 in Electric System Improvement Revenue Bonds for the purpose of paying the costs of improving the City's electric system by the construction and implementation of a new electrical substation. This was direct placement debt sold to Huntington Public Capital Corporation.

The City has pledged future electric customer revenues, net of specified operating expenses, to repay \$7,245,000 in electric system revenue bonds issued in 2014 and 2018. Proceeds from the original bonds provided financing for various electric utility projects. The bonds are payable solely from electric customer net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 18.78 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,856,906. Principal and interest paid for the current year and total customer net revenues were \$630,933 and \$3,359,217, respectively.

Principal and interest requirements for revenue bonds are as follows:

Year	Principal	Interest	Total
2025	\$ 530,000	\$ 106,129	\$ 636,129
2026	390,000	90,755	480,755
2027	310,000	78,729	388,729
2028	325,000	68,623	393,623
2029	335,000	58,028	393,028
2030 - 2033	<u>1,445,000</u>	<u>119,642</u>	<u>1,564,642</u>
Total	<u>\$ 3,335,000</u>	<u>\$ 521,906</u>	<u>\$ 3,856,906</u>

Notes Payable

The Holzer Hospital loans were for improvements to water and sewer lines to and from the hospital facility. Payment for this debt will come in the form of reduced user fees paid by the hospital until the debt is paid, no amortization schedule is available.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans

The City has loans in the amounts of \$4,357,256 for sewer projects and \$379,580 for water projects from OWDA. The sewer loans have a 0.63, 1.00 and 3.41 percent interest rate and mature July 1, 2028, July 1, 2036, July 1, 2045 and July 1, 2051. The water loan has a zero percent interest rate and matures July 1, 2030.

The City has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from sewer and water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2024, the City has outstanding borrowings of \$4,736,836. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down. This is a direct borrowing. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest and/or late charges associated with the default.

The City has pledged future sewer revenues to repay the OWDA loans. These loans are payable solely from sewer fund revenues and are payable through 2045. Annual principal and interest payments on the loan are 34.57 percent of net customer revenues. The total principal and interest remaining to be paid on the loans is \$4,634,536. Principal and interest paid for the current year were \$676,254 and total net revenues were \$1,956,406.

The City has pledged future water revenues to repay the 2009 OWDA loan. This loan is payable solely from water fund revenues and is payable through 2030. Annual principal and interest payments on the loan are 12.74 percent of net customer revenues. The total principal remaining to be paid on the loan is \$379,580. Principal paid for the current year was \$69,015 and total net revenues were \$541,804.

Principal and interest requirements are as follows:

Year	OWDA Sewer Loans			OWDA Water Loan
	Principal	Interest	Total	Principal
2025	\$ 632,000	\$ 44,262	\$ 676,262	\$ 69,015
2026	638,382	37,890	676,272	69,015
2027	644,831	31,450	676,281	69,015
2028	428,758	24,942	453,700	69,014
2029	209,413	21,709	231,122	69,014
2030 - 2034	1,079,987	75,762	1,155,749	34,507
2035 - 2039	431,804	26,151	457,955	-
2040 - 2044	146,698	11,435	158,133	-
2045 - 2049	112,390	3,333	115,723	-
2050 - 2051	32,993	346	33,339	-
Total	<u>\$ 4,357,256</u>	<u>\$ 277,280</u>	<u>\$ 4,634,536</u>	<u>\$ 379,580</u>

OPWC Loans

The City entered into three debt financing arrangements through the Ohio Public Works Commission (OPWC), direct borrowings to fund McCarty Lane Sanitary Sewer Improvements. The first loan amount was for \$627,980, with semi-annual payments in January and July. Payments during 2024 totaled \$20,933. The loan matures January 1, 2047. Principal payments are made from the sewer fund. The second loan amount was for \$57,300, with semi-annual payments in January and July. Payments during 2024 totaled \$3,820. The loan matures January 1, 2035. Principal payments are made from the sewer fund. The third loan amount was for \$47,032, with semi-annual payments in January and July. Payments during 2024 totaled \$2,352. The loan matures January 1, 2041.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The loans are interest free. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53 or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges become immediately due and payable.

