

SPONSOR: Reed E. Brown

ORDINANCE NO. 03-06

AN ORDINANCE AUTHORIZING THE CITY TO ENTER INTO AN AGREEMENT BETWEEN THE CITY OF JACKSON, OHIO, AND THE AUDITOR OF STATE OF OHIO, 88 E. BROAD ST., P.O. BOX 1140, COLUMBUS, OHIO 43216-1140, FOR THE GAAP CONVERSION SERVICES FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JACKSON, STATE OF OHIO, as follows:

Section One. The Mayor and/or City Council President is authorized to enter into an Agreement between the City of Jackson, Ohio, and the Auditor of State of Ohio, 88 E. Broad St., P.O. Box 1140, Columbus, Ohio 43216-1140, for the GAAP Conversion Services for the City of Jackson for the fiscal year ending December 31, 2005. A copy of the Agreement is attached hereto as Exhibit "A". The cost of this contract shall be in an amount not to exceed Fourteen Thousand Eight Hundred and No/100 Dollars (\$14,800.00), and shall be paid from line items 110-7750-53007 (Professional Services).

Section Two. This Ordinance shall go into effect at the earliest time permitted by law.

Section Three. It is hereby found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that the deliberations of this Council that resulted in such formal actions, were in a meeting open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Date: Jan 09, 2006

James H. [Signature]
PRESIDENT OF COUNCIL

Alyce M. Smith
CLERK OF COUNCIL

Approved:

Date: 1-12-06

[Signature]
MAYOR



**Auditor of State
Betty Montgomery**

December 22, 2005

Carl A. Barnett, City Auditor
City of Jackson
145 Broadway Street
Jackson, Ohio 45640

Dear Auditor Barnett:

This letter is to confirm our understanding of the services to be provided to the City of Jackson by the Local Government Services Section of the Office of the Auditor of State (LGS).

Using our conversion software and working papers and adjusting journal entries prepared by the City, we will compile the basic financial statements for the City of Jackson County the year ending December 31, 2005. The basic financial statements will be compiled based upon the new reporting model set forth in GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments." We will not audit or review these financial statements. Our report on the financial statements is presently expected to read as follows:

We have compiled the accompanying basic financial statements of the City of Jackson as of December 31, 2005, and for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

Management's Discussion and Analysis is required supplementary information that has been prepared by management. We have not compiled, reviewed nor audited this information and, accordingly, assume no responsibility for it.

If for any reason we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

The City of Jackson remains responsible for the compiled basic financial statements. It is therefore the responsibility of the City of Jackson to be in a position in fact and appearance to make informed judgments while reviewing, evaluating, and approving the services provided under this engagement. To demonstrate that the City of Jackson is fulfilling these responsibilities, the following safeguards will be observed. The

Carl A. Barnett, City Auditor
City of Jackson
December 22, 2005
Page 2 of 4

City of Jackson will designate a management level individual to be the primary contact accountable for overseeing this engagement and who will take responsibility for the appropriateness of the results of this engagement. If the City has determined that someone other than the individual with whom we worked last year will fulfill this role, the City must submit documentation to support the new designee's knowledge and capability to perform this function. We will meet with the City's management level designee on a bi-weekly basis to update our progress and to allow the individual to monitor engagement performance to ensure it meets management's objectives. This individual will make any decisions that involve management functions related to this conversion and compilation and will accept full responsibility for such decisions. Accordingly, this individual will review and approve all proposed adjustments before they are entered in the conversion software. Finally, this individual will evaluate the adequacy of the services performed under this engagement by the Local Government Services Section of the Office of the Auditor of State.

LGS services to be provided during this conversion process will consist of the following:

1. Provide advice for appropriate fund classification, major fund status, budgetary requirements, capital asset requirements, management discussion and analysis requirements, working paper preparation, adjusting journal entries, conversion worksheets, and preparation of draft financial statement;
2. Determine whether data is being gathered at the required level to permit the preparation of financial statements in accordance with GASB Statement No. 34;
3. Provide advice and respond to technical questions regarding the reporting entity for financial statement purposes;
4. Provide advice and respond to technical questions regarding the completed working papers and adjusting journal entries prepared by the City;
3. Provide advice and respond to technical questions regarding the accounting policies and procedures to be used to generate the amounts which will appear in the financial statements;
4. Prepare trial balances based on management's chart of accounts and selected financial statement format;
5. Enter usable information from the prior year trial balances to the trial balances that will be used for the new model; and input approved journal entries into the trial balances.;
6. Compile the basic financial statements; and
7. Other services related to the preparation of the financial statements within the dollar limitations of this agreement.

It is important that you provide financial records that balance and documentation that is adequate to support the necessary journal entries. If we discover inadequacies in the records or documentation you provide, we will return the information to you for correction.

Carl A. Barnett, Auditor
City of Jackson
December 22, 2005
Page 3 of 4

It is understood and agreed that the performance of this engagement by LGS will not lessen the scope and extent of the audit work to be performed by the Financial Audit Group of the Office of the Auditor of State.

As part of the annual financial report, you will be required to prepare a Management's Discussion and Analysis (MD&A). LGS assistance with respect to the MD&A will be limited to reviewing the MD&A to determine that all required topics have been addressed and to insure that the amounts presented in the MD&A match the amounts presented in the financial statements.

Any work papers prepared by the Office of the Auditor of State will remain the property of the Auditor of State. Accordingly, we are responsible for their care and custody. At the conclusion of the project, we will provide copies of any of the work papers you would like to have for your records. However, the work papers should not be regarded as a part of, or a substitute for, your accounting records.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist; however, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential.

It is estimated that 400 hours will be needed to complete this project. Our fees for these services will be billed monthly to the City of Jackson at a rate of \$37 per hour, and the total cost is not anticipated to exceed \$14,800. If additional time or services should be necessary, we will notify the City of Jackson regarding any amendment to this contract that may be required.

If you are in agreement with the terms of this contract, please have this engagement letter signed and certified in the appropriate places and return it to me no later than January 28, 2006. If we do not hear from you by January 28, 2006, we will assume that the City of Jackson does not wish to contract the services of the Local Government Services Section of the Office of the Auditor of State. Should you have any questions concerning this letter, please do not hesitate to contact Bob Burlenski, Chief Project Manager, at 1-800-345-2519.

Sincerely,

BETTY MONTGOMERY
Auditor of State



Peter R. Sorem
Chief of Local Government Services

Carl A. Barnett, Auditor
City of Jackson
October 20, 2004
Page 4 of 4

We desire the Auditor of State's Office to perform the services described above and agree to the terms and conditions set forth in this letter.

CITY OF JACKSON

Date: _____

Ordinance No. _____

By: _____
Council President

It is hereby certified that the amount of \$ _____ required to pay this contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the _____ Fund, free from any obligation or certification now outstanding.

Date: _____

Carl A. Barnett, Auditor

cc: Robert Burlenski, Chief Project Manager
Richard Sketel, Chief Auditor

