

SPONSOR: E. Brown / Stewart

ORDINANCE NO. 151-07

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, 2007, AND DECLARING AN EMERGENCY.

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, 2007. A copy of the Agreement is attached hereto as Exhibit "A". The cost of this contract shall be in an amount not to exceed Sixteen Thousand Six Hundred Fifty No/100 Dollars (\$16,650.00), and shall be paid from line items 110-7750-53018 (State Examiner Fees).

Section Two. This Ordinance is hereby is hereby declared to be an emergency Ordinance necessary for the immediate preservation of the public peace, health, or safety of the City of Jackson, and for the further reason that it is necessary to enter into this Agreement as soon as possible in order to coordinate and commence with the 2007 GAAP Conversion Process. Therefore, this Ordinance shall go into effect upon passage and approval by the Mayor, as provided in Ohio Revised Code Section 731.30.

Section Three. In the event this Ordinance receives a majority vote for passage but fails to receive the required number of votes to pass as an emergency, then this Ordinance shall be deemed to have passed but with no emergency clause and shall take effect at the earliest time permitted by law.

Section Four. 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: 11/26/07

Brett E. Reed
PRESIDENT OF COUNCIL *Dr. Jean*

Qua Brown
CLERK OF COUNCIL

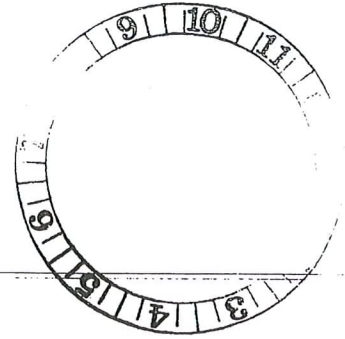
Date: 11/26/07

Approved: Reneal B. Johnson
MAYOR
acting

Exhibit “A”



Mary Taylor, CPA
Auditor of State



~~September 25, 2007~~

James L. Humphreys, City Auditor
City of Jackson
145 Broadway Street
Jackson, Ohio 45640

Dear Auditor Humphreys:

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 additional information provided by the City, we will compile the basic financial statements for the City of Jackson for the year ending December 31, 2007. The basic financial statements will be compiled based upon the 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, 2007, and for the fiscal 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 to be in a position in fact and appearance to make informed judgments while reviewing, evaluating, and approving the services provided under this engagement.

Local Government Services Section
88 E. Broad St. / Sixth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4717 (800) 345-2519 Fax: (614) 728-8027
www.auditor.state.oh.us

To demonstrate that the City of Jackson is fulfilling these responsibilities, the following safeguards will be observed. The City 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.

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.

The hours of service offered in this letter are based upon the following information being provided by the City:

1. Information required to confirm appropriate fund classification and major fund status in accordance with GASB Statement No. 34;
2. Information regarding estimated revenues and appropriations for use in the preparation of budgetary statements, including original budget amounts for all funds required to be presented in the financial statements and documentation to ensure that financial records are in agreement with amended certificates requested and appropriations passed by the City Council during 2007;
3. A current, complete, and appropriately classified record of all cash receipts and disbursements made during the fiscal year, along with a bank reconciliation of all City funds and bank accounts as of December 31, 2007;
4. Documentation for receivables including taxes, intergovernmental, and accounts receivable, inventory, and prepaid items as of December 31, 2007;
5. The balances for all governmental capital assets by type and proprietary capital assets by fund and type as of the beginning and end of the year, including appropriate information regarding accumulated depreciation, as well as current fiscal year additions (including accounts charged for related expenditures) and deletions (including any related proceeds and accumulated depreciation on the deleted asset). In addition, information is required that presents depreciation expense by fund and type for proprietary capital assets and by program and type for general capital assets for the year;
6. Information regarding accrued salaries, compensated absences (both current and long-term), accounts payables, workers' compensation, retirement, and other current and long-term liabilities as of December 31, 2007;
7. Information regarding long-term debt balances as of the beginning and end of the year and information regarding additions and payments that occurred during the year. Information that details issuance costs, premiums and discounts for additions should be identified separately. Copies of amortization schedules that distinguish between principal and interest for each outstanding issue must also be provided;

8. Information regarding short-term debt (notes) including a schedule of changes in short-term debt that details balances at the beginning and end of the fiscal year, increases and decreases, and the purpose for which the short-term debt was issued;
9. Information to support necessary modified accrual and accrual adjustments at December 31, 2006 and December 31, 2007;
10. Information regarding transfers by fund including the amount and purpose for each transfer; and
11. Management's Discussion and Analysis.

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.

All documents provided to LGS in connection with our services including financial records and reports, payroll records, employee rosters, health and medical records, tax records, etc. must be redacted of any personal information before submission. Personal information is defined as social security numbers, dates of birth, drivers' license numbers or financial institution account numbers associated with an individual. The City shall redact all personal information from electronic records before they are transmitted to LGS. This information should be fully blacked out in all paper documents prior to sending them to LGS. If personal information cannot be redacted from any records or documents, the City must identify these records to LGS prior to their submission.

If redacting this personal information impairs the ability of LGS to provide the contracted services, the City and the Auditor of State's Office will consider these exceptions on a case-by-case basis. Additionally, if redacting this information creates hardship on the City in terms of resources, recordkeeping or other issues, the City and LGS may collaborate on alternative methods of providing the City's data to LGS without compromising the personal information on individuals served or employed by the City.

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 ensure that amounts presented in the MD&A match the amounts presented in the financial statements.

LGS assistance with respect to capital assets will be limited to explaining the information necessary for report preparation. If additional assistance in the review of policies or significant guidance related to the calculation of capital assets is required, this engagement will need to be amended.

From financial records and supporting documentation you provide, LGS will propose journal entries for the preparation of the basis basic financial statements; review records and other information to determine whether data is being gathered at the required level to permit the preparation of financial statements in accordance with GASB Statement No. 34; enter usable information from the June 30, 2006 trial balances to the trial balances that will be used for 2007; and input approved journal entries into the trial balances. LGS will also discuss with you the requirements for budgetary presentations and assist in the identification of original budgetary information.

All 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.

Mr. James Humphreys, City Auditor
City of Jackson
September 25, 2007
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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 450 hours will be needed to complete this project. Our fees for these services will be billed monthly to the City at a rate of \$37 per hour, and the total cost is not anticipated to exceed \$16,650. If additional time or services should be necessary, we will notify the City 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 spaces and return it no later than November 9, 2007. If we do not hear from you by November 9, 2007, we will assume the City 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 Robert A. Burlenski, Chief Project Manager, at 1-800-345-2519.

Sincerely,

MARY TAYLOR, CPA
Auditor of State



Peter R. Sorem
Chief of Local Government Services

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: _____

James Humphreys, Auditor

cc: Robert Burlenski, Chief Project Manager
Charles Barga, Chief Auditor

MEMO

Date: 11/01/2007
To: Jack Detty
From: Wendy Sexton
RE: FY 2007 GAAP Conversion Services

Please prepare an Ordinance for the next City Council meeting that authorizes the City Auditor to enter into an agreement with the Auditor of the State of Ohio Local Government Services Division to conduct the FY 2007 GAAP Conversion and financial statement preparation for the City of Jackson.

This should be paid from line item # 110-7750-53018 General Fund: General Government Department: State Examiner Fees in the amount of \$16,650.00.

There has been no increase in fees from what our contract was with them last year for these services.

Attached to this Ordinance is the paperwork I received from the Auditor of State's Office relating to this engagement.