Principal and interest requirements are as follows:

Year	OPWC Loans		
	<u>McCarty Lane Area</u>	<u>McCarty Lane Re-Build</u>	<u>Lift Station Upgrades</u>
	<u>Sanitary Sewer</u>		
	Principal	Principal	Principal
2025	\$ 20,932	\$ 3,820	\$ 2,351
2026	20,933	3,820	2,352
2027	20,932	3,820	2,351
2028	20,933	3,820	2,352
2029	20,932	3,820	2,351
2030 - 2034	104,664	19,100	11,758
2035 - 2039	104,663	1,910	11,758
2040 - 2044	104,663	-	3,528
2045 - 2047	52,332	-	-
Total	<u>\$ 470,984</u>	<u>\$ 40,110</u>	<u>\$ 38,801</u>

Leases Payable

The City has entered into lease agreements for the right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The leases will be paid from the electric, sewer and water funds. The following is a schedule of future payments under the lease agreements:

Year	Principal	Interest	Total
2025	<u>\$ 1,775</u>	<u>\$ 9</u>	<u>\$ 1,784</u>
Total	<u>\$ 1,775</u>	<u>\$ 9</u>	<u>\$ 1,784</u>

Net Pension Liability and Net OPEB Liability

See Notes 8 and 9 for details on the net pension liability and net OPEB liability. The City pays obligations related to employee compensation from the fund benefiting from their service, which for the City, is primarily the water fund, the sewer fund, the garbage fund and the electric fund.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - INTERFUND ACTIVITY

A. Transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

	Transfer to General Fund	Transfer to Nonmajor Governmental Funds	Transfer to Nonmajor Enterprise Funds
<u>Transfer from</u>			
General Fund	\$ -	\$ 475,000	\$ -
Nonmajor Governmental Funds	35,483	41,676	-
Water Fund	-	-	5,000
Sewer Fund	-	-	5,000
Electric Fund	-	-	35,000
Nonmajor Enterprise Funds	-	-	2,000
Total	<u>\$ 35,483</u>	<u>\$ 516,676</u>	<u>\$ 47,000</u>

The transfers from the General Fund were to use unrestricted revenue to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers from other governmental funds were to move endowment fund earnings to the related operating funds and to close out a capital projects fund and transfer the residual balance to the General Fund. The transfers from the enterprise funds were to move utility deposit funds to the new deposit fund that was established in 2023.

All transfers made were in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

B. Interfund Loans

Interfund loans receivable/payable consisted of the following at December 31, 2024, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Water fund	\$ 338,802
General fund	Sewer fund	390,769
Nonmajor governmental funds	Nonmajor governmental funds	400,000
Electric fund	Nonmajor governmental funds	500,000
Total		<u>\$ 1,629,571</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements. Interfund balances between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - JOINT VENTURE

The City of Jackson is a Financing Participant with an ownership percentage of 7.14%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also, pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024, the City has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. In 2016 the note was refunded in full by the issuance of 2016 Beneficial Interest Certificates.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$213,335 at December 31, 2023 (the latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - CONTINGENT LIABILITIES

A. Litigation

The City is a party to legal proceedings. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of the City's management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2024.

B. Federal and State Grants

For the period January 1, 2024 to December 31, 2024, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

C. Asset Retirement Obligation

Asset Retirement Obligations Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio Environmental Protection Agency (EPA) for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facility and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City does not have an approved permit from Ohio EPA to dispose of all or part of their sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant, the City has determined that the amount of the asset retirement obligation cannot be reasonably estimated.

