



***CITY OF JACKSON, OHIO***

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**JACKSON COUNTY**

**SINGLE AUDIT**

**For the Year Ended December 31, 1999**

**J. L. UHRIG & ASSOCIATES**

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**CERTIFIED PUBLIC ACCOUNTANT**

78 North Plaza Blvd.  
Chillicothe, Ohio 45601

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Members of Council  
City of Jackson  
145 Broadway Street  
Jackson, Ohio 45640

We have reviewed the Independent Auditor's Report of the City of Jackson, Jackson County, prepared by J. L. Uhrig & Associates for the audit period January 1, 1999 to December 31, 1999. 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.

JIM PETRO  
Auditor of State

October 5, 2000

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**For the Year Ended December 31, 1999**

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**Independent Auditor's Report**

Members of Council  
City of Jackson  
145 Broadway Street  
Jackson, Ohio 45640

We have audited the accompanying general purpose financial statements of the City of Jackson (the City) as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The supplementary information and schedules listed in the table of contents, which include the schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*J. L. Uhrig & Associates*

J. L. UHRIG AND ASSOCIATES  
Certified Public Accountant

June 20, 2000

**CITY OF JACKSON, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits</u></b>				
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$365,344	\$946,631	\$0	\$263,660
Cash with Fiscal and Escrow Agents	0	0	6,015	0
<i>Receivables:</i>				
Taxes	239,903	292,373	0	0
Accounts	0	18,556	0	0
Loans	0	40,716	0	0
Due from Other Funds	58,763	0	0	0
Due from Other Governments	46,003	26,083	0	29,017
Materials and Supplies Inventory	1,560	1,634	0	0
Notes Receivable	0	0	0	0
Prepaid Items	12,051	497	0	0
Deferred Charges	0	0	0	0
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	0	0	0	0
Investments	0	0	0	0
Equity in Joint Ventures	0	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits</u></b>				
Amount to be Provided from General Government Resources	0	0	0	0
 <b><u>Total Assets and Other Debits</u></b>	<b>\$723,624</b>	<b>\$1,326,490</b>	<b>\$6,015</b>	<b>\$292,677</b>

See accompanying notes to the general purpose financial statements.



<i><b>PROPRIETARY FUND TYPES</b></i>		<i><b>FIDUCIARY FUND TYPES</b></i>	<i><b>ACCOUNT GROUPS</b></i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$7,590,636	\$39,939	\$1,093,548	\$0	\$0	\$10,299,758
0	0	0	0	0	6,015
0	0	0	0	0	532,276
1,617,644	0	0	0	0	1,636,200
0	0	0	0	0	40,716
0	0	0	0	0	58,763
0	0	0	0	0	101,103
279,444	0	0	0	0	282,638
731,497	0	0	0	0	731,497
47,318	0	0	0	0	59,866
170,451	0	0	0	0	170,451
973,356	0	0	0	0	973,356
546,093	0	0	0	0	546,093
10,953,831	0	0	0	0	10,953,831
11,010,938	0	0	4,188,849	0	15,199,787
0	0	0	0	475,626	475,626
<u>\$33,921,208</u>	<u>\$39,939</u>	<u>\$1,093,548</u>	<u>\$4,188,849</u>	<u>\$475,626</u>	<u>\$42,067,976</u>

(Continued)

**CITY OF JACKSON, OHIO**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**December 31, 1999**

<b>GOVERNMENTAL FUND TYPES</b>				
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities</i></b>				
Accounts Payable	\$12,555	\$14,777	\$0	\$1,600
Contracts Payable	6,039	969	0	348,498
Accrued Wages and Benefits	58,236	37,003	0	0
Compensated Absences Payable	0	0	0	0
Due to Other Funds	0	36,713	0	22,050
Due to Other Governments	0	0	0	0
Deferred Revenue	239,903	269,402	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds and Interest Payable	0	0	6,015	0
Accrued Interest Payable	0	1,706	0	12,649
Notes Payable	0	447,000	0	490,000
Claims & Judgements Payable	0	0	0	0
Current OWDA Loans Payable	0	0	0	0
Current Revenue Bonds Payable	0	0	0	0
Police & Fire Pension Liability	0	0	0	0
Certificates of Participation Obligation	0	0	0	0
Non-current OWDA Loans Payable	0	0	0	0
Non-current Revenue Bonds Payable	0	0	0	0
<b><i>Total Liabilities</i></b>	<b>316,733</b>	<b>807,570</b>	<b>6,015</b>	<b>874,797</b>
<b><i>Fund Equity and Other Credits</i></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Endowments	0	0	0	0
Reserved for Encumbrances	22,010	328,573	0	246,816
Reserved for Inventory	1,560	1,634	0	0
Reserved for Loans Receivable	0	38,629	0	0
Unreserved:				
Undesignated	383,321	150,084	0	(828,936)
<b><i>Total Fund Equity and Other Credits</i></b>	<b>406,891</b>	<b>518,920</b>	<b>0</b>	<b>(582,120)</b>
<b><i>Total Liabilities, Fund Equity and Other Credits</i></b>	<b>\$723,624</b>	<b>\$1,326,490</b>	<b>\$6,015</b>	<b>\$292,677</b>

See accompanying notes to the general purpose financial statements.

<i><b>PROPRIETARY FUND TYPES</b></i>		<i><b>FIDUCIARY FUND TYPES</b></i>	<i><b>ACCOUNT GROUPS</b></i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$48,851	\$0	\$0	\$0	\$0	\$77,783
443,238	0	0	0	0	798,744
93,783	0	0	0	0	189,022
388,822	0	0	0	333,292	722,114
0	0	0	0	0	58,763
15,793	0	0	0	100,501	116,294
0	0	0	0	0	509,305
146,962	0	20,568	0	0	167,530
0	0	0	0	0	6,015
230,756	0	0	0	0	245,111
450,173	0	0	0	0	1,387,173
0	3,132	0	0	0	3,132
139,952	0	0	0	0	139,952
485,000	0	0	0	0	485,000
0	0	0	0	41,833	41,833
10,363,656	0	0	0	0	10,363,656
591,459	0	0	0	0	591,459
7,950,000	0	0	0	0	7,950,000
<u>21,348,445</u>	<u>3,132</u>	<u>20,568</u>	<u>0</u>	<u>475,626</u>	<u>23,852,886</u>
0	0	0	4,188,849	0	4,188,849
3,084,494	0	0	0	0	3,084,494
9,488,269	36,807	0	0	0	9,525,076
0	0	947,000	0	0	947,000
0	0	0	0	0	597,399
0	0	0	0	0	3,194
0	0	0	0	0	38,629
0	0	125,980	0	0	(169,551)
<u>12,572,763</u>	<u>36,807</u>	<u>1,072,980</u>	<u>4,188,849</u>	<u>0</u>	<u>18,215,090</u>
<u>\$33,921,208</u>	<u>\$39,939</u>	<u>\$1,093,548</u>	<u>\$4,188,849</u>	<u>\$475,626</u>	<u>\$42,067,976</u>

**CITY OF JACKSON, OHIO**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types & Expendable Trust Funds**  
**For the Year Ended December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>		
	General	Special Revenue	Debt Service
<b>Revenues:</b>			
Taxes	\$314,919	\$371,818	\$0
Charges for Services	636,032	48,209	0
Fines, Licenses and Permits	71,494	2,331	0
Intergovernmental	343,912	1,719,826	0
Interest Earnings	377,579	28,346	0
Other Revenue	24,784	45,313	0
<i>Total Revenues</i>	1,768,720	2,215,843	0
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	530,052	0	0
Security of Persons and Property	1,192,580	502,426	0
Public Health and Welfare	0	192,165	0
Transportation	0	273,513	0
Community Environment	0	1,083,066	0
Leisure Time Activities	0	123,564	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	501	0	0
Interest and Fiscal Charges	1,794	4,252	0
<i>Total Expenditures</i>	1,724,927	2,178,986	0
Excess of Revenues Over (Under) Expenditures	43,793	36,857	0
<b>Other Financing Sources (Uses):</b>			
Operating Transfers - In	0	124,885	0
Operating Transfers - Out	(87,127)	(30,000)	0
<i>Total Other Financing Sources (Uses)</i>	(87,127)	94,885	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(43,334)	131,742	0
Fund Balances (Deficit) at Beginning of Year	448,808	394,587	0
Increase (Decrease) in Reserve for Inventory	1,417	(7,409)	0
Fund Balances (Deficit) at End of Year	\$406,891	\$518,920	\$0

See accompanying notes to the general purpose financial statements.

