

SPONSOR: *Emergency*

ORDINANCE NO. 77-09

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 2009 – 2010 GAAP CONVERSION SERVICES, 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 2009 – 2010 GAAP Conversion Services for the City of Jackson. A copy of the Agreement is attached hereto as Exhibit "A". The cost of this contract shall be in an amount not to exceed Twenty One Thousand Five Hundred and No/100 Dollars (\$21,500.00) for each fiscal year, 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 2009 - 2010 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: 9-14-09

Ronald B. Spearman
PRESIDENT OF COUNCIL

Lisa L. Brown
CLERK OF COUNCIL

Approved:

Date: 9-15-09

Randy R. Heath
MAYOR

Exhibit "A"



Mary Taylor, CPA
Auditor of State



August 18, 2009

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

Dear Mr. Humphreys:

This letter is to confirm our understanding of the terms and objectives of our engagement with the City of Jackson (the City) and the nature and limitations of the services we will provide.

We will provide the following services:

Using our conversion software and information provided by the City of Jackson, the Local Government Services Section of the Office of the Auditor of State (LGS) will compile the basic financial statements for the City of Jackson for the year ending December 31, 2009 and December 31, 2010.

We will compile the financial statements and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the City's internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a compilation does not provide a basis expressing any level of assurance on the financial statements being compiled.

If for any reason we are unable to complete the compilation of the City's 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. It is also the City Jackson's responsibility to establish and maintain internal controls, including monitoring ongoing activities.

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 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 this individual bi-weekly to update our progress and to allow the individual to monitor engagement performance to ensure it meets management's objectives. This individual will perform all management functions and make all management decisions 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;
2. Information to allow the allocation of internal service funds to governmental and business-type activities;
3. 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 basic financial statements and documentation to insure that financial records are in agreement with amended certificates requested and appropriations passed by the City Council Commissioners during 2009 and 2010;
4. A current, complete, and appropriately classified record of all cash receipts and disbursements made during the year, along with bank reconciliations of all City and bank accounts as of December 31, 2009 and December 31, 2010;
5. Documentation for receivables including taxes, intergovernmental and accounts receivable, inventory, and prepaid items as of December 31, 2009 and December 31, 2010;
6. The balances for all governmental capital assets by program and 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 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 2009 and 2010;
7. 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, 2009 and December 31, 2010;
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 each year, increases and decreases and the purpose for which the short-term debt was issued;
9. Information regarding long-term debt balances as of the beginning and end of each 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.

10. Copies of amortization schedules that distinguish between principal and interest for each outstanding debt issue;
11. Information to support necessary modified accrual and accrual adjustments at December 31, 2009 and December 31, 2010;
12. Information regarding transfers by fund including the amount and purpose for each transfer;
13. 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 insure that the amounts presented in the MD&A match the amounts presented in the financial statements.

During the course of the compilation, from financial records and supporting documentation you provide, LGS will propose journal entries for the preparation of the basic financial statements; review records and other information to determine whether data is being gathered at the required level to permit the preparation of the financial statements; enter usable information from the prior fiscal year trial balances to the trial balances that will be used for the fiscal year being reported; 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.

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.

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.