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CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	City Income Tax	Buildings and Capital Outlay	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 5,708	\$ -	\$ -	\$ 71,053	\$ 76,761
Prepays	93,097	52,768	-	37,126	182,991
Unclaimed monies	<u>50,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,876</u>
Total nonspendable	<u>149,681</u>	<u>52,768</u>	<u>-</u>	<u>108,179</u>	<u>310,628</u>
Restricted:					
Community development	-	-	-	941,082	941,082
Cemetery	-	-	-	913,201	913,201
Transportation	-	-	-	753,689	753,689
Public safety	-	-	-	481,526	481,526
Lillian Jones museum	-	-	-	400,992	400,992
Youth art program	-	-	-	578,740	578,740
Capital projects	-	-	2,500,000	2,654	2,502,654
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,112,365</u>	<u>1,112,365</u>
Total restricted	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>5,184,249</u>	<u>7,684,249</u>
Committed:					
Capital projects	-	-	-	7,330	7,330
Recreation	-	-	-	220,075	220,075
Other purposes	<u>-</u>	<u>5,214,723</u>	<u>-</u>	<u>124,436</u>	<u>5,339,159</u>
Total committed	<u>-</u>	<u>5,214,723</u>	<u>-</u>	<u>351,841</u>	<u>5,566,564</u>
Assigned:					
General government	41,014	-	-	-	41,014
Public safety	2,563	-	-	-	2,563
Transportation	10,569	-	-	-	10,569
Capital projects	-	-	600,000	-	600,000
Community development	35,180	-	-	-	35,180
Recreation	2,748	-	-	-	2,748
Other purposes	<u>2,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137</u>
Total assigned	<u>94,211</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>694,211</u>
Unassigned (deficit)	<u>7,111,623</u>	<u>-</u>	<u>-</u>	<u>(33,798)</u>	<u>7,077,825</u>
Total fund balances	<u>\$ 7,355,515</u>	<u>\$ 5,267,491</u>	<u>\$ 3,100,000</u>	<u>\$ 5,610,471</u>	<u>\$ 21,333,477</u>

CITY OF JACKSON, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 17 - COMMITMENTS

A. Contractual Commitments

At December 31, 2024, the City had the following contractual commitments:

Project	Purchase Commitments	Amount Paid as of 12/31/2024	Amount Remaining on Contracts
Salt Lick Creek Flood Mitigation	\$ 696,994	\$ 117,900	\$ 579,094
LED Street Lights	500,000	47,722	452,278
93 South Waterline	1,625,046	1,425,080	199,966
South Street Water & Wastewater Main Line	3,000,000	2,556,366	443,634
Clinton/Taft Sewer	395,000	30,828	364,172
	<u>\$ 6,217,040</u>	<u>\$ 4,177,896</u>	<u>\$ 2,039,144</u>

B. Other Commitments

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 54,146
City income tax fund	151,876
Nonmajor governmental funds	<u>220,147</u>
Total	<u>\$ 426,169</u>