	<b><i>FIDUCIARY FUND TYPES</i></b>		
Capital Projects	Expendable Trust	Totals (Memorandum Only)	
\$170,077	\$0	\$856,814	
0	0	684,241	
0	0	73,825	
430,438	0	2,494,176	
0	7,344	413,269	
101,367	0	171,464	
<u>701,882</u>	<u>7,344</u>	<u>4,693,789</u>	
0	0	530,052	
0	0	1,695,006	
0	0	192,165	
0	0	273,513	
0	0	1,083,066	
0	0	123,564	
862,914	0	862,914	
0	0	501	
22,675	0	28,721	
<u>885,589</u>	<u>0</u>	<u>4,789,502</u>	
(183,707)	7,344	(95,713)	
93,105	0	217,990	
0	(6,763)	(123,890)	
<u>93,105</u>	<u>(6,763)</u>	<u>94,100</u>	
(90,602)	581	(1,613)	
(491,518)	125,399	477,276	
0	0	(5,992)	
<u>(\$582,120)</u>	<u>\$125,980</u>	<u>\$469,671</u>	

**CITY OF JACKSON, OHIO**  
**Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$287,016	\$295,548	\$8,532
Charges for Services	639,814	636,032	(3,782)
Fines, Licenses and Permits	60,711	70,692	9,981
Intergovernmental	232,220	330,158	97,938
Interest Earnings	341,986	369,491	27,505
Other Revenue	5,035	24,880	19,845
<i>Total Revenues</i>	<u>1,566,782</u>	<u>1,726,801</u>	<u>160,019</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	616,946	550,796	66,150
Security of Persons and Property	1,237,637	1,209,634	28,003
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Other	0	0	0
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	501	501	0
Interest and Fiscal Charges	1,799	1,794	5
<i>Total Expenditures</i>	<u>1,856,883</u>	<u>1,762,725</u>	<u>94,158</u>
Excess of Revenues Over (Under) Expenditures	(290,101)	(35,924)	254,177
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	0	0	0
Advances - In	0	0	0
Advances - Out	0	(58,763)	(58,763)
Operating Transfers - In	0	0	0
Operating Transfers - Out	(123,300)	(87,127)	36,173
<i>Total Other Financing Sources (Uses)</i>	<u>(123,300)</u>	<u>(145,890)</u>	<u>(22,590)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(413,401)	(181,814)	231,587
Fund Balances (Deficit) at Beginning of Year	462,884	462,884	0
Prior Year Encumbrances Appropriated	21,845	21,845	0
Fund Balances (Deficit) at End of Year	<u>\$71,328</u>	<u>\$302,915</u>	<u>\$231,587</u>

See accompanying notes to the general purpose financial statements.

**GOVERNMENTAL FUND TYPES**

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$388,746	\$386,519	(\$2,227)	\$154,585	\$169,074	\$14,489
47,711	47,254	(457)	0	0	0
2,210	2,293	83	0	0	0
1,792,112	1,690,509	(101,603)	920,118	530,438	(389,680)
24,167	26,707	2,540	0	0	0
21,247	45,313	24,066	1,367	1,367	0
<u>2,276,193</u>	<u>2,198,595</u>	<u>(77,598)</u>	<u>1,076,070</u>	<u>700,879</u>	<u>(375,191)</u>
0	0	0	0	0	0
873,797	496,508	377,289	0	0	0
210,747	198,438	12,309	0	0	0
321,186	286,814	34,372	0	0	0
1,355,045	1,241,291	113,754	0	0	0
313,100	260,102	52,998	0	0	0
0	0	0	0	0	0
0	0	0	1,126,675	1,108,131	18,544
174,000	174,000	0	560,000	560,000	0
7,360	7,315	45	22,675	22,675	0
<u>3,255,235</u>	<u>2,664,468</u>	<u>590,767</u>	<u>1,709,350</u>	<u>1,690,806</u>	<u>18,544</u>
(979,042)	(465,873)	513,169	(633,280)	(989,927)	(356,647)
447,000	447,000	0	490,000	490,000	0
0	36,713	36,713	0	22,050	22,050
0	0	0	0	0	0
92,566	94,885	2,319	93,105	93,105	0
0	0	0	0	0	0
<u>539,566</u>	<u>578,598</u>	<u>39,032</u>	<u>583,105</u>	<u>605,155</u>	<u>22,050</u>
(439,476)	112,725	552,201	(50,175)	(384,772)	(334,597)
368,184	368,184	0	44,785	44,785	0
122,017	122,017	0	8,332	8,332	0
<u>\$50,725</u>	<u>\$602,926</u>	<u>\$552,201</u>	<u>\$2,942</u>	<u>(\$331,655)</u>	<u>(\$334,597)</u>

(Continued)

**CITY OF JACKSON, OHIO**  
**Combined Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended December 31, 1999**

	Expendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$0	\$0	\$0
Charges for Services	0	0	0
Fines, Licenses and Permits	0	0	0
Intergovernmental	0	0	0
Interest Earnings	6,312	6,763	451
Other Revenue	0	1,816	1,816
<i>Total Revenues</i>	<u>6,312</u>	<u>8,579</u>	<u>2,267</u>
<b>Expenditures:</b>			
<i>Current:</i>			
General Government	0	0	0
Security of Persons and Property	0	0	0
Public Health and Welfare	0	0	0
Transportation	0	0	0
Community Environment	1,933	0	1,933
Leisure Time Activities	0	0	0
Other	5,577	0	5,577
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>7,510</u>	<u>0</u>	<u>7,510</u>
Excess of Revenues Over (Under) Expenditures	(1,198)	8,579	9,777
<b>Other Financing Sources (Uses):</b>			
Proceeds of Notes	0	0	0
Advances - In	0	0	0
Advances - Out	0	0	0
Operating Transfers - In	0	0	0
Operating Transfers - Out	(6,763)	(6,763)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(6,763)</u>	<u>(6,763)</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,961)	1,816	9,777
Fund Balances (Deficit) at Beginning of Year	130,976	130,976	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$123,015</u>	<u>\$132,792</u>	<u>\$9,777</u>

See accompanying notes to the general purpose financial statements.



Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$830,347	\$851,141	\$20,794
687,525	683,286	(4,239)
62,921	72,985	10,064
2,944,450	2,551,105	(393,345)
372,465	402,961	30,496
27,649	73,376	45,727
4,925,357	4,634,854	(290,503)
616,946	550,796	66,150
2,111,434	1,706,142	405,292
210,747	198,438	12,309
321,186	286,814	34,372
1,356,978	1,241,291	115,687
313,100	260,102	52,998
5,577	0	5,577
1,126,675	1,108,131	18,544
734,501	734,501	0
31,834	31,784	50
6,828,978	6,117,999	710,979
(1,903,621)	(1,483,145)	420,476
937,000	937,000	0
0	58,763	58,763
0	(58,763)	(58,763)
185,671	187,990	2,319
(130,063)	(93,890)	36,173
992,608	1,031,100	38,492
(911,013)	(452,045)	458,968
1,006,829	1,006,829	0
152,194	152,194	0
\$248,010	\$706,978	\$458,968

**CITY OF JACKSON, OHIO**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**All Proprietary Fund Types and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 1999**

	<b>PROPRIETARY FUND TYPES</b>		<b>FIDUCIARY FUND TYPE</b>	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Revenues:</b>				
Charges for Services	\$13,374,173	\$63,823	\$9,034	\$13,447,030
Interest Income (Nonexpendable Trust Only)	0	0	44,526	44,526
Other Operating Revenue	333,208	0	0	333,208
<i>Total Operating Revenues</i>	<u>13,707,381</u>	<u>63,823</u>	<u>53,560</u>	<u>13,824,764</u>
<b>Operating Expenses:</b>				
Personal Services	1,911,050	0	0	1,911,050
Fringe Benefits	559,624	0	0	559,624
Contractual Services	5,820,348	10,822	0	5,831,170
Claims and Judgements	0	52,719	0	52,719
Materials and Supplies	965,486	0	0	965,486
Utilities	252,926	0	0	252,926
Depreciation and Amortization	369,827	0	0	369,827
Other Operating Expenses	1,128,691	0	0	1,128,691
<i>Total Operating Expenses</i>	<u>11,007,952</u>	<u>63,541</u>	<u>0</u>	<u>11,071,493</u>
Operating Income (Loss)	2,699,429	282	53,560	2,753,271
<b>Nonoperating Revenues (Expenses):</b>				
Interest Income	171,610	1,101	0	172,711
Loss on Disposal of Fixed Assets	(55,788)	0	0	(55,788)
Interest and Fiscal Charges	(1,106,804)	0	0	(1,106,804)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(990,982)</u>	<u>1,101</u>	<u>0</u>	<u>(989,881)</u>
Income (Loss) Before Operating Transfers	1,708,447	1,383	53,560	1,763,390
Operating Transfers - In	4,000	0	0	4,000
Operating Transfers - Out	(74,140)	0	(23,960)	(98,100)
Net Income (Loss)	1,638,307	1,383	29,600	1,669,290
Retained Earnings at Beginning of Year, As Restated	<u>7,849,962</u>	<u>35,424</u>	<u>917,400</u>	<u>8,802,786</u>
Retained Earnings at End of Year	9,488,269	36,807	947,000	10,472,076
Contributed Capital at Beginning of Year	3,083,966	0	0	3,083,966
Other Contributions:				
Intergovernmental Grants	<u>528</u>	<u>0</u>	<u>0</u>	<u>528</u>
Contributed Capital at End of Year	<u>3,084,494</u>	<u>0</u>	<u>0</u>	<u>3,084,494</u>
Total Fund Equity at End of Year	<u>\$12,572,763</u>	<u>\$36,807</u>	<u>\$947,000</u>	<u>\$13,556,570</u>

See accompanying notes to the general purpose financial statements.

**CITY OF JACKSON, OHIO**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 1999**

	<b>PROPRIETARY FUND TYPES</b>		<b>FIDUCIARY FUND TYPE</b>	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Cash Flows from Operating Activities:</b>				
Cash Received From Customers	\$13,366,207	\$63,823	\$9,034	\$13,439,064
Cash From Interest Earnings (Nonexpendable Trust Only)	0	0	44,526	44,526
Cash From Other Receipts	340,743	0	0	340,743
Cash Payments to Employees	(2,400,971)	0	0	(2,400,971)
Cash Payments for Contractual Services	(6,007,036)	(53,209)	0	(6,060,245)
Cash Payments for Supplies & Materials	(933,621)	(10,822)	0	(944,443)
Cash Payments for Other Expenses	(1,195,982)	0	0	(1,195,982)
<i>Net Cash from Operating Activities</i>	<u>3,169,340</u>	<u>(208)</u>	<u>53,560</u>	<u>3,222,692</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers-In to Other Funds	4,000	0	0	4,000
Transfers-Out to Other Funds	(74,140)	0	(23,960)	(98,100)
Cash Received from Other Sources	136,940	0	0	136,940
<i>Net Cash from Non-Capital Financing Activities</i>	<u>66,800</u>	<u>0</u>	<u>(23,960)</u>	<u>42,840</u>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Proceeds Received from Bonds, Notes & Loans	310,000	0	0	310,000
Interest Paid on Bonds, Notes & Loans	(1,118,719)	0	0	(1,118,719)
Principal Paid on Bonds, Notes & Loans	(962,701)	0	0	(962,701)
Cash Paid to Acquire/Construct Capital Assets	(874,353)	0	0	(874,353)
<i>Net Cash from Capital &amp; Related Financing Activities</i>	<u>(2,645,773)</u>	<u>0</u>	<u>0</u>	<u>(2,645,773)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest Received on Investments	171,610	1,101	0	172,711
Sale of Investments	109,785	0	0	109,785
<i>Net Cash from Investing Activities</i>	<u>281,395</u>	<u>1,101</u>	<u>0</u>	<u>282,496</u>
Net Increase (Decrease) in Cash & Cash Equivalents	871,762	893	29,600	902,255
Cash & Cash Equivalents at Beginning of Year	<u>7,692,230</u>	<u>39,046</u>	<u>917,400</u>	<u>8,648,676</u>
Cash & Cash Equivalents at End of Year	<u><u>\$8,563,992</u></u>	<u><u>\$39,939</u></u>	<u><u>\$947,000</u></u>	<u><u>\$9,550,931</u></u>

(Continued)

**CITY OF JACKSON, OHIO**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Nonexpendable Trust Funds**  
**For the Year Ended December 31, 1999**

	<b>PROPRIETARY FUND TYPES</b>		<b>FIDUCIARY FUND TYPE</b>	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>				
Operating Income (Loss)	\$2,699,429	\$282	\$53,560	\$2,753,271
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>				
Depreciation Expense	369,827	0	0	369,827
Changes in Assets & Liabilities:				
(Increase) Decrease in Accounts Receivable	(13,614)	0	0	(13,614)
(Increase) Decrease in Material & Supply Inventory	12,937	0	0	12,937
(Increase) Decrease in Prepaid Items	(10,885)	0	0	(10,885)
Increase (Decrease) in Deposits Due to Others	3,078	0	0	3,078
Increase (Decrease) in Accounts Payable	7,800	0	0	7,800
Increase (Decrease) in Contracts Payable	31,406	0	0	31,406
Increase (Decrease) in Accrued Wages & Benefits	16,226	0	0	16,226
Increase (Decrease) in Compensated Absences	72,421	0	0	72,421
Increase (Decrease) in Due to Other Governments	(19,285)	0	0	(19,285)
Increase (Decrease) in Claims Payable	0	(490)	0	(490)
Net Cash from Operating Activities	<u>\$3,169,340</u>	<u>(\$208)</u>	<u>\$53,560</u>	<u>\$3,222,692</u>

See accompanying notes the general purpose financial statements.

**Reconciliation of Cash and Cash Equivalents - Fiduciary Fund Type:**

Cash and Cash Equivalents - Reported on Balance Sheet	\$1,093,548
Cash and Cash Equivalents - Expendable Trust and Agency Funds	(146,548)
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>	<u>\$947,000</u>

**CITY OF JACKSON, OHIO**  
**Index to the Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**CITY OF JACKSON, OHIO**  
**Index to the Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 1 - DESCRIPTION OF THE 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 council-mayor form of government and provides the following services as authorized: police and fire protection, water, sewer, electric and garbage services, parks and recreation services, street maintenance, and other general governmental services.

**Financial Reporting Entity**

As required by generally accepted accounting principles, the general purpose financial statements present the City of Jackson (the primary government). The City considered potential component units for inclusion in the financial statements. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Other factors to consider in this evaluation are whether an entity is fiscally dependent on the City or whether the financial statements would be misleading if data from the potential component unit were not included. The City has included no component units in the financial statements.

**Joint Venture**

The City is participating in a joint venture with several other organizations. This joint venture is called the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) and is coordinated by AMP Ohio and the City is billed on a monthly basis for power costs, administrative costs and the interest costs on the debt issue. The City has a 7.14% interest in this joint venture.