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2024, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
Budgetary revenues:				
Real and other taxes	\$ 755,483	\$ 1,387,321	\$ 1,266,553	\$ (120,768)
Intergovernmental	216,927	363,674	363,674	-
Charges for services	600,197	1,006,219	1,006,219	-
Fines and forfeitures	18,331	30,731	30,731	-
Licenses and permits	70,996	119,023	119,023	-
Investment earnings	1,451,321	2,433,112	2,433,112	-
Rental income	6,090	10,210	10,210	-
Contributions and donations	596	1,000	1,000	-
Other	42,241	70,816	70,816	-
Total budgetary revenues	<u>3,162,182</u>	<u>5,422,106</u>	<u>5,301,338</u>	<u>(120,768)</u>
Budgetary expenditures:				
Current:				
General government	2,623,279	2,674,779	1,902,221	(772,558)
Security of persons and property	331,674	386,174	383,231	(2,943)
Transportation	212,884	247,884	196,328	(51,556)
Leisure time activity	45,000	45,000	13,500	(31,500)
Debt service:				
Principal retirement	1,432	1,432	1,432	-
Interest	862	862	862	-
Total budgetary expenditures	<u>3,215,131</u>	<u>3,356,131</u>	<u>2,497,574</u>	<u>858,557</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(52,949)</u>	<u>2,065,975</u>	<u>2,803,764</u>	<u>737,789</u>
Budgetary other financing sources (uses):				
Advances out	-	(729,571)	(729,571)	-
Transfers in	21,165	35,483	35,483	-
Transfers out	(650,000)	(509,000)	(475,000)	34,000
Total budgetary other financing sources (uses)	<u>(628,835)</u>	<u>(1,203,088)</u>	<u>(1,169,088)</u>	<u>34,000</u>
Net change in fund balances	(681,784)	862,887	1,634,676	771,789
Budgetary fund balances at beginning of year	4,404,113	4,404,113	4,404,113	-
Prior year encumbrances appropriated	273,931	273,931	273,931	-
Budgetary fund balances at end of year	<u>\$ 3,996,260</u>	<u>\$ 5,540,931</u>	<u>\$ 6,312,720</u>	<u>\$ 771,789</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Over (Under)
				Actual Amounts
Budgetary revenues:				
Income taxes	\$ 3,915,278	\$ 4,504,703	\$ 4,504,703	\$ -
Intergovernmental	4,536	5,219	5,219	-
Other	186	214	214	-
Total budgetary revenues	<u>3,920,000</u>	<u>4,510,136</u>	<u>4,510,136</u>	<u>-</u>
Budgetary expenditures:				
Current:				
General government	125,000	135,000	130,406	(4,594)
Security of persons and property	2,624,601	2,627,905	2,342,194	(285,711)
Transportation	1,233,891	2,263,687	844,765	(1,418,922)
Capital outlay	635,045	710,045	363,306	(346,739)
Total budgetary expenditures	<u>4,618,537</u>	<u>5,736,637</u>	<u>3,680,671</u>	<u>2,055,966</u>
Net change in fund balances	(698,537)	(1,226,501)	829,465	2,055,966
Budgetary fund balances at beginning of year	3,609,915	3,609,915	3,609,915	-
Prior year encumbrances appropriated	49,573	49,573	49,573	-
Budgetary fund balances at end of year	<u>\$ 2,960,951</u>	<u>\$ 2,432,987</u>	<u>\$ 4,488,953</u>	<u>\$ 2,055,966</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.024951000%	\$ 6,532,274	\$ 4,107,271	159.04%	79.01%
2023	0.026658000%	7,874,785	4,443,129	177.24%	75.74%
2022	0.025627000%	2,229,653	3,720,250	59.93%	92.62%
2021	0.028774000%	4,260,802	4,052,714	105.13%	86.88%
2020	0.029393000%	5,809,727	4,440,121	130.85%	82.17%
2019	0.029930000%	8,197,220	3,723,043	220.18%	74.70%
2018	0.031209000%	4,896,087	4,124,331	118.71%	84.66%
2017	0.031261000%	7,098,841	4,041,175	175.66%	77.25%
2016	0.031380000%	5,435,412	4,093,642	132.78%	81.08%
2015	0.031404000%	3,787,674	3,659,608	103.50%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 590,529	\$ (590,529)	\$ -	\$ 4,218,064	14.00%
2023	575,018	(575,018)	-	4,107,271	14.00%
2022	622,038	(622,038)	-	4,443,129	14.00%
2021	520,835	(520,835)	-	3,720,250	14.00%
2020	567,380	(567,380)	-	4,052,714	14.00%
2019	621,617	(621,617)	-	4,440,121	14.00%
2018	521,226	(521,226)	-	3,723,043	14.00%
2017	536,163	(536,163)	-	4,124,331	13.00%
2016	484,941	(484,941)	-	4,041,175	12.00%
2015	491,237	(491,237)	-	4,093,642	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.000000000%	\$ -	\$ -	0.00%	144.55%
2023	0.000000000%	-	-	0.00%	137.14%
2022	0.003760000%	14,815	17,143	86.42%	169.88%
2021	0.011213000%	32,369	49,414	65.51%	157.67%
2020	0.020032000%	41,772	89,171	46.84%	145.28%
2019	0.019887000%	22,237	85,057	26.14%	126.64%
2018	0.015535000%	21,148	63,623	33.24%	137.28%
2017	0.010959000%	6,099	42,658	14.30%	116.55%
2016	0.011720000%	5,703	42,658	13.37%	116.90%
2015	0.012157000%	4,682	44,433	10.54%	114.83%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ -	12.00%
2023	-	-	-	-	12.00%
2022	-	-	-	-	14.00%
2021	2,400	(2,400)	-	17,143	14.00%
2020	6,918	(6,918)	-	49,414	14.00%
2019	12,484	(12,484)	-	89,171	14.00%
2018	11,908	(11,908)	-	85,057	14.00%
2017	8,271	(8,271)	-	63,623	13.00%
2016	5,119	(5,119)	-	42,658	12.00%
2015	5,119	(5,119)	-	42,658	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.006590000%	\$ 735	\$ 48,540	1.51%	134.44%
2023	0.004397000%	344	29,740	1.16%	126.74%
2022	0.007975000%	1,448	50,000	2.90%	171.84%
2021	0.000000000%	-	-	0.00%	188.21%
2020	0.000707000%	27	4,200	0.64%	118.84%
2019	0.000735000%	17	4,200	0.40%	113.42%
2018	0.000766000%	27	4,200	0.64%	124.46%
2017	0.000809000%	3	504	0.60%	103.40%
2016	0.000880000%	3	4,900	0.06%	103.91%
2015	n/a	n/a	n/a	0.00%	107.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 6,391	\$ (6,391)	\$ -	\$ 63,910	10.00%
2023	4,854	(4,854)	-	48,540	10.00%
2022	2,974	(2,974)	-	29,740	10.00%
2021	5,000	(5,000)	-	50,000	10.00%
2020	-	-	-	-	10.00%
2019	420	(420)	-	4,200	10.00%
2018	420	(420)	-	4,200	10.00%
2017	420	(420)	-	4,200	10.00%
2016	504	(504)	-	4,200	12.00%
2015	588	(588)	-	4,900	12.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.021001700%	\$ 2,029,054	\$ 668,763	303.40%	63.63%
2023	0.018160200%	1,725,043	571,205	302.00%	62.90%
2022	0.015710800%	981,520	407,116	241.09%	75.03%
2021	0.020409800%	1,391,354	570,037	244.08%	70.65%
2020	0.023367400%	1,574,153	616,521	255.33%	69.89%
2019	0.033476000%	2,732,526	871,874	313.41%	63.07%
2018	0.036661000%	2,250,039	889,758	252.88%	70.91%
2017	0.036106000%	2,286,896	863,416	264.87%	68.36%
2016	0.037452000%	2,409,344	888,521	271.16%	66.77%
2015	0.037051000%	1,919,396	769,095	249.57%	71.71%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police:</i>					
2024	\$ 145,866	\$ (145,866)	\$ -	\$ 767,716	19.00%
2023	127,065	(127,065)	-	668,763	19.00%
2022	108,529	(108,529)	-	571,205	19.00%
2021	77,352	(77,352)	-	407,116	19.00%
2020	108,307	(108,307)	-	570,037	19.00%
2019	117,139	(117,139)	-	616,521	19.00%
2018	165,656	(165,656)	-	871,874	19.00%
2017	169,054	(169,054)	-	889,758	19.00%
2016	164,049	(164,049)	-	863,416	19.00%
2015	168,819	(168,819)	-	888,521	19.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.023539000%	\$ (212,445)	\$ 4,155,811	5.11%	107.76%
2023	0.025006000%	157,667	4,472,869	3.52%	94.79%
2022	0.024281000%	(760,517)	3,787,393	20.08%	128.23%
2021	0.027124000%	(483,236)	4,102,128	11.78%	115.57%
2020	0.027992000%	3,866,421	4,533,492	85.29%	47.80%
2019	0.028486000%	3,713,903	3,812,300	97.42%	46.33%
2018	0.029600000%	3,214,342	4,192,154	76.68%	54.14%
2017	0.029476400%	2,977,217	4,088,033	72.83%	54.05%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 2,557	\$ (2,557)	\$ -	\$ 4,281,974	0.06%
2023	1,942	(1,942)	-	4,155,811	0.05%
2022	1,188	(1,188)	-	4,472,869	0.03%
2021	2,000	(2,000)	-	3,787,393	0.05%
2020	-	-	-	4,102,128	0.00%
2019	168	(168)	-	4,533,492	0.00%
2018	168	(168)	-	3,812,300	0.00%
2017	42,047	(42,047)	-	4,192,154	1.00%
2016	81,760	(81,760)	-	4,088,033	2.00%
2015	82,725	(82,725)	-	4,141,200	2.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.021001700%	\$ 153,340	\$ 668,763	22.93%	51.89%
2023	0.018160200%	129,295	571,205	22.64%	52.59%
2022	0.015710800%	172,204	407,116	42.30%	46.86%
2021	0.020409800%	216,245	570,037	37.94%	45.42%
2020	0.023367400%	230,817	616,521	37.44%	47.08%
2019	0.033476000%	304,850	871,874	34.96%	46.57%
2018	0.036661000%	2,077,144	889,758	233.45%	14.13%
2017	0.036106000%	1,713,871	863,416	198.50%	15.96%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police:</i>					
2024	\$ 3,839	\$ (3,839)	\$ -	\$ 767,716	0.50%
2023	3,344	(3,344)	-	668,763	0.50%
2022	2,856	(2,856)	-	571,205	0.50%
2021	2,036	(2,036)	-	407,116	0.50%
2020	2,850	(2,850)	-	570,037	0.50%
2019	3,082	(3,082)	-	616,521	0.50%
2018	4,359	(4,359)	-	871,874	0.50%
2017	4,449	(4,449)	-	889,758	0.50%
2016	4,317	(4,317)	-	863,416	0.50%
2015	4,563	(4,563)	-	888,521	0.50%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and City income tax fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General Fund</u>	<u>City Income Tax Fund</u>
Budget basis	\$ 1,634,676	\$ 829,465
Net adjustment for revenue accruals	35,277	35,512
Net adjustment for expenditure accruals	84,708	(286,901)
Net adjustment for other sources/uses	729,571	-
Adjustments for encumbrances	<u>87,642</u>	<u>380,475</u>
GAAP Basis	<u>\$ 2,571,874</u>	<u>\$ 958,551</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis.