OMEGA JV5 consists of an electric generation facility which was completed in 1997. OMEGA JV5 issued debt to finance the construction of the electric generation facility and the City is responsible for \$10,363,656 of this debt through Certificates of Participation. The City has recorded \$10,953,831 as an asset called Equity in Joint Venture and has also recorded \$10,363,656 as a liability called Certificates of Participation Obligation. An amortization schedule of this debt is included in the long-term obligations section of these notes to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation - Fund Accounting**

The City maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The restrictions associated with each type of funds are as follows:

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

- , **General Fund:** The General Fund is the general operating fund of the City of Jackson. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.
- , **Special Revenue Funds:** These funds are established to account for proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.
- , **Debt Service Fund:** This fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest and related costs.
- , **Capital Project Funds:** These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and nonexpendable trust funds).

**PROPRIETARY FUNDS**

The proprietary funds are accounted for on a flow of economic resources measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (net assets) are segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets. The following are the City's proprietary fund types:

- , **Enterprise Funds:** These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. The measurement focus is upon determination of net income, financial position and changes in financial position.
- , **Internal Service Fund:** This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.



**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**FIDUCIARY FUNDS**

**Trust and Agency Funds:** These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains expendable trust funds, nonexpendable trust funds, and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. Nonexpendable trust funds are accounted for and reported similarly to proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve any measurement of the results of operations.

**ACCOUNT GROUPS**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Asset Account Group:** This account group accounts for and controls all general fixed assets of the City other than those accounted for in proprietary or nonexpendable trust funds.

**General Long-Term Obligations Account Group:** This account group accounts for and controls all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds including special assessment debt for which the City is obligated in some manner.

**Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the general purpose financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities. The modified accrual basis of accounting is utilized by the governmental funds, expendable trust funds and agency funds of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Revenue considered susceptible to accrual at year end includes interest on investments, local taxes (including hotel/motel tax and estate taxes), and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**Basis of Accounting (Continued)**

Current and delinquent property taxes measurable as of December 31, 1999 are not available to pay current liabilities and therefore, are recorded as deferred revenue.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and nonexpendable trust funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the City does not apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

**Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than the agency funds, are legally required to be budgeted and appropriated, however, only governmental funds are required to be reported. Of the governmental funds, the Debt Service Fund is not reported because there was no budgeted activity during the year. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

**Tax Budget:** In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method which has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

**Estimated Resources:** The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**Budgetary Process (Continued)**

**Appropriations:** A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances--Budget to Actual (Budget Basis)--All Governmental Fund Types and Expendable Trust Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

**Encumbrances:** As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end, however, are reported as reservations of fund balances for subsequent year expenditures in the accompanying general purpose financial statements. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

**Budgetary Basis of Accounting:** The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary basis and the GAAP basis is the timing differences for recognizing revenues and expenditures. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental funds:

	<b>Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
GAAP Basis	(\$43,334)	\$131,742	(\$90,602)
Adjustments:			
Revenue Accruals	(41,919)	436,465	511,047
Expenditure Accruals	(96,561)	(455,482)	(805,217)
Budget Basis	(\$181,814)	\$112,725	(\$384,772)

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**Cash and Investments**

Cash balances of the City's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in interest bearing accounts and short-term certificates of deposit in order to provide improved cash management. Active City funds are invested in interest bearing demand accounts with commercial banks. Inactive funds are invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999. Investment income is distributed to various funds based upon their average daily balances.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating contracts such as certificates of deposit and U.S. Treasury obligations are reported at cost.

**Receivables**

Receivables at December 31, 1999 consist primarily of taxes in the governmental funds, and of consumer accounts (billings for user charged services, including unbilled amounts) in the proprietary funds.

**Inventory**

Inventories are stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The cost of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reservations for inventory in the balance sheet of governmental fund types indicate that a portion of the fund balance is not available for future expenditures.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**Fixed Assets and Depreciation**

**Property, Plant and Equipment - Governmental Funds**

Fixed assets acquired or constructed for general governmental purposes are recorded as either as capital outlay expenditures or functional expenditures in the governmental funds. These assets are capitalized at cost (or estimated historical costs for assets not purchased in recent years) in the General Fixed Asset Account Group. Contributed fixed assets are recorded at fair value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

The City has elected not to record depreciation in the General Fixed Asset Account Group.

**Property, Plant and Equipment - Proprietary Funds**

Proprietary fund type property, plant and equipment are recorded at historical cost or estimated historical cost, including interest capitalized during construction, and architectural and engineering fees where applicable within the appropriate funds. Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method using the following estimated useful lives:

Machinery, Equipment, Furniture and Fixtures	5 - 20 years
Buildings, Improvements Other than Buildings and Utility Plant in Service	25 - 50 years

Improvements other than buildings represent public domain property such as water and sewer lines, reservoirs and other similar enterprise fund assets that are not removable and are of value only to the governmental unit. Proprietary fund type infrastructure is capitalized and recorded in the accompanying general purpose financial statements. However, governmental fund type infrastructure is not capitalized.

Depreciation on proprietary fixed assets is charged to retained earnings.

**Compensated Absences**

The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable."

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. For proprietary funds, the entire amount of unpaid compensated absences is reflected as a liability within the respective funds. The City follows the provisions of GASB Statement No. 16, "Accounting for Compensated Absences".

**Long-Term Obligations**

In accordance with GAAP, long-term liabilities are not recognized within governmental funds. They are, instead, reported as liabilities in the General Long-Term Obligations Account Group. Long-term liabilities used to finance proprietary fund operations and directly payable from revenues of those funds are reported in the respective proprietary fund.

**Reservations of Fund Balances**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, endowments and encumbrances.

**Bond Discounts/Issuance Costs**

Bond discounts and issuance costs are recognized in the current period in governmental fund types and are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas, issuance costs are recorded as deferred charges.

**Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- (1) Operating transfers are reported as "Operating transfers-in" by the recipient fund, and "Operating transfers-out" by the disbursing fund.
- (1) Residual equity transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City had no residual equity transfers during 1999.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are similarly treated when involving other funds of the City.

**Contributed Capital**

Contributions for (or of) capital assets to proprietary funds are credited directly to contributed capital. These amounts include donations by developers, other governments, and governmental funds of the City. The operating-type contributions or grants are recorded as revenue in the receiving funds.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

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

**Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Balance / Fund Equity Deficits**

The following funds had deficit fund balances / retained earnings as of December 31, 1999:

Special Revenue Funds:

Air Quality Enhancement Grant Fund	\$4,000
COPS Fast Grant Fund	30,301
COPS Universal Hiring Grant Fund	20,213
School-Based Partnership Grant Fund	8,230
Fire Tax Levy Fund (1995)	90,898

Capital Projects Funds:

Real Estate & Improvements Fund	500,408
1998 Bridge Rehabilitation Fund	22,050
McCarty Lane Bridge Study Fund	231,717

The deficit balances in the Air Quality Enhancement and School-Based Partnership Grant Special Revenue Funds are due to intergovernmental revenues which had not been received at year end and were not available to finance current expenditures. These deficits will be eliminated through future intergovernmental revenues.

The deficit balances in the COPS Fast Grant Fund and COPS Universal Hiring Special Revenue Funds are the result of applying generally accepted accounting principles and the requirement to accrue the wages and benefits of the employees. These deficits will be eliminated with future grant revenues.

The deficit balances in the Fire Tax Levy 1995 Fund Special Revenue Fund and the Real Estate and Improvements Capital Projects Fund are the result of applying generally accepted accounting principles and the requirement to report note indebtedness in the fund which receives the note proceeds. These deficits will be eliminated when the notes are paid off.

The deficit balance in the 1998 Bridge Rehabilitation and McCarty Lane Bridge Study Capital Projects Fund is due to intergovernmental revenues which had not yet been received at year end and were not available to finance current expenditures. These deficits will be eliminated either through future intergovernmental revenues or when the notes are paid off.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 4 - CASH, 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 two year period of designation of depositories. Inactive deposits must be either 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.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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.

New legislation now permits inactive monies to 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 or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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, government national mortgage association, and student loan marketing 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- (6) The State Treasurer's investment pool (STAR Ohio).

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;
- (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;
- (3) Obligations of the City.



**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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.

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents (Carrying Amounts)	
* Pooled .....	\$10,299,758
* Fiscal & Escrow Agents .....	6,015
* Restricted .....	973,356
Restricted Investments (Carrying Amounts) .....	546,093
Reconciling items (net) to arrive at bank balance of deposits. ....	<u>108,899</u>
Total Available for Deposit and Investment (Bank Balance of Deposits/Carrying Amount of Investments)	<u>\$11,934,121</u>

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

Any depository that receives a City deposit or investment is required to pledge to the investing authority as collateral eligible securities of aggregate fair value that, when added to the portion of the deposit by the Federal Deposit Insurance Corporation, equals or exceeds the amount of City funds deposited.

A public depository may, at its option, pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

GASB Statement No. 9 requires the City to report cash flows for its' proprietary funds. For purposes of the Statement of Cash Flows, proprietary fund participation in the State Treasurer's investment pool (STAR Ohio) is treated as a demand account and reported as a cash equivalent on the Combined Balance Sheet. In addition, all highly liquid investments held with a maturity of three months or less when purchased, are considered cash equivalents. Only separate investments with a maturity of greater than three months are reported as investments on the Combined Balance Sheet.

The Governmental Accounting Standards Board (GASB Statement No. 3) has established credit risk categories for deposits and investments as follows:

Category 1: Deposits that are insured or collateralized with securities held by the City or its agent in the City's name.

Investments that are insured or registered, or securities held by the City or its agent in the City's name.

Category 2: Deposits that are collateralized and unregistered, with securities held by the counter-party's trust department or agent in the City's name.

Investments that are uninsured or unregistered, with securities held by the Counter-party's trust department or agent in the City's name.

Category 3: Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the City's name.

Investments that are uninsured and unregistered, with securities held by the Counter-party or its trust department or agent but not in the City's name.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 4 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

Based on the above criteria, the City deposits and investments at December 31, 1999 are classified as follows:

	Category			Bank Balance	Carrying Amount	Fair Value
	1	2	3			
<i>Deposits:</i>						
Demand Deposits	\$151,090	\$0	\$1,648,489	\$1,799,579	\$1,690,680	
Certificates of Deposits	0	0	545,000	545,000	545,000	
Total Deposits	<u>\$151,090</u>	<u>\$0</u>	<u>\$2,193,489</u>	<u>\$2,344,579</u>	<u>\$2,235,680</u>	
<i>Investments:</i>						
Common Trust Fund A	\$0	\$216,797	\$0		\$216,797	\$216,797
U.S. Treasury Notes	0	0	1,372,487		1,372,487	1,372,487
State Treasury Pool*	0	0	0		8,000,258	8,000,258
Total Investments	<u>\$0</u>	<u>\$216,797</u>	<u>\$1,372,487</u>		<u>\$9,589,542</u>	<u>\$9,589,542</u>

\* The City's investment in the State Treasury Pool (STAR Ohio) is not categorized because it is not evidenced by securities that exist in physical or book form.

**GASB 3 to GASB 9 Reconciliation**

	<u>Cash &amp; Cash Equivalents</u>	<u>Investments</u>
GASB 3 Balances	\$2,235,680	\$9,589,542
Common Trust A	216,797	(216,797)
U.S. Treasury Notes	826,394	(826,394)
STAR Ohio	<u>8,000,258</u>	<u>(8,000,258)</u>
GASB 9 Balances	<u>\$11,279,129</u>	<u>\$546,093</u>

**NOTE 5 - LOANS AND NOTES RECEIVABLE**

Loans receivable in the Special Revenue Funds represent low interest loans made by the City for community development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at an annual rate ranging from 0 to 6 percent. The loans are to be repaid over periods ranging from 3 to 15 years. The noncurrent portion of these loans is reported as fund balance - reserved for loans receivable.

Notes receivable in the Enterprise Funds represent an agreement made in 1995 between the City and Foremost Management, Inc. (Luigino's), whereby Foremost Management, Inc. has agreed to make payments to the City for the retirement of the \$731,411 OWDA loan. The agreement requires the note to be repaid over 10 years at 2.20 % interest.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 6 - NOTES, BONDS AND OTHER OBLIGATIONS PAYABLE**

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds, may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes (the maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or available funds of the City, or a combination of these sources. The City is retiring its notes payable by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

The City had the following general obligation bond anticipation notes outstanding in the governmental funds at December 31, 1999:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
Fire Improvements	11/03/00	4.26%	\$375,000
Fire Equipment	4/20/00	3.46%	72,000
Real Estate	6/15/00	3.76%	<u>490,000</u>
Total General Obligation Bond Anticipation Notes			<u>\$937,000</u>

The Fire Tax Levy Fund (Special Revenue) is responsible for paying off the \$72,000 equipment note, the Fire Tax Levy (1995) Fund is responsible for paying off the \$375,000 improvements note, while the Real Estate Improvements (Capital Projects) Fund is responsible for paying off the \$490,000 real estate note. All of these notes are reported as a liability within the fund that received the original proceeds of the note.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 6 - NOTES, BONDS AND OTHER OBLIGATIONS PAYABLE (Continued)**

A summary of Enterprise Funds notes payable and other long-term obligations transactions for the year ended December 31, 1999 follows:

Description	Interest Rate	Issue Date	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
<b>Enterprise Funds:</b>					
Notes Payable:					
Automotive Equipment Note	4.06%	1998	\$90,000	(\$90,000)	\$0
Automotive Equipment Note	3.51%	1999	<u>0</u>	<u>60,000</u>	<u>60,000</u>
Total Automotive Equipment Note			90,000	(30,000)	60,000
Capital Improvements Note	4.26%	1999	0	250,000	250,000
Railroad Notes:					
Railroad Notes	9.00%	1987	78,852	(24,067)	54,785
Rail Shippers Notes	5.00%	1988	<u>125,059</u>	<u>(39,671)</u>	<u>85,388</u>
Total Railroad Notes Payable			<u>203,911</u>	<u>(63,738)</u>	<u>140,173</u>
<b>Total Notes Payable</b>			<b><u>\$293,911</u></b>	<b><u>\$156,262</u></b>	<b><u>\$450,173</u></b>
<b>Ohio Water Development Authority Loan</b>	<b>2.20%</b>	<b>1993</b>	<b><u>\$868,334</u></b>	<b><u>(\$136,923)</u></b>	<b><u>\$731,411</u></b>
Mortgage Revenue Bonds Payable:					
Sewer System	3.00-6.40%	1992	\$695,000	(\$100,000)	\$595,000
Electric System	2.70-5.50%	1993	1,830,000	(145,000)	1,685,000
Water System	2.80-5.60%	1993	2,565,000	(75,000)	2,490,000
Electric System	4.15-6.40%	1996	<u>3,805,000</u>	<u>(140,000)</u>	<u>3,665,000</u>
<b>Total Mortgage Revenue Bonds Payable</b>			<b><u>\$8,895,000</u></b>	<b><u>(\$460,000)</u></b>	<b><u>\$8,435,000</u></b>
<b>OMEGA JV5 Certificates of Participation</b>	<b>4.25-5.625%</b>	<b>1993</b>	<b><u>\$10,575,696</u></b>	<b><u>(\$212,040)</u></b>	<b><u>\$10,363,656</u></b>

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 6 - NOTES, BONDS AND OTHER OBLIGATIONS PAYABLE (Continued)**

A summary of General Long-Term Obligations Account Group transactions for the year ended December 31, 1999 follows:

Description	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
<i>General Long-Term Obligations:</i>			
Compensated Absences	\$315,610	\$17,682	\$333,292
Due to Other Governments	87,065	13,436	100,501
Police/Firemen's Pension Liability	42,334	(501)	41,833
<i>Total General Long-Term Obligations</i>	<u>\$445,009</u>	<u>\$30,617</u>	<u>\$475,626</u>

The principal and interest requirements to retire the following long-term obligations outstanding at December 31, 1999, are as follows:

Year Ending December 31	Mortgage Revenue Bonds	Police and Firemen's Disability and Pension	Railroad Notes	Certificates Of Participation	OWDA Loan	Totals
2000	\$970,735	\$2,295	\$77,084	\$779,027	\$155,278	\$1,984,419
2001	965,638	2,295	77,088	779,256	155,278	1,979,555
2002	965,638	2,295	0	779,121	155,278	1,902,332
2003	965,638	2,295	0	779,121	155,278	1,902,332
2004-2008	4,552,395	11,475	0	3,895,605	155,278	8,614,753
2009-2013	3,396,805	11,475	0	3,895,530	0	7,303,810
2014-2018	1,045,772	11,475	0	3,895,911	0	4,953,158
2019-2023	0	11,475	0	3,895,911	0	3,907,386
2024-2037	0	26,284	0	779,003	0	805,287
	<u>\$12,862,621</u>	<u>\$81,364</u>	<u>\$154,172</u>	<u>\$19,478,485</u>	<u>\$776,390</u>	<u>\$33,353,032</u>
Less: Amount Representing Interest	4,427,621	39,531	13,999	9,114,829	44,979	13,640,960
Principal Due	<u>\$8,435,000</u>	<u>\$41,833</u>	<u>\$140,173</u>	<u>\$10,363,656</u>	<u>\$731,411</u>	<u>\$19,712,072</u>

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 6 - NOTES, BONDS AND OTHER OBLIGATIONS PAYABLE (Continued)**

**OWDA Loan**

The City has obtained an OWDA loan to assist in the modification of Foremost Management, Inc. (Luigino's) wastewater lines. As a result of this loan, an agreement was made between the City and Foremost Management, Inc. (Luigino's), whereby Foremost Management, Inc. has agreed to make payments to the City over a period of 10 years for the repayment of this OWDA loan. As of December 31, 1999 the City had drawn \$1,387,797 against the loan of which \$731,411 remains as a liability in the accompanying general purpose financial statements. The project was completed in 1997 therefore, the total costs and related amortization schedules have been finalized and are included in the schedule above.

**Conduit Debt Obligations**

From time to time, the City has issued Industrial Revenue Bond to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 1999 there was one series of Industrial Revenue Bond outstanding with an aggregate principal amount payable of \$1.26 million and one series of Hospital Facilities Revenue Bond outstanding with an aggregate principal amount payable of \$25 million.

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property which is used in business, located in the City. Real property taxes (other than public utility) are collected in one calendar year on assessed values as of January 1 of the 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 revalued every six years. The last reappraisal was completed for tax year 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

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. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 7 - PROPERTY TAXES (Continued)**

The County Treasurer 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.

The full tax rate applied to real property for tax year ended December 31, 1999 was \$46.70 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$99,887,110. This amount constitutes \$42,509,010 in residential/agricultural real property assessed value, \$29,530,060 in commercial/industrial real property assessed value, \$5,501,000 in public utility assessed value and \$22,343,140 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .5% (5.0 mills) of assessed value.

**NOTE 8 - FEDERAL GRANTS**

The federal financial assistance grants are audited as part of the City's regular audit. Any instances of noncompliance with federal financial assistance grant requirements and any expenditures that may be disallowed and subject to reimbursement to the federal government will be disclosed in the audit report.

**NOTE 9 - PENSION OBLIGATIONS**

**Public Employee Retirement System**

**Plan Description:** The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

**Funding Policy:** Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligations and the City is required to contribute 8.44%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 10.81%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$352,605, \$334,318, and \$313,726, respectively; 96.4% has been contributed for 1999 and 100% for years 1998 and 1997. Of the 1999 amount, \$12,694 was unpaid at December 31, 1999 and is recorded as a liability within the respective funds.

**Post-Employment Benefits:** Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefits (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care for the year 1999. The law enforcement employer rate was 16.7% of which 4.2% was used to fund health care.



**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 9 - PENSION OBLIGATIONS (Continued)**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

**Police and Firemen's Disability and Pension Fund**

**Plan Description:** The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy:** Plan members (police officers) are required to contribute 10.0 % of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$108,200, \$123,939 and \$97,810 respectively; 60% has been contributed for 1999 and 100% for years 1998 and 1997. Of the 1999 amount, \$43,038 was unpaid and is recorded as a liability within the General Fund.

**Post-Employment Benefits:** The OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen (18) whether or not the child is attending school or under the age of twenty-two (22) if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate which is 19.5% for police of covered payroll. Of these employer contribution rates for the City, 6.5% was used to pay health care benefits for the year 1999 which amounted to \$36,067 for policemen.

The Ohio Revised Code provides the statutory authority allowing the OP&F Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The board defined allocation was 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 9 - PENSION OBLIGATIONS (Continued)**

As of December 31, 1998, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for Firefighters. The Fund's total health care expenses for the year ended December 31, 1998, the date of the last actuarial valuation available, was \$78,596,790 which was net of member contributions of \$5,331,515.

**NOTE 10 - COMPENSATED ABSENCES**

All full-time City employees earn vacation at varying rates based upon length of service. An employee may carry over a vacation balance equal to two years. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance, not to exceed the carryover of two years.

All full-time City employees earn sick leave at the rate of 4.6 hours for every 80 hours of active service. Upon separation from the City, an eligible employee shall receive on-half hour of monetary compensation for every hour of unused sick leave, if the length of service is between 5 and 10 years, and one hour of monetary compensation if the length of service is more than ten years; the monetary compensation shall be at the hourly rate of compensation of the employee at the time of retirement, if the employee is not given credit at his next place of employment.

City employees who work on holidays and in an occasional overtime status are primarily paid on a current basis. However, in some instances the employees are permitted to accrue compensatory time to be taken as time off or to be paid at a later date.

The City follows the provisions of GASB Statement No. 16 related to compensated absences. At December 31, 1999 the total liability for unpaid compensated absences was \$333,292 for all funds of the City except proprietary funds. For governmental funds, the entire amount was considered long-term since no payments were anticipated which would require the use of current available financial resources. The liability has been reported in the General Long-Term Obligations Account Group. The portion attributable to the proprietary funds has been recorded within the respective funds.

**NOTE 11 - DEFERRED COMPENSATION PLANS**

The City of Jackson employees and elected officials may participate in the Ohio Public Employees Deferred Compensation Program or a deferred compensation plan administered by Aetna (the plans). Both plans are created in accordance with Internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

Under the Ohio Public Employees Deferred Compensation Program and Aetna, all plan assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets of these plans are no longer reflected in the combined financial statements of the City.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 12 - OPERATING TRANSFERS**

The following is a summary of operating transfers for all funds in 1999.

Fund	Transfers-In	Transfers-Out
<b>General Fund</b>	\$0	\$87,127
<b>Special Revenue Funds:</b>		
Edwin Jones Park Fund	6,763	0
Lillian Jones Museum Fund	23,960	0
COPS Fast Grant Fund	15,100	0
COPS Universal Hiring Grant Fund	18,584	0
Flood Mitigation Project Fund	21,838	0
Community Policing Grant Fund (1999)	7,640	0
Law Enforcement Block Grant Subgrant Fund	1,000	0
Fire Tax Levy Fund	0	30,000
Fire Tax Levy Fund (1995)	30,000	0
	124,885	30,000
<b>Capital Project Funds:</b>		
Real Estate and Improvements Fund	92,675	0
Alternate Access Road Project Fund	430	0
	93,105	0
<b>Enterprise Funds:</b>		
Water Fund	0	18,535
Sewer Fund	0	18,535
Garbage Fund	0	18,535
Electric Fund	0	18,535
Municipal Swimming Pool Fund	4,000	0
	4,000	74,140
<b>Expendable Trust Fund:</b>		
Edwin Jones Investment Fund	0	6,763
<b>Nonexpendable Trust Fund:</b>		
Lillian Jones Museum Trust Fund	0	23,960
<b>Total All Funds</b>	<b>\$221,990</b>	<b>\$221,990</b>

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 13 - FIXED ASSETS**

**General Fixed Assets** - Summary by category of changes in general fixed assets:

Category	January 1, 1999	Additions/ Transfers	Deletions/ Transfers	December 31, 1999
Land	\$244,826	\$401,571	\$0	\$646,397
Buildings / Improvements	1,437,777	396,895	0	1,834,672
Machinery / Equipment	1,568,338	215,433	(75,991)	1,707,780
Subtotal	3,250,941	1,013,899	(75,991)	4,188,849
Construction in Progress	355,630	0	(355,630)	0
Totals	\$3,606,571	\$1,013,899	(\$431,621)	\$4,188,849

**Proprietary Fixed Assets** - Summary by category at December 31, 1999:

Category	Cost	Accumulated Depreciation	Book Value
Land	\$2,973,145	\$0	\$2,973,145
Buildings	675,485	(292,740)	382,745
Improvements	9,757,831	(3,164,085)	6,593,746
Machinery / Equipment	1,989,856	(952,674)	1,037,182
Subtotal - Assets in Service	15,396,317	(4,409,499)	10,986,818
Construction in Progress	24,120	N/A	24,120
Totals	\$15,420,437	(\$4,409,499)	\$11,010,938

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City which are financed primarily by user charges are water treatment and distribution, wastewater collection and treatment, electric, garbage collection, railroad, swimming pool and recreation services. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Water Fund	Sewer Fund	Garbage Fund	Electric Fund
Operating Revenues	\$1,857,798	\$1,974,460	\$519,890	\$9,192,023
Depreciation/Amortization	124,455	127,066	23,271	67,474
Operating Income	402,266	380,072	21,871	1,835,849
Net Income	261,771	292,300	(11,570)	1,042,659
Total Assets	5,569,946	5,575,435	377,237	19,610,342
Net Working Capital	1,141,306	2,852,484	63,257	3,994,092
Fixed Assets:				
Additions	607,541	77,110	100,792	1,242,254
Deletions	(359,542)	(67,399)	(87,429)	(737,165)
Long-Term Liabilities	2,410,000	1,081,459	0	15,413,656
Total Equity	2,702,690	3,929,319	254,370	3,045,241

	Railroad Fund	Swimming Pool Fund	Recreation Fund	Totals
Operating Revenues	\$98,032	\$37,464	\$27,714	\$13,707,381
Depreciation/Amortization	23,982	1,279	2,300	369,827
Operating Income	48,401	(256)	11,226	2,699,429
Net Income	38,177	3,744	11,226	1,638,307
Total Assets	2,660,140	60,288	67,820	33,921,208
Net Working Capital	(75,961)	6,162	12,320	7,993,660
Fixed Assets:				
Additions	0	0	2,998	2,030,695
Deletions	0	0	0	(1,251,535)
Long-Term Liabilities	0	0	0	18,905,115
Total Equity	2,513,035	60,288	67,820	12,572,763

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 15 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the law director the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**NOTE 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injury and natural disasters. The City has addressed these various types of risk by purchasing comprehensive insurance through commercial carriers.

The following types of coverage that the City has with commercial carriers are: general liability insurance with a \$1,000,000 limit of coverage for each occurrence and no deductible; public officials liability each with a \$1,000,000 limit of coverage for each occurrence and a \$3,500 deductible; auto liability with a \$1,000,000 limit of coverage for each occurrence and a \$500 deductible, on selected vehicles a deductible of \$2,000 applies; property damage insurance with a limit of \$32,529,454 and a deductible of \$1,000; earthquake damage with a \$10,000,000 limit of coverage and a deductible 5% of the damage up to, but not to exceed, \$500,000; flood insurance with a \$108,000 limit of coverage for the waste water treatment plant building, electric works building and the city garage building with a \$500 deductible; flood insurance with at \$43,900 limit of coverage for the waste water plant building contents, electric works building contents and the city garage building contents with a \$500 deductible; law enforcement professional liability with a coverage limit of \$1,000,000 for each occurrence and a \$7,500 deductible; employee dishonesty with a \$125,000 limit for each occurrence and no deductible; and miscellaneous property coverage (modular home) with a limit of \$50,000 with a \$500 deductible.

The City provides employee medical/surgical benefits, and prescription drugs through Central Benefits.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

**Employee Benefit Self Insurance**

The City sponsors a self-funded employee benefit program which provides dental and vision benefits for its full-time employees. The City's claims liability is limited through specific and aggregate stop-loss insurance issued by the Commercial Union Life Insurance Company to \$20,000 per person per year and an aggregate of all claims under \$20,000 of \$251,136.

**CITY OF JACKSON, OHIO**  
**Notes to the General Purpose Financial Statements**  
**For the Year Ended December 31, 1999**

**NOTE 16 - RISK MANAGEMENT (Continued)**

Changes in the Internal Service Fund's claims liability amount for fiscal years 1998 and 1999 were:

	1998	1999
Beginning of Year Liability	\$4,345	\$3,622
Current Year Claims and Changes in Estimates	43,184	45,908
Claims Payable	(43,907)	(46,398)
End of Year Liability	\$3,622	\$3,132

**Worker's Compensation**

The City is participating in the Ohio Rural Water Association Group Workers' Compensation Rating Plan. Claims services are administered by Comp Management, Inc. In turn for substantial involvement by the City in accident prevention, the City receives lower workers' compensation rates through participation in the group plan.

**NOTE 17-PRIOR PERIOD ADJUSTMENTS**

The City's garbage department previously reported a maintenance vehicle with an accumulated depreciation of \$8,109 when the correct accumulated depreciation was \$12,475. The adjustment that has resulted is a decrease in the Garbage (Enterprise) Fund fixed assets and retained earnings of \$4,366.

The City's garbage department previously did not report an amount of \$53,829 for a deposit on a garbage packer truck. The adjustment resulted in an increase in the Garbage (Enterprise) Fund fixed assets and retained earnings for a total amount of \$53,829.

The City had previously reported the invested endowment in the Robert Jones Trust (Nonexpendable Trust) Fund at cost instead of fair value. The adjustment resulted in an increase in the cash and cash equivalents and retained earnings of this Fund of \$95,909.

**CITY OF JACKSON, OHIO**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 1999**

Federal Grantor / Pass through Grantor / Program Title	Pass through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants:			
Downtown Revitalization Program	A-T-98-135-1	14.228	\$227,555
Community Housing Partnership Program	A-P-98-135-1	14.228	200,000
Community Housing Improvement Program	A-C-97-135-1	14.228	117,207
Community Housing Improvement Program	A-C-99-135-1	14.228	24,851
<b>Total U.S. Department of Housing and Urban Development</b>			569,613
<b>U.S. Department of Justice</b>			
<i>Direct from the Federal Government:</i>			
COPS Grant	N/A	16.710	213,184
COPS Fast Grant	N/A	16.710	109,612
<i>Passed through Ohio Office of Criminal Justice Services:</i>			
Problem-Solving Partnership Grant	97-PR-WX-0031	16.710	3,597
			326,393
Drug Control and System Improvement Act	96-DG-B02-7176	16.579	3,545
Drug Control and System Improvement Act	97-DG-B02-7176	16.579	23,084
			26,629
<b>Total U.S. Department of Justice</b>			353,022
<b>Federal Emergency Management Agency</b>			
<i>Passed through Ohio Department of Public Safety:</i>			
Public Assistance Grant - FEMA	1164-79-37842	83.544	45,990
Public Assistance Grant - Hazard Mitigation	1164-79-37842	83.548	237,724
<b>Total Federal Emergency Management Agency</b>			283,714
<b>Total Federal Awards Expenditures</b>			\$1,206,349

**Note 1 - Significant Accounting Policies**

The City prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation in, or used in the preparation of the general purpose financial statements.

**Note 2 - CDBG Revolving Loans**

The City administers a CDBG rehabilitation loan program, the activity of which is not reflected in the schedule above. During the year ended December 31, 1999, the City received loan principal payments of \$11,652 under this program. At December 31, 1999 the City reflects \$35,157 as loans receivable under this program which is included on the balance sheet in the total loans receivable amount of \$40,716.



**CITY OF JACKSON, OHIO**

*Schedule of General Fixed Assets*

*By Category*

*December 31, 1999*

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
<b>General Government:</b>					
Mayor / Service Director	\$0	\$0	\$0	\$71,372	\$71,372
Auditor	0	0	0	51,433	51,433
City Engineer	0	0	0	9,490	9,490
City Council	0	42,673	0	10,467	53,140
City Hall	42,131	1,047,450	0	2,994	1,092,575
<b>Total General Government</b>	<u>42,131</u>	<u>1,090,123</u>	<u>0</u>	<u>145,756</u>	<u>1,278,010</u>
<b>Security of Persons and Property:</b>					
Police	40,000	176,027	0	241,254	457,281
Fire	22,599	76,640	1,120	847,010	947,369
<b>Total Security of Persons and Property</b>	<u>62,599</u>	<u>252,667</u>	<u>1,120</u>	<u>1,088,264</u>	<u>1,404,650</u>
<b>Public Health and Welfare:</b>					
Cemetery	21,848	14,241	0	56,193	92,282
<b>Transportation:</b>					
Street	68,248	367,106	0	416,032	851,386
<b>Community Environment:</b>					
Residential Acquisition	401,571	0	0	0	401,571
<b>Total Community Environment</b>	<u>401,571</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>401,571</u>
<b>Leisure Time Activities:</b>					
Cultural Facilities: Lillian Jones Museum	50,000	75,000	34,415	1,535	160,950
<b>Total General Fixed Assets</b>	<u>\$646,397</u>	<u>\$1,799,137</u>	<u>\$35,535</u>	<u>\$1,707,780</u>	<u>\$4,188,849</u>

**CITY OF JACKSON, OHIO**  
*Schedule of Changes in General Fixed Assets*  
*By Function and Activity*  
*Year Ended December 31, 1999*

Function and Activity	January 1, 1999	Additions/ Transfers	Deletions/ Transfers	December 31, 1999
<b>General Government:</b>				
Mayor / Service Director	\$46,492	\$40,183	(\$15,303)	\$71,372
Auditor / Treasurer	38,860	25,833	(13,260)	51,433
City Engineer	9,490	0	0	9,490
City Council	53,140	0	0	53,140
City Hall	1,092,240	1,576	(1,241)	1,092,575
<b>Total General Government</b>	<u>1,240,222</u>	<u>67,592</u>	<u>(29,804)</u>	<u>1,278,010</u>
<b>Security of Persons and Property:</b>				
Police	359,185	109,831	(11,735)	457,281
Fire	966,672	4,675	(23,978)	947,369
<b>Total Security of Persons and Property</b>	<u>1,325,857</u>	<u>114,506</u>	<u>(35,713)</u>	<u>1,404,650</u>
<b>Public Health and Welfare:</b>				
Cemetery	81,105	19,625	(8,448)	92,282
<b>Transportation:</b>				
Street	821,025	385,990	(355,629)	851,386
<b>Community Environment:</b>				
Community Development Block				
Grant Administration	2,027	0	(2,027)	0
Residential Acquisition	0	401,571	0	401,571
<b>Total Community Environment</b>	<u>2,027</u>	<u>401,571</u>	<u>(2,027)</u>	<u>401,571</u>
<b>Leisure Time Activities:</b>				
Cultural Facilities: Lillian Jones Museum	136,335	24,615	0	160,950
<b>Total General Fixed Assets</b>	<u><u>\$3,606,571</u></u>	<u><u>\$1,013,899</u></u>	<u><u>(\$431,621)</u></u>	<u><u>\$4,188,849</u></u>

**CITY OF JACKSON, OHIO**

*Schedule of General Fixed Assets*

*By Source*

*December 31, 1999*

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***General Fixed Assets:***

Land	\$646,397
Buildings	1,799,137
Improvements Other Than Buildings	35,535
Machinery and Equipment	1,707,780
<b><i>Total General Fixed Assets</i></b>	<b><u><u>\$4,188,849</u></u></b>

***Investment in General Fixed Assets:***

General Fund	\$1,851,593
Special Revenue Funds	1,037,027
Capital Projects Funds	785,057
Enterprise Funds	387,172
Donations/Contributions	128,000
<b><i>Total Investment in General Fixed Assets</i></b>	<b><u><u>\$4,188,849</u></u></b>

**CITY OF JACKSON, OHIO**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended December 31, 1999**

	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
<b>Fire Loss Fund</b>				
<i>Assets:</i>				
Cash and Cash Equivalents	\$2,326	\$4,200	(\$4,200)	\$2,326
<i>Total Assets</i>	<u>\$2,326</u>	<u>\$4,200</u>	<u>(\$4,200)</u>	<u>\$2,326</u>
<i>Liabilities:</i>				
Due to Others	\$2,326	\$4,200	(\$4,200)	\$2,326
<i>Total Liabilities</i>	<u>\$2,326</u>	<u>\$4,200</u>	<u>(\$4,200)</u>	<u>\$2,326</u>
<b>Street Excavation Fund</b>				
<i>Assets:</i>				
Cash and Cash Equivalents	\$10,200	\$2,500	(\$1,850)	\$10,850
<i>Total Assets</i>	<u>\$10,200</u>	<u>\$2,500</u>	<u>(\$1,850)</u>	<u>\$10,850</u>
<i>Liabilities:</i>				
Due to Others	\$10,200	\$2,500	(\$1,850)	\$10,850
<i>Total Liabilities</i>	<u>\$10,200</u>	<u>\$2,500</u>	<u>(\$1,850)</u>	<u>\$10,850</u>
<b>Totals - All Agency Funds</b>				
<i>Assets:</i>				
Cash and Cash Equivalents	\$12,526	\$6,700	(\$6,050)	\$13,176
<i>Total Assets</i>	<u>\$12,526</u>	<u>\$6,700</u>	<u>(\$6,050)</u>	<u>\$13,176</u>
<i>Liabilities:</i>				
Due to Others	\$12,526	\$6,700	(\$6,050)	\$13,176
<i>Total Liabilities</i>	<u>\$12,526</u>	<u>\$6,700</u>	<u>(\$6,050)</u>	<u>\$13,176</u>

**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

Members of Council  
City of Jackson  
145 Broadway Street  
Jackson, Ohio 45640

We have audited the financial statements of the City of Jackson, Ohio (the City), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*. However, we noted two instances of noncompliance that we have reported to the management of the City in a separate letter dated June 20, 2000.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 20, 2000.

Members of Council  
City of Jackson  
Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

This report is intended for the information and use of the Budget and Finance Committee, City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig & Associates*

J. L. UHRIG & ASSOCIATES  
Certified Public Accountant

June 20, 2000

**Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133**

Members of Council  
City of Jackson  
145 Broadway Street  
Jackson, Ohio 45640

**Compliance**

We have audited the compliance of City of Jackson (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 1999.

**Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Members of Council  
City of Jackson  
Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control over Compliance in Accordance with  
OMB Circular A-133

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Budget and Finance Committee, City Council, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig & Associates*

J. L. UHRIG & ASSOCIATES  
Certified Public Accountant

June 20, 2000



**CITY OF JACKSON, OHIO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 1999**

**A. SUMMARY OF AUDITOR'S RESULTS**

<b>1. Type of Financial Statement Opinion</b>	Unqualified
<b>2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>4. Was there any material noncompliance reported at the financial statement level (GAGAS)?</b>	No
<b>5. Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>6. Were there any other reportable internal control weaknesses reported for major federal programs?</b>	No
<b>7. Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>8. Are there any reportable findings under § .510?</b>	No
<b>9. Major Programs (list):</b>	Public Assistance Grants -Hazard Mitigation CFDA #83.548  Public Safety Partnerships and Community Policing Grants - CFDA #16.710  Public Assistance Grant - FEMA CFDA #83.544
<b>10. Dollar Threshold: Type A/B Programs</b>	Type A: >\$300,000 Type B: All Other Programs
<b>11. Low Risk Auditee?</b>	No

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

Facsimile 614-466-4490

**CITY OF JACKSON**

**JACKSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 17, 2000**