CITY OF JACKSON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

CITY OF JACKSON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF JACKSON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF JACKSON, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

SUPPLEMENTARY INFORMATION

CITY OF JACKSON
JACKSON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF COMMERCE			
<i>Passed Through N/A:</i>			
Economic Development Cluster			
Economic Adjustment Assistance	11.307	#06-79-06384	2,357,391
Total Economic Development Cluster and U.S. Department of Commerce			2,357,391
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through Ohio Department of Development</i>			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DEV-GR-2023-52610	47,722
Total U.S. Department of Energy			47,722
U.S. Department of Homeland Security			
<i>Passed Through Ohio Department of Public Safety</i>			
BRIC: Building Resilient Infrastructure and Communities	97.047	BRIC EMC-2022-020-004	117,900
Total U.S. Department of Homeland Security			117,900
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Department of Public Safety</i>			
Body Worn Camera Policy and Implementation	16.835		69,437
Total U.S. Department of Justice			69,437
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through N/A:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	550,674
<i>Passed Through Ohio Department of Development:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water and Wastewater Infrastructure Program	21.027	COVID-19, DEV-2021-181224	5,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water and Wastewater Infrastructure Program	21.027	COVID-19, DEV-2021-182107	1,362,110
Total Coronavirus State and Local Fiscal Recovery Funds			1,917,784
Total U.S. Department of Treasury			1,917,784
Total Federal Financial Assistance			\$ 4,510,234

See accompanying notes to the schedule of expenditures of federal awards

**CITY OF JACKSON
JACKSON COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Jackson under programs of the federal government for the year ended December 31, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jackson, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jackson. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The City of Jackson has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

City of Jackson
Jackson County
145 Broadway Street
PO Box 1090
Jackson, OH 45640

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, Jackson County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Jackson's basic financial statements, and have issued our report thereon dated June 24, 2025, wherein we noted as described in Note 3 to the financial statements, the City of Jackson restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences".

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jackson's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jackson's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Jackson's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

City of Jackson

Jackson County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jackson's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jackson's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

June 24, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

City of Jackson
Jackson County
145 Broadway Street
PO Box 1090
Jackson, OH 45640

To the Members of Council and Mayor:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Jackson's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Jackson's major federal programs for the year ended December 31, 2024. The City of Jackson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the City of Jackson complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City of Jackson and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Jackson's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Jackson's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Jackson's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Jackson's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Jackson's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Jackson's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Jackson's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

City of Jackson
Jackson County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 24, 2025

**CITY OF JACKSON
JACKSON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027), Economic Development Cluster (ALN 11.307)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF JACKSON

JACKSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/11/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov