



CITY OF JACKSON, OHIO

Jackson County

Regular Audit

For the Year Ended December 31, 2008

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Mayor and 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 and Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Finding for Recovery Repaid Under Audit

The City of Jackson employed Greg Wilson as a Supervisor in their Water and Wastewater Treatment Plants. Greg Wilson was also contracted with the Village of Beaver, Pike County, Ohio, during 2008 and 2009 to operate their Water and Wastewater Treatment Plant.

The City of Jackson employees are required to use an electronic time clock to record hours worked. During the audit period, Greg Wilson clocked in at the City of Jackson when reporting to work each day and clocked out at the end of each day. The Village of Beaver required personnel to sign the Log -In Books kept at the Water and Wastewater Treatment Plants.

A comparison of the City of Jackson time clock register and the Log-In Books from the Village of Beaver revealed that on several occasions Greg Wilson reported the same working hours to the City of Jackson and the Village of Beaver. As a result, Greg Wilson was compensated for the same hours worked from the City of Jackson and the Village of Beaver, according to the following schedule from January 1, 2008 through the date of this report:

Date	Overlapping Time per the City's Time Sheets and the Village's Log Books	# of Hours	City of Jackson Hourly Rate for Greg Wilson	Amount of Compensation
11/21/2008	2:00 pm - 4:00 pm	2	\$37.96	\$75.92
1/27/2009	4:00 pm - 5:00 pm	1	37.96	37.96
1/29/09	7:30 am - 4:00 pm	8	37.96	303.68
2/20/2009	12:00 pm - 4:00 pm	4	37.96	151.84
3/3/2009	6:15 am - 7:48 pm	13.5	37.96	512.46
3/30/2009	12:00 pm - 4:00 pm	4	37.96	151.84
4/2/2009	9:00 am - 11:00 am	2	37.96	75.92
	Total	34.5		\$1,309.62

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Greg Wilson in the amount of \$1,309.62, and in favor of the City of Jackson Water Fund in the amount of \$654.81 and the City of Jackson Sewer Fund in the amount of \$654.81.

The City of Jackson has withheld \$1,309.62 from Greg Wilson's last paycheck.

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.



Mary Taylor, CPA
Auditor of State

December 11, 2009

CITY OF JACKSON, OHIO
Table of Contents
For the Year Ended December 31, 2008

Independent Auditor's Report	2
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	13
Statement of Activities	14
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund	21
Statement of Fund Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Assets and Liabilities - Agency Funds	30
Notes to the Basic Financial Statements	31
Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards	58
Schedule of Audit Findings	60
Schedule of Prior Audit Findings	62

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, Ohio (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, Ohio as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Members of Council
City of Jackson, Ohio
Independent Auditor's Report

The management's discussion and analysis on pages 4 through 11, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.

October 29, 2009

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Jackson's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The City's total net assets increased by 2.8 percent, or \$1,193,139, from the total net assets at the beginning of the year 2008.
- At the end of the current year, the City's governmental activities reported total net assets of \$12,435,332, a decrease of \$961,387 from the prior year.
- At the end of the current year, unreserved fund balance for the General Fund was \$1,676,455 which represents a \$987,317 decrease from the prior year. This represents 49.2 percent of total General Fund expenditures.
- Capital assets increased \$5,990,674. Capital assets of governmental activities decreased \$117,022. Capital assets of business-type activities increased \$6,107,696.

Using this Annual Financial Report

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

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

Reporting the City of Jackson as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities – Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Water, Sewer, Electric, Railroad, and Garbage Funds.

Business-Type Activities – Water and sewer services have charges based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Electric, Water, Sewer Treatment Plants, and Storm Sewer System. Garbage collection services have charges based upon set rates. The City attempts to set fees that cover the costs of providing the service. Railroad charges are based on a contract with the Great Miami Railroad.

Reporting the City of Jackson's Most Significant Funds

Fund Financial Statements

Fund financial statements begin on page 16. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Jackson, our major funds are the General, Water, Sewer, and Electric Funds.

Governmental Funds Governmental funds focus on how money flows into and out of those funds and the balances left at year end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Fund The City accounts for resources held for the benefit of parties outside the government as a fiduciary fund. This fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the City's own programs. The City uses accrual accounting for fiduciary funds, the same as that of the proprietary funds.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The City of Jackson as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$6,199,648	\$7,160,582	\$18,820,760	\$19,603,346	\$25,020,408	\$26,763,928
Investment in Joint Venture	0	0	639,667	638,994	639,667	638,994
Capital Assets, Net	8,065,231	8,182,253	27,987,817	21,880,121	36,053,048	30,062,374
<i>Total Assets</i>	<u>14,264,879</u>	<u>15,342,835</u>	<u>47,448,244</u>	<u>42,122,461</u>	<u>61,713,123</u>	<u>57,465,296</u>
Liabilities						
Current and Other Liabilities	827,032	864,864	1,204,785	1,539,799	2,031,817	2,404,663
Noncurrent Liabilities	1,002,515	1,081,252	15,449,500	11,943,229	16,452,015	13,024,481
<i>Total Liabilities</i>	<u>1,829,547</u>	<u>1,946,116</u>	<u>16,654,285</u>	<u>13,483,028</u>	<u>18,483,832</u>	<u>15,429,144</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	7,543,680	7,643,095	16,318,461	11,627,082	23,862,141	19,270,177
Restricted	3,101,671	3,051,088	588,477	707,959	3,690,148	3,759,047
Unrestricted	1,789,981	2,702,536	13,887,021	16,304,392	15,677,002	19,006,928
<i>Total Net Assets</i>	<u>\$12,435,332</u>	<u>\$13,396,719</u>	<u>\$30,793,959</u>	<u>\$28,639,433</u>	<u>\$43,229,291</u>	<u>\$42,036,152</u>

Total assets increased \$4,247,827. Governmental activities' capital assets decreased \$117,022. The increase in capital assets for business-type activities in the amount of \$6,107,696 is due to asset acquisitions and construction in progress, offset by depreciation and deletions.

Current and other assets of the City's governmental activities decreased \$960,934 and net assets decreased \$961,387, mostly due to the City's discontinuation of the right of way and cost allocation plans.

There was a decrease in current and other liabilities for governmental activities of \$37,832 due to decreases in accounts payable, accrued wages, and intergovernmental payables.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2008, and comparisons to 2007.

Table 2
Changes in Net Assets

	Governmental Activities 2008	Business- Type Activities 2008	Total 2008	Governmental Activities 2007	Business- Type Activities 2007	Total 2007
Revenues						
Program Revenues:						
Charges for Services	\$476,214	\$19,628,097	\$20,104,311	\$489,203	\$19,561,249	\$20,050,452
Operating Grants and Contributions	724,981	385,430	1,110,411	941,679	0	941,679
<i>Total Program Revenues</i>	<u>1,201,195</u>	<u>20,013,527</u>	<u>21,214,722</u>	<u>1,430,882</u>	<u>19,561,249</u>	<u>20,992,131</u>
General Revenues:						
Property Taxes	705,115	0	705,115	695,951	0	695,951
Other Local Taxes	817,876	0	817,876	773,771	0	773,771
Right of Way	0	0	0	672,843	0	672,843
Gain on Sale of Capital Assets	1,850	4,440	6,290	0	0	0
Grants and Entitlements	395,995	0	395,995	391,917	0	391,917
Investment Earnings	695,726	84,504	780,230	901,700	189,718	1,091,418
Miscellaneous	66,223	546,104	612,327	211,812	242,935	454,747
Total General Revenues	<u>2,682,785</u>	<u>635,048</u>	<u>3,317,833</u>	<u>3,647,994</u>	<u>432,653</u>	<u>4,080,647</u>
<i>Total Revenues</i>	<u>3,883,980</u>	<u>20,648,575</u>	<u>24,532,555</u>	<u>5,078,876</u>	<u>19,993,902</u>	<u>25,072,778</u>
Program Expenses						
General Government	1,434,658	0	1,434,658	831,299	0	831,299
Security of Persons and Property	2,072,007	0	2,072,007	2,199,288	0	2,199,288
Public Health Services	286,685	0	286,685	234,855	0	234,855
Transportation	527,768	0	527,768	603,490	0	603,490
Leisure Time Activities	235,673	0	235,673	408,900	0	408,900
Community Environment	285,627	0	285,627	608,527	0	608,527
Interest and Fiscal Charges	13,445	0	13,445	14,070	0	14,070
Water	0	1,875,073	1,875,073	0	1,708,166	1,708,166
Sewer	0	2,541,050	2,541,050	0	2,858,609	2,858,609
Garbage	0	570,975	570,975	0	508,622	508,622
Electric	0	13,425,784	13,425,784	0	13,612,991	13,612,991
Railroad	0	70,671	70,671	0	40,979	40,979
Storm Sewer	0	0	0	0	19,167	19,167
<i>Total Program Expenses</i>	<u>4,855,863</u>	<u>18,483,553</u>	<u>23,339,416</u>	<u>4,900,429</u>	<u>18,748,534</u>	<u>23,648,963</u>
Increase (Decrease) in Net Assets						
before transfers	(971,883)	2,165,022	1,193,139	178,447	1,245,368	1,423,815
Transfers	10,496	(10,496)	0	0	0	0
Increase (Decrease) in Net Assets	(961,387)	2,154,526	1,193,139	178,447	1,245,368	1,423,815
Net Assets Beginning of Year	13,396,719	28,639,433	42,036,152	13,218,272	27,394,065	40,612,337
Net Assets End of Year	<u>\$12,435,332</u>	<u>\$30,793,959</u>	<u>\$43,229,291</u>	<u>\$13,396,719</u>	<u>\$28,639,433</u>	<u>\$42,036,152</u>

Governmental Activities

Grants and contributions accounted for 18.7 percent of total governmental revenues. Tax revenue provided 39.2 percent of total governmental revenues, all generated from property and other local taxes. Investment earnings accounted for 17.9 percent of total governmental revenues. These revenue sources

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

comprise the largest components of City revenues. Property and other local taxes; operating grants and contributions; and investment revenue combined together, provided 75.8 percent of the City's total governmental revenues.

The City received \$476,214, or 12.3 percent, of total governmental revenues, in charges for services. These direct charges to citizens include recreation fees, court fines and forfeitures, police security services, and licenses and permits.

The City's security of persons and property activities accounted for \$2,072,007, or 42.67 percent, of total expenses. General Government activities accounted for \$1,434,658, or 29.54 percent, of total expenses.

The following table presents the total expenses and net cost of each of the City's governmental program activities. The net cost (total program activity expenses less revenues generated by the program) represents the financial burden that was placed on the City's taxpayers by each of these program activities. Costs not covered by program revenues are essentially funded with the City's general revenues, which are primarily composed of property taxes, intergovernmental revenues, and unrestricted interest earnings.

Table 3
Program Expenses and Net Costs of Governmental Activities, by Program
For the Year Ended December 31, 2008

	Program Activity Expenses <u>2008</u>	Net Cost of Program Activity <u>2008</u>	Program Activity Expenses <u>2007</u>	Net Cost of Program Activity <u>2007</u>
General Government	\$1,434,658	\$1,349,603	\$831,299	\$726,549
Security of Persons and Property	2,072,007	1,863,880	2,199,288	2,048,266
Public Health Services	286,685	175,843	234,855	154,270
Transportation	527,768	171,346	603,490	265,536
Leisure Time Activities	235,673	(11,890)	408,900	(147,656)
Community Environment	285,627	92,441	608,527	408,512
Interest and Fiscal Charges	13,445	13,445	14,070	14,070
Totals	<u><u>\$4,855,863</u></u>	<u><u>\$3,654,668</u></u>	<u><u>\$4,900,429</u></u>	<u><u>\$3,469,547</u></u>

Business-Type Activities

The City's business-type activities are for water, sewer, electric, railroad, storm sewer, and garbage services. During 2008, total program revenues exceeded expenses by \$1,529,974.

The minimum water rate is \$7.31 per thousand gallons of water for customers within the City limits and \$8.79 per thousand gallons of water for those living outside the City limits. Sewer fees are calculated on the amount of water used. The minimum sewer rate is \$6.51 per month. Garbage fees are assessed at a flat rate of \$6.50 per month for unoccupied residences, \$9.50 per month for senior citizens and \$12.50 per month for others. Fees for electrical service are also based on usage. The minimum rate is \$3.16 for residential use inside City limits and \$3.76 for residential use outside City limits 0-20 kwh.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The City's Funds

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

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

General Fund

The General Fund is the primary operating fund of the City. At the end of 2008, fund balance was \$1,759,104. Fund balance represents 51.6 percent to total General Fund expenditures. While there was a 1.2 percent decrease in General Fund expenditures, there was a 35 percent decrease in General Fund revenue. Increases in intergovernmental revenues and taxes were more than offset by decreases in charges for services, investment earnings, and fines.

The fund balance of the City's General Fund decreased by \$971,843 during the current fiscal year.

Enterprise Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's major enterprise funds are the Water Fund, the Sewer Fund, and the Electric Fund. The Water Fund's net assets decreased \$310,354, the Sewer Fund's net assets increased \$37,990, and the Electric Fund's net assets increased \$1,697,204. The Water Fund decrease was due to an increase in maintenance and repairs at the plant in connection with the ongoing renovation projects. The Sewer and Electric Funds increases were due mostly to the city not implementing their cost allocation plan for 2008.

General Fund Budgetary Highlights

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

The City made few revisions to the original appropriations approved by City Council. Overall, these changes resulted in an increase from the original budget in the amount of \$137,216, excluding transfers out. The change was primarily due to expected increases in general government and police expenditures. The City's General Fund actual expenditures were \$363,956 less than appropriations, due to conservative spending.

The General Fund budgeted revenue decreased \$387,707 and was primarily due to a decrease in expected investment earnings, intergovernmental revenue, and charges for services.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the City had \$36,053,048 invested in capital assets, net of accumulated depreciation. Table 4 shows 2008 balances compared to 2007.

Table 4
Capital Assets at December 31, 2008 with comparative as of December 31, 2007
(Net of Depreciation)

	Government Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$1,484,816	\$1,434,816	\$2,922,332	\$2,922,332	\$4,407,148	\$4,357,148
Land Improvements	249,780	260,316	24,557	25,482	274,337	285,798
Buildings	1,632,728	1,585,756	651,035	563,590	2,283,763	2,149,346
Equipment	468,544	481,817	1,126,761	971,393	1,595,305	1,453,210
Infrastructure	3,902,945	4,037,090	12,683,153	9,095,320	16,586,098	13,132,410
Vehicles	326,418	382,458	593,512	724,027	919,930	1,106,485
Construction in Progress	0	0	9,986,467	7,577,977	9,986,467	7,577,977
Totals	\$8,065,231	\$8,182,253	\$27,987,817	\$21,880,121	\$36,053,048	\$30,062,374

The total increase in the City's capital assets, net of accumulated depreciation, for the current year was \$5,990,674, or 17.92 percent.

For additional information on capital assets, see Note 8 to the basic financial statements.

Debt

As of December 31, 2008, and December 31, 2007, the City had total debt of \$15,483,405 and \$11,983,190, respectively, as follows:

Table 5
Outstanding Debt
As of December 31, 2008, with comparative for December 31, 2007

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenue Bonds	\$0	\$0	\$7,043,949	\$7,779,552	\$7,043,949	\$7,779,552
OWDA Loans	0	0	7,300,363	2,977,197	7,300,363	2,977,197
Notes Payable	521,551	539,158	617,542	687,303	1,139,093	1,226,461
Totals	\$521,551	\$539,158	\$14,961,854	\$11,444,052	\$15,483,405	\$11,983,210

The City's overall legal debt margin was \$12,105,435. For additional information on debt, see Note 13 to the basic financial statements.

City of Jackson, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Economic Factors

Jackson County's unemployment rate increased 1.2% from 2007 to 2008, going from 8.5% to 9.7%.

Requests for Information

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

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City of Jackson, Ohio
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,577,254	\$16,242,744	\$19,819,998
Accounts Receivable	67,066	2,230,788	2,297,854
Accrued Interest Receivable	65,566	0	65,566
Intergovernmental Receivable	305,652	324,000	629,652
Internal Balances	1,293,338	(1,293,338)	0
Property Taxes Receivable	728,239	0	728,239
Other Taxes Receivable	59,604	0	59,604
Loans Receivable	5,554	0	5,554
Materials and Supplies Inventory	60,326	1,041,913	1,102,239
Prepaid Items	37,049	54,063	91,112
Deferred Charges	0	220,590	220,590
Investment in Joint Venture	0	639,667	639,667
Non-Depreciable Capital Assets	1,484,816	12,908,799	14,393,615
Depreciable Capital Assets, Net	6,580,415	15,079,018	21,659,433
<i>Total Assets</i>	<u>14,264,879</u>	<u>47,448,244</u>	<u>61,713,123</u>
Liabilities			
Accounts Payable	2,401	33,678	36,079
Accrued Wages Payable	85,317	93,989	179,306
Intergovernmental Payable	83,700	77,305	161,005
Accrued Interest Payable	14,670	0	14,670
Contracts Payable	0	603,166	603,166
Claims Payable	0	9,840	9,840
Deferred Revenue	640,944	0	640,944
Customer Deposits Payable	0	386,807	386,807
Long-Term Liabilities:			
Due Within One Year	445,907	826,168	1,272,075
Due In More Than One Year	556,608	14,623,332	15,179,940
<i>Total Liabilities</i>	<u>1,829,547</u>	<u>16,654,285</u>	<u>18,483,832</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	7,543,680	16,318,461	23,862,141
Restricted for:			
Debt Service	0	588,477	588,477
Street	308,963	0	308,963
Cemetery	601,506	0	601,506
Police	44,188	0	44,188
Fire	195,686	0	195,686
Community Development	504,553	0	504,553
Recreation	936,064	0	936,064
Capital Projects	11,081	0	11,081
Cemetery Endowment:			
Expendable Portion	4,131	0	4,131
Nonexpendable Portion	438,207	0	438,207
Other Purposes	57,292	0	57,292
Unrestricted	1,789,981	13,887,021	15,677,002
<i>Total Net Assets</i>	<u>\$12,435,332</u>	<u>\$30,793,959</u>	<u>\$43,229,291</u>

See accompanying notes to the basic financial statements

City of Jackson, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
General Government	\$1,434,658	\$85,055	\$0
Security of Persons and Property	2,072,007	158,119	50,008
Public Health Services	286,685	51,970	58,872
Transportation	527,768	1,105	355,317
Leisure Time Activities	235,673	179,965	67,598
Community Environment	285,627	0	193,186
Interest and Fiscal Charges	13,445	0	0
<i>Total Governmental Activities</i>	4,855,863	476,214	724,981
Business-Type Activities			
Water	1,875,073	1,581,881	0
Sewer	2,541,050	2,800,635	61,430
Electric	13,425,784	14,629,137	0
Garbage	570,975	569,624	0
Railroad	70,671	46,820	324,000
<i>Total Business-Type Activities</i>	18,483,553	19,628,097	385,430
<i>Total</i>	\$23,339,416	\$20,104,311	\$1,110,411

General Revenues

Property Taxes Levied for:

General Purposes

Cemetery

Fire Protection

Other Local Taxes

Gain on Sale of Capital Assets

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and
Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$1,349,603)	\$0	(\$1,349,603)
(1,863,880)	0	(1,863,880)
(175,843)	0	(175,843)
(171,346)	0	(171,346)
11,890	0	11,890
(92,441)	0	(92,441)
(13,445)	0	(13,445)
<u>(3,654,668)</u>	<u>0</u>	<u>(3,654,668)</u>
0	(293,192)	(293,192)
0	321,015	321,015
0	1,203,353	1,203,353
0	(1,351)	(1,351)
<u>0</u>	<u>300,149</u>	<u>300,149</u>
<u>0</u>	<u>1,529,974</u>	<u>1,529,974</u>
<u>(3,654,668)</u>	<u>1,529,974</u>	<u>(2,124,694)</u>
367,883	0	367,883
175,208	0	175,208
162,024	0	162,024
817,876	0	817,876
1,850	4,440	6,290
395,995	0	395,995
695,726	84,504	780,230
<u>66,223</u>	<u>546,104</u>	<u>612,327</u>
2,682,785	635,048	3,317,833
<u>10,496</u>	<u>(10,496)</u>	<u>0</u>
<u>2,693,281</u>	<u>624,552</u>	<u>3,317,833</u>
(961,387)	2,154,526	1,193,139
<u>13,396,719</u>	<u>28,639,433</u>	<u>42,036,152</u>
<u>\$12,435,332</u>	<u>\$30,793,959</u>	<u>\$43,229,291</u>

City of Jackson, Ohio
Balance Sheet
Governmental Funds
December 31, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$819,430	\$2,757,824	\$3,577,254
Receivables:			
Accounts	25,488	41,578	67,066
Accrued Interest	57,909	7,657	65,566
Intergovernmental	65,343	240,309	305,652
Interfund	877,642	0	877,642
Property Taxes	393,510	334,729	728,239
Other Local Taxes	53,628	5,976	59,604
Loans	0	5,554	5,554
Materials and Supplies Inventory	3,809	56,517	60,326
Prepaid Items	28,807	8,242	37,049
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$2,325,566</u>	<u>\$3,458,386</u>	<u>\$5,783,952</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,756	\$645	\$2,401
Accrued Wages Payable	68,505	16,812	85,317
Intergovernmental Payable	61,899	21,801	83,700
Deferred Revenue	434,302	487,924	922,226
Interfund Payable	0	23,642	23,642
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>566,462</u>	<u>550,824</u>	<u>1,117,286</u>
Fund Balances			
Reserved for Encumbrances	82,649	56,054	138,703
Reserved for Endowments	0	438,207	438,207
Reserved for Loans Receivable	0	4,354	4,354
Unreserved, Undesignated, Reported in:			
Undesignated, Reported in:			
General Fund	1,676,455	0	1,676,455
Special Revenue Funds	0	2,393,735	2,393,735
Capital Projects Funds	0	11,081	11,081
Permanent Funds	0	4,131	4,131
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balance</i>	<u>1,759,104</u>	<u>2,907,562</u>	<u>4,666,666</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,325,566</u>	<u>\$3,458,386</u>	<u>\$5,783,952</u>

See accompanying notes to the basic financial statements

City of Jackson, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Total Governmental Fund Balances \$4,666,666

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital Assets used in governmental activities are not
 financial resources and therefore are not reported in the funds. 8,065,231

Other long-term assets are not available to pay for current-period
 expenditures and therefore are deferred in the funds:

Property Taxes	87,295	
Intergovernmental Revenues	193,987	
Total		281,282

An internal service fund is used by management to charge the costs
 of insurance to individual funds. The assets and liabilities of the
 internal service fund are included in governmental activities in the
 statement of net assets. 439,338

Some liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

Compensated Absences Payable	(444,722)	
Accrued Interest Payable	(14,670)	
Police and Fire Pension Payable	(36,242)	
Long-Term Notes Payable	(521,551)	
Total		(1,017,185)

Net Assets of Governmental Activities \$12,435,332

See accompanying notes to the basic financial statements

City of Jackson, Ohio
*Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	General Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:			
Property Taxes	\$367,691	\$338,306	\$705,997
Other Local Taxes	748,547	69,329	817,876
Intergovernmental	424,458	807,499	1,231,957
Charges for Services	54,949	231,935	286,884
Fines and Forfeitures	69,375	4,806	74,181
Licenses and Permits	84,821	0	84,821
Investment Earnings	697,856	63,985	761,841
Contributions and Donations	0	18,858	18,858
Miscellaneous	63,661	32,890	96,551
<i>Total Revenues</i>	<u>2,511,358</u>	<u>1,567,608</u>	<u>4,078,966</u>
Expenditures:			
Current:			
General Government	1,434,371	0	1,434,371
Security of Persons and Property	1,912,570	104,146	2,016,716
Public Health Services	0	329,011	329,011
Transportation	49,012	469,398	518,410
Leisure Time Activities	0	251,084	251,084
Community Environment	0	285,627	285,627
Debt Service:			
Principal Retirement	10,169	8,169	18,338
Interest and Fiscal Charges	2,179	8,276	10,455
<i>Total Expenditures</i>	<u>3,408,301</u>	<u>1,455,711</u>	<u>4,864,012</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(896,943)</u>	<u>111,897</u>	<u>(785,046)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	12,900	12,910	25,810
Transfers In	0	113,726	113,726
Transfers Out	(87,800)	(25,926)	(113,726)
<i>Total Other Financing Sources (Uses)</i>	<u>(74,900)</u>	<u>100,710</u>	<u>25,810</u>
<i>Net Change in Fund Balances</i>	<u>(971,843)</u>	<u>212,607</u>	<u>(759,236)</u>
<i>Fund Balances at Beginning of Year</i>	<u>2,730,947</u>	<u>2,694,955</u>	<u>5,425,902</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,759,104</u></u>	<u><u>\$2,907,562</u></u>	<u><u>\$4,666,666</u></u>

See accompanying notes to the general purpose financial statements

City of Jackson, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$759,236)

*Amounts reported for governmental activities in the statement of activities
are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	263,991	
Depreciation Expense	<u>(351,423)</u>	(87,432)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (29,590)

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

Grants	(195,954)	
Delinquent Property Taxes	<u>(882)</u>	(196,836)

The internal service fund used by management to charge the cost of insurance deductible reimbursements to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. 35,960

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 18,338

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. (2,990)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Special Termination Benefits Payable	32,185	
Compensated Absences Payable	<u>28,214</u>	<u>60,399</u>

Change in Net Assets of Governmental Activities (\$961,387)

See accompanying notes to the basic financial statements

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City of Jackson, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$371,720	\$367,691	\$367,691	\$0
Other Local Taxes	702,539	692,977	696,843	3,866
Intergovernmental	294,083	547,564	547,601	37
Charges for Services	543,280	54,949	54,949	0
Fines and Forfeitures	75,780	69,779	70,978	1,199
Licenses and Permits	78,812	86,206	84,821	(1,385)
Investment Earnings	850,000	683,202	698,799	15,597
Miscellaneous	75,255	101,394	101,592	198
<i>Total Revenues</i>	<u>2,991,469</u>	<u>2,603,762</u>	<u>2,623,274</u>	<u>19,512</u>
Expenditures				
Current:				
General Government	1,640,967	1,739,692	1,526,759	212,933
Security of Persons and Property	2,041,809	2,067,538	1,917,022	150,516
Transportation	44,611	44,611	44,518	93
Debt Service:				
Principal Retirement	0	10,337	10,169	168
Interest and Fiscal Charges	0	2,425	2,179	246
<i>Total Expenditures</i>	<u>3,727,387</u>	<u>3,864,603</u>	<u>3,500,647</u>	<u>363,956</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(735,918)</u>	<u>(1,260,841)</u>	<u>(877,373)</u>	<u>383,468</u>
Other Financing Sources (Uses)				
Proceeds From the Sale of Capital Assets	0	19,800	19,800	0
Advances In	0	500,000	500,000	0
Advances Out	0	(854,000)	(854,000)	0
Transfers Out	(10,119)	(97,919)	(87,800)	10,119
<i>Total Other Financing Sources (Uses)</i>	<u>(10,119)</u>	<u>(432,119)</u>	<u>(422,000)</u>	<u>10,119</u>
<i>Net Change in Fund Balance</i>	(746,037)	(1,692,960)	(1,299,373)	393,587
<i>Fund Balance Beginning of Year</i>	1,937,914	1,937,914	1,937,914	0
Prior Year Encumbrances Appropriated	<u>75,388</u>	<u>75,388</u>	<u>75,388</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,267,265</u></u>	<u><u>\$320,342</u></u>	<u><u>\$713,929</u></u>	<u><u>\$393,587</u></u>

See accompanying notes to the basic financial statements

City of Jackson, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>
Assets			
Current:			
Equity in Pooled Cash and Cash Equivalents	\$1,785,154	\$5,672,666	\$6,175,722
Accounts Receivable	189,237	300,607	1,685,332
Materials and Supplies Inventory	80,813	22,446	938,514
Prepaid Items	17,394	16,006	16,839
Intergovernmental Receivable	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	0	0	588,477
Customer Deposits	<u>61,005</u>	<u>56,317</u>	<u>251,537</u>
<i>Total Current Assets</i>	<u>2,133,603</u>	<u>6,068,042</u>	<u>9,656,421</u>
Noncurrent:			
Deferred Charges	84,190	0	136,400
Investment in Joint Venture	0	0	639,667
Non-Depreciable Capital Assets	2,050,146	9,214,771	0
Depreciable Capital Assets, Net	<u>3,117,589</u>	<u>3,016,770</u>	<u>7,293,947</u>
<i>Total Noncurrent Assets</i>	<u>5,251,925</u>	<u>12,231,541</u>	<u>8,070,014</u>
<i>Total Assets</i>	<u>7,385,528</u>	<u>18,299,583</u>	<u>17,726,435</u>
Liabilities			
Current:			
Accounts Payable	17,447	16,231	0
Accrued Wages Payable	22,805	29,297	31,156
Intergovernmental Payable	18,500	25,039	25,850
Contracts Payable	0	603,166	0
Interfund Payable	0	500,000	0
Claims Payable	0	0	0
Notes Payable	12,618	33,620	0
Compensated Absences Payable	38,001	64,665	51,256
OWDA Loans Payable	0	185,890	0
Payables from Restricted Assets:			
Revenue Bonds Payable	<u>150,000</u>	<u>0</u>	<u>280,000</u>
<i>Total Current Liabilities</i>	<u>259,371</u>	<u>1,457,908</u>	<u>388,262</u>
Long-Term:			
Customer Deposits Payable from Restricted Assets	61,005	56,317	251,537
Notes Payable	204,075	361,218	0
Compensated Absences Payable	111,502	110,810	106,835
OWDA Loans Payable	0	7,114,473	0
Revenue Bonds Payable	<u>2,099,949</u>	<u>0</u>	<u>4,514,000</u>
<i>Total Long-Term Liabilities</i>	<u>2,476,531</u>	<u>7,642,818</u>	<u>4,872,372</u>
<i>Total Liabilities</i>	<u>2,735,902</u>	<u>9,100,726</u>	<u>5,260,634</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,815,850	7,577,680	2,636,347
Restricted for Debt Service	0	0	588,477
Unrestricted	<u>1,833,776</u>	<u>1,621,177</u>	<u>9,240,977</u>
<i>Total Net Assets</i>	<u>\$4,649,626</u>	<u>\$9,198,857</u>	<u>\$12,465,801</u>

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

Net assets of the Internal Service Fund
Amount owed to governmental activities
Net assets of business-type activities

See accompanying notes to the basic financial statements

Other Enterprise Funds	Total Enterprise Funds	Business-Type Activities- Internal Service Fund
\$613,508	\$14,247,050	\$1,020,410
55,612	2,230,788	0
140	1,041,913	0
3,824	54,063	0
324,000	324,000	0
0	588,477	0
17,948	386,807	0
<u>1,015,032</u>	<u>18,873,098</u>	<u>1,020,410</u>
0	220,590	0
0	639,667	0
1,643,882	12,908,799	0
1,650,712	15,079,018	0
<u>3,294,594</u>	<u>28,848,074</u>	<u>0</u>
<u>4,309,626</u>	<u>47,721,172</u>	<u>1,020,410</u>
0	33,678	0
10,731	93,989	0
7,916	77,305	0
0	603,166	0
354,000	854,000	0
0	0	9,840
6,011	52,249	0
4,107	158,029	0
0	185,890	0
0	430,000	0
<u>382,765</u>	<u>2,488,306</u>	<u>9,840</u>
17,948	386,807	0
0	565,293	0
470	329,617	0
0	7,114,473	0
0	6,613,949	0
<u>18,418</u>	<u>15,010,139</u>	<u>0</u>
<u>401,183</u>	<u>17,498,445</u>	<u>9,840</u>
3,288,584	16,318,461	0
0	588,477	0
619,859	13,315,789	1,010,570
<u>\$3,908,443</u>	<u>30,222,727</u>	<u>\$1,010,570</u>
	1,010,570	
	(439,338)	
	<u>\$30,793,959</u>	

City of Jackson, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>
Operating Revenues			
Charges for Services	\$1,581,880	\$2,800,634	\$14,628,463
Miscellaneous	1,927	107,355	427,534
<i>Total Operating Revenues</i>	<u>1,583,807</u>	<u>2,907,989</u>	<u>15,055,997</u>
 Operating Expenses			
Personal Services	607,312	808,685	848,907
Fringe Benefits	289,720	356,485	396,025
Contractual Services	91,708	234,204	10,505,592
Materials and Supplies	454,299	531,431	861,755
Utilities	101,744	335,598	12,701
Depreciation	207,224	204,687	208,189
Other	37,878	41,227	334,718
<i>Total Operating Expenses</i>	<u>1,789,885</u>	<u>2,512,317</u>	<u>13,167,887</u>
<i>Operating Income (Loss)</i>	<u>(206,078)</u>	<u>395,672</u>	<u>1,888,110</u>
 Non-Operating Revenues (Expenses)			
Federal and State Subsidies	0	61,430	0
Investment in Joint Venture	0	0	673
Loss on Disposal of Capital Assets	0	(2,842)	0
Investment Earnings	2,496	0	82,008
Interest and Fiscal Charges	(100,136)	(40,839)	(272,845)
Gain on Disposal of Capital Assets	4,440	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(93,200)</u>	<u>17,749</u>	<u>(190,164)</u>
 <i>Income (Loss) Before</i>			
<i>Contributions and Transfers</i>	(299,278)	413,421	1,697,946
Capital Contributions from Other funds	0	611	0
Transfers Out	(11,076)	0	(742)
<i>Change in Net Assets</i>	(310,354)	414,032	1,697,204
<i>Net Assets Beginning of Year</i>	<u>4,959,980</u>	<u>8,784,825</u>	<u>10,768,597</u>
<i>Net Assets End of Year</i>	<u><u>\$4,649,626</u></u>	<u><u>\$9,198,857</u></u>	<u><u>\$12,465,801</u></u>

Some amounts reported for business-type activities in the statement of activities are different because the net expense of the internal service fund is reported with business-type activities.

Change in net assets of
business-type activities

See accompanying notes to the basic financial statements

All Other Enterprise Funds	Total Enterprise Funds	Business-Type Activities- Internal Service Funds
\$616,445	\$19,627,422	\$172,574
9,288	546,104	0
<u>625,733</u>	<u>20,173,526</u>	<u>172,574</u>
217,793	2,482,697	0
112,854	1,155,084	86,784
160,508	10,992,012	0
54,940	1,902,425	0
6,568	456,611	0
83,904	704,004	0
9,402	423,225	0
<u>645,969</u>	<u>18,116,058</u>	<u>86,784</u>
<u>(20,236)</u>	<u>2,057,468</u>	<u>85,790</u>
324,000	385,430	0
0	673	0
0	(2,842)	0
0	84,504	0
(661)	(414,481)	0
0	4,440	0
<u>323,339</u>	<u>57,724</u>	<u>0</u>
303,103	2,115,192	85,790
711	1,322	0
0	(11,818)	0
<u>303,814</u>	<u>2,104,696</u>	<u>85,790</u>
<u>3,604,629</u>		<u>924,780</u>
<u><u>\$3,908,443</u></u>		<u><u>\$1,010,570</u></u>
	<u>49,830</u>	
	<u><u>\$2,154,526</u></u>	

City of Jackson, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Water	Sewer	Electric
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,546,695	\$2,724,956	\$13,994,178
Other Cash Receipts	2,097	107,316	324,175
Cash Payments for Employee Services and Benefits	(907,099)	(1,154,733)	(1,221,511)
Cash Payments for Goods and Services	(653,711)	(1,120,889)	(11,377,250)
Utility Deposits Received	27,370	24,565	127,442
Utility Deposits Returned	(25,818)	(23,195)	(115,825)
Other Operating Expenses	(37,878)	(41,227)	(396,923)
<i>Net Cash Provided by Operating Activities</i>	(48,344)	516,793	1,334,286
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	0	61,430	0
Advances In	0	500,000	0
Advances Out	0	(500,000)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	0	61,430	0
Cash Flows from Capital and Related Financing Activities			
Proceeds from the Sale of Capital Assets	1,750	0	0
Proceeds from OWDA Loans	0	4,508,131	0
Payments for Capital Acquisitions	(606,746)	(5,530,907)	(979,207)
Principal Paid on Revenue Bonds Payable	(100,000)	0	(640,000)
Principal Paid on OWDA Loans	0	(184,965)	0
Principal Paid on Notes	(12,618)	(33,620)	0
Interest Paid on Revenue Bonds	(99,524)	0	(263,645)
Interest Paid on Notes	0	(40,839)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	(817,138)	(1,282,200)	(1,882,852)
Cash Flows from Investing Activities			
Investment Earnings	0	0	88,956
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(865,482)	(703,977)	(459,610)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,711,641	6,432,960	7,475,346
<i>Cash and Cash Equivalents End of Year</i>	\$1,846,159	\$5,728,983	\$7,015,736

See accompanying notes to the basic financial statements

All Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Fund	Business-Type Activities - Internal Service Fund
\$646,667	\$18,912,496	\$0	\$172,574
762	434,350	0	0
(347,048)	(3,630,391)	0	(88,224)
(217,597)	(13,369,447)	0	0
9,470	188,847	0	0
(9,125)	(173,963)	0	0
(9,727)	(485,755)	0	0
<u>73,402</u>	<u>1,876,137</u>	<u>0</u>	<u>84,350</u>
0	61,430	0	0
354,000	854,000	0	0
<u>0</u>	<u>(500,000)</u>	<u>0</u>	<u>0</u>
<u>354,000</u>	<u>415,430</u>	<u>0</u>	<u>0</u>
0	1,750	0	0
0	4,508,131	0	0
(1,103)	(7,117,963)	0	0
0	(740,000)	0	0
0	(184,965)	0	0
(23,523)	(69,761)	0	0
0	(363,169)	0	0
(661)	(41,500)	0	0
<u>(25,287)</u>	<u>(4,007,477)</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>88,956</u>	<u>0</u>	<u>0</u>
402,115	(1,626,954)	0	84,350
<u>229,341</u>	<u>16,849,288</u>	<u>0</u>	<u>936,060</u>
<u>\$631,456</u>	<u>\$15,222,334</u>	<u>\$0</u>	<u>\$1,020,410</u>

City of Jackson, Ohio
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities
Proprietary Funds
For the Year Ended December 31, 2008

	Water	Sewer	Electric
Operating Income (Loss)	(\$206,078)	\$395,672	\$1,888,110
Adjustments:			
Depreciation	207,224	204,687	208,189
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(35,015)	(75,717)	(737,644)
Decrease in Prepaid Items	10,240	3,792	5,455
(Increase) Decrease in Materials and Supplies Inventory	(1,138)	22,617	(62,205)
Decrease in Accounts Payable	(8,125)	(46,065)	(2,657)
Increase in Accrued Wages Payable	5,811	3,931	6,768
Decrease in Contracts Payable	(6,937)	0	0
Decrease in Claims Payable	0	0	0
Increase (Decrease) in Compensated Absences Payable	10,904	7,711	16,425
Increase in Customer Deposits Payable	1,552	1,370	11,617
Decrease in Early Retirement Incentives	(25,179)	0	0
Increase (Decrease) in Intergovernmental Payable	(1,603)	(1,205)	228
<i>Net Cash Provided by Operating Activities</i>	<u>(\$48,344)</u>	<u>\$516,793</u>	<u>\$1,334,286</u>

Noncash Transactions:

The General Fund donated \$611 in capital assets to the Sewer Fund and \$711 to the Garbage Fund.

The Electric Fund donated \$742 in capital assets to the General Fund.

The Water Fund donated \$150 in capital assets to the Cemetery Special Revenue Fund and \$10,926 to the Street and Alley Special Revenue Fund.

The Sewer Fund recorded a payable for the purchase of capital assets in the amount of \$603,166.

All Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Fund	Business-Type Activities - Internal Service Fund
(\$20,236)	\$2,057,468	\$0	\$85,790
83,904	704,004	0	0
21,696	(826,680)	0	0
4,119	23,606	0	0
(25)	(40,751)	0	0
0	(56,847)	0	0
4,260	20,770	0	0
0	(6,937)	0	0
0	0	0	(1,440)
(21,392)	13,648	0	0
345	14,884	0	0
0	(25,179)	0	0
731	(1,849)	0	0
<u>\$73,402</u>	<u>\$1,876,137</u>	<u>\$0</u>	<u>\$84,350</u>

City of Jackson, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$14,705</u></u>
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Liabilities

Due to Others	<u><u>\$14,705</u></u>
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See accompanying notes to the basic financial statements

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - REPORTING ENTITY

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

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

Reporting Entity

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

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

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

The City's Electric Utility Enterprise Fund has entered into an ongoing joint venture agreement called the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV5), with 41 other Ohio municipalities for the construction, installation, and operation of a 42 megawatt hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. Additional information concerning this joint venture is presented in Note 15.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Jackson have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City reports the following major enterprise funds:

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

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

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

Internal Service Fund – Internal Service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The internal service fund is used to account for the reimbursement to employees for deductibles on their health insurance.

Fiduciary funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City's fiduciary funds are classified as agency funds. The agency funds account for insurance company proceeds to pay for the removal of unsafe structures due to fire and refundable bonds for street excavation.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

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

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance fiscal year 2009 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

E. Budgetary Process

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

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

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

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

F. Cash and Cash Equivalents

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

During 2008, investments were limited to repurchase agreements, certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on current share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The City has invested funds in STAR Ohio during 2008. 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, 2008.

Provisions of the Ohio Revised Code restrict investment procedures. During 2008, interest was distributed to the General Fund, certain special revenue funds, capital projects funds, and enterprise funds. Interest revenue credited to the General Fund during 2008 amounted to \$697,856, of which \$611,244 was assigned from other City funds.

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

G. Receivables and Payables

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

H. Inventory of Supplies

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Restricted Assets

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

Certain resources set aside for the repayment of enterprise fund mortgage revenue bonds are classified as restricted assets on the Statement of Fund Net Assets – Proprietary Funds because their use is limited by applicable bond covenants. Restricted assets of the City also include cash held for customer deposits.

K. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities columns of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	25-50 years	25-50 years
Buildings	25-50 years	25-50 years
Equipment	5-20 years	5-20 years
Infrastructure	25-60 years	25-60 years
Vehicles	5-12 years	5-12 years

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

L. Interfund Balances

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

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for accumulated unused sick leave for employees after five years of service.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

N. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that are paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year. The City recognizes bonds and long-term notes as a liability in the governmental fund financial statements when due.

O. Bond Premiums, Discounts, and Issuance Costs

On government-wide financial statements, issuance costs and bond premiums or discounts are deferred and amortized over the term of the bonds. Issuance costs are recorded as deferred charges. Bond discounts are presented as reductions to the face amount of the bonds. Bond premiums are presented as additions to the face amount of the bonds.

P. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, which is the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method.

Q. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, endowments, and loans.

R. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the constitutional provisions or through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations or other governments.

The government-wide statement of net assets reports \$3,690,148 of restricted net assets, none of which is restricted by enabling legislation.

Net assets restricted for other purposes include activities related to various City programs.

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

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

S. Internal Activity

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

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

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

T. Estimates

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

U. Operating Revenues and Expenses

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

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City that are either unusual in nature or infrequent in occurrence.

NOTE 3 – COMPLIANCE

During fiscal year 2008, the City entered into repurchase agreements involving mortgage-backed pass-through securities issued by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, contrary to O.R.C. Section 135.14(C).

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

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

Net Change in Fund Balance	
GAAP Basis	(\$971,843)
Net Adjustment for Revenue Accruals	135,461
Net Adjustment for Expenditure Accruals	(26,509)
Beginning of Year:	
Unreported Cash	4,450
Prepaid Items	47,376
End of Year:	
Unreported Cash	(21,095)
Prepaid Items	(28,807)
Advances In	500,000
Advances Out	(854,000)
Encumbrances	(84,406)
	<u>(84,406)</u>
Budget Basis	<u>(\$1,299,373)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the City's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

- outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
- b. bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.
10. Fifteen percent of the City's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
 11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.
 12. One percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$18,581,048 and the bank balance was \$17,332,828. Of the bank balance \$1,187,883 was covered by Federal depository insurance and \$16,144,945, was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Investments

As of December 31, 2008, the City had the following investments:

	Fair Value	Maturity
Repurchase Agreement	\$1,397,000	1 Day
Repurchase Agreement	40,000	1 Day
STAR Ohio	1,233,763	Average 54.7 Days
Total Portfolio	\$2,670,763	

Interest Rate Risk The City does not have an investment policy that addresses interest risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The repurchase agreements are not rated. The City has no policy that addresses credit risk.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2008:

Investment Issuer	Percentage of Investments
Repurchase Agreement	52.79%
Repurchase Agreement	1.51%
STAR Ohio	45.70%

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on assessed value as of January 1, 2008, the lien date. Assessed values are established by State law 35 percent of the appraised value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments for machinery and equipment were 25 percent of true value and 23 percent of true value of inventory. The tangible personal property tax is being

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2008, was \$6.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$64,568,540
Public Utility Real and Tangible Personal Property	<u>55,688,470</u>
Total Assessed Value	<u><u>\$120,257,010</u></u>

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of Jackson County, including the City of Jackson. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008, and for which there is an enforceable legal claim. In the General Fund and the Cemetery and Fire Special Revenue Funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2008, consisted primarily of taxes, intergovernmental receivables arising from grants, loans, entitlements and shared revenues, interest on investments, and utility accounts.

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables are expected to be collected within one year, with the exception of delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$87,295. The financial statements reflect loans receivable of \$5,554. This amount is the amount owed to the City for Federal Community Development Block Grant monies loaned to an individual for home improvements. The loan is interest-free and is to be repaid over a period of thirty years. The amount not scheduled for collection during the subsequent year is \$4,354.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Community Housing Improvement Projects	\$50,725
Local Government Subsidies	86,569
Gasoline Tax	102,896
Motor Vehicle License Tax	28,142
Miscellaneous Grants	37,320
Total Governmental Activities	<u>305,652</u>
 <u>Business-type Activities:</u>	
Railroad Grant	<u>324,000</u>
 Total Intergovernmental Receivable	 <u><u>\$629,652</u></u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<u>Governmental Activities:</u>				
Non-Depreciable Capital Assets:				
Land	\$1,434,816	\$50,000	\$0	\$1,484,816
Total Non-Depreciable Capital Assets	<u>1,434,816</u>	<u>50,000</u>	<u>0</u>	<u>1,484,816</u>
Depreciable Capital Assets:				
Land Improvements	363,025	0	0	363,025
Buildings	2,212,794	94,172	0	2,306,966
Equipment	1,246,647	85,469	(145,054)	1,187,062
Infrastructure	8,038,447	0	0	8,038,447
Vehicles	1,411,788	34,350	(6,374)	1,439,764
Total Depreciable Capital Assets	<u>13,272,701</u>	<u>213,991</u>	<u>(151,428)</u>	<u>13,335,264</u>
Accumulated Depreciation:				
Land Improvements	(102,709)	(10,536)	0	(113,245)
Buildings	(627,038)	(47,200)	0	(674,238)
Equipment	(764,830)	(71,589)	117,901	(718,518)
Infrastructure	(4,001,357)	(134,145)	0	(4,135,502)
Vehicles	(1,029,330)	(87,953)	3,937	(1,113,346)
Total Accumulated Depreciation	<u>(6,525,264)</u>	<u>(351,423) *</u>	<u>121,838</u>	<u>(6,754,849)</u>
Total Depreciable Capital Assets, Net	<u>6,747,437</u>	<u>(137,432)</u>	<u>(29,590)</u>	<u>6,580,415</u>
Governmental Capital Assets, Net	<u><u>\$8,182,253</u></u>	<u><u>(\$87,432)</u></u>	<u><u>(\$29,590)</u></u>	<u><u>\$8,065,231</u></u>

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

*Depreciation expense was charged to governmental activities as follows:

<u>Governmental Activities:</u>	
General Government	\$186,016
Security of Persons and Property	109,756
Public Health Services	6,665
Transportation	31,940
Leisure Time Activities	17,046
Total Depreciation Expense	<u><u>\$351,423</u></u>

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<u>Business-Type Activities:</u>				
Non-Depreciable Capital Assets:				
Land	\$2,922,332	\$0	\$0	\$2,922,332
Construction in Progress	7,577,977	6,243,065	(3,834,575)	9,986,467
Total-Non Depreciable Capital Assets	<u>10,500,309</u>	<u>6,243,065</u>	<u>(3,834,575)</u>	<u>12,908,799</u>
Depreciable Capital Assets:				
Land Improvements	34,348	0	0	34,348
Buildings	988,505	105,022	0	1,093,527
Equipment	2,001,680	337,044	(28,957)	2,309,767
Infrastructure	14,436,423	3,953,869	0	18,390,292
Vehicles	1,875,271	19,247	(15,609)	1,878,909
Total Depreciable Capital Assets	<u>19,336,227</u>	<u>4,415,182</u>	<u>(44,566)</u>	<u>23,706,843</u>
Accumulated Depreciation:				
Land Improvements	(8,866)	(925)	0	(9,791)
Buildings	(424,915)	(17,577)	0	(442,492)
Equipment	(1,030,287)	(177,508)	24,789	(1,183,006)
Infrastructure	(5,341,103)	(366,036)	0	(5,707,139)
Vehicles	(1,151,244)	(141,958)	7,805	(1,285,397)
Total Accumulated Depreciation	<u>(7,956,415)</u>	<u>(704,004)</u>	<u>32,594</u>	<u>(8,627,825)</u>
Total Depreciable Capital Assets, Net	<u>11,379,812</u>	<u>3,711,178</u>	<u>(11,972)</u>	<u>15,079,018</u>
Business-Type Activities Capital Assets, Net	<u><u>\$21,880,121</u></u>	<u><u>\$9,954,243</u></u>	<u><u>(\$3,846,547)</u></u>	<u><u>\$27,987,817</u></u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$249,992, \$266,980 and \$308,175, respectively; 88.01 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$539 made by the City and \$385 made by the plan members.

B. Ohio Police and Fire 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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The City has no firefighters. Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F were \$95,434 for the year ended December 31, 2008, \$88,231 for the year ended December 31, 2007, and \$87,640 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 87.34 percent has been contributed for 2008.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2008, the unfunded police liability of the City was \$36,242 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$249,992, \$175,855 and \$150,738, respectively; 88.01 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 – OP&F’s post-employment health care plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$50,524 for the year ended December 31, 2008, \$46,758 for the year ended December 31, 2007, and \$57,805 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 87.34 percent has been contributed for police for 2008.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

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

B. Additional Insurance

The City provides \$20,000 in life insurance and accidental death and dismemberment insurance to its full-time employees working a minimum of twenty two hours per week through Anthem Life.

The City provides comprehensive major medical insurance through Anthem Blue Cross and Blue Shield. The City pays 94 percent of the total monthly premiums of \$1,356.61 for family coverage and \$493.30 for single coverage.

C. Compensated Absences

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

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, the City contracted with Jones-Stephenson for property and general liability, automobile liability, boiler and machinery liability, law enforcement liability, and public officials' liability.

Under the Jones-Stephenson program for general liability, law enforcement liability, and public officials' liability, the City has \$1,000,000 of total liability coverage for each occurrence, and a \$2,000,000 aggregate limit. The City carries a \$10,000 deductible for both law enforcement and public officials' liability insurance. Property insurance is covered to a limit of \$33,149,203 with a \$5,000 deductible. Under automobile liability the City has \$1,000,000 of total liability coverage for each occurrence. Automobile insurance carries a \$500 per vehicle deductible for comprehensive coverage and a \$1,000 per vehicle collision coverage. Boiler and machinery insurance is covered to a limit of \$7,000,000 with various sublimits. The City carries a \$10,000 deductible for boiler and machinery liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

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

Beginning in 2004, the City manages the deductible portion of employee health benefits on a self-insured basis. The employee health benefit plan provides this coverage through Oak Hill Financial Administrators, the third party administrator of the program, which reviews and pays the claims. Oak Hill Financial Administrators charges the City an annual fee of \$300, with a monthly administration fee of \$8 per employee. The claims liability of \$9,840 reported in the self-insurance fund at December 31, 2008, is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the internal services fund's claims liability amounts in the past year follows:

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$8,860	\$53,387	\$50,967	\$11,280
2008	11,280	86,784	88,224	9,840

NOTE 13 - LONG-TERM OBLIGATIONS

Changes in the City's long-term obligations during 2008 consist of the following:

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<u>Notes</u>					
Police Cruiser Note 3.2%	\$10,297	\$0	\$5,067	\$5,230	\$5,230
Police Cruiser Note 3.2%	8,882	0	4,371	4,511	4,511
Building Acquisition Note 4.0%	115,071	0	4,440	110,631	4,373
Building Improvement Note 4.0%	92,060	0	3,729	88,331	3,496
Land Note 1.0%	312,848	0	0	312,848	312,848
Total Notes	539,158	0	17,607	521,551	330,458
Police and Fire Pension Liability	36,973	0	731	36,242	762
Special Termination Benefits	32,185	0	32,185	0	0
Compensated Absences	472,936	36,503	64,717	444,722	114,687
Total Governmental Activities	\$1,081,252	\$36,503	\$115,240	\$1,002,515	\$445,907
<u>Business-Type Activities:</u>					
<u>Bonds</u>					
2007 Water System General Obligation Bonds 4%	\$2,375,000	\$0	\$100,000	\$2,275,000	\$150,000
Deferred Amount on Refunding	(49,109)	0	(2,595)	(46,514)	0
Unamortized Bond Premium	22,661	0	1,198	21,463	0
2006 Electric System Revenue Bonds 4.2-6.4%	5,500,000	0	640,000	4,860,000	280,000
Unamortized Bond Discount	(69,000)	0	(3,000)	(66,000)	0
Total Bonds Payable	7,779,552	0	735,603	7,043,949	430,000
<u>Notes Payable</u>					
2001 Holzer Hospital Water Lines 0%	229,311	0	12,618	216,693	12,618
2001 Holzer Hospital Sewer Lift Station 0%	428,458	0	33,620	394,838	33,620
Garbage Truck Note 3.5%	29,534	0	23,523	6,011	6,011
Total Notes Payable	687,303	0	69,761	617,542	52,249
2007 OWDA Loan	2,977,197	4,508,131	184,965	7,300,363	185,890
Special Termination Benefits	25,179	0	25,179	0	0
Compensated Absences Payable	473,998	46,772	33,124	487,646	158,029
Total Business-Type Activities	\$11,943,229	\$4,554,903	\$1,048,632	\$15,449,500	\$826,168

Governmental Activities:

Notes Payable

The \$312,848 2004 Land Note was for the purchase of land as part of a grant to improve local wetlands. A lump sum payment is due in 2009.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The City will pay the Police Cruiser Notes from the General Fund. Principal and interest requirements to retire the notes outstanding at December 31, 2008 were:

Year	Principal	Interest	Total
2009	\$9,741	\$311	\$10,052

The City will pay the Building Acquisition and Improvement Notes from the Community Improvement Special Revenue Fund. Principal and interest requirements to retire these outstanding notes at December 31, 2008 were:

Year	Principal	Interest	Total
2009	\$7,869	\$8,576	\$16,445
2010	8,887	7,558	16,445
2011	9,254	7,191	16,445
2012	9,616	6,829	16,445
2013	10,033	6,412	16,445
2014-2015	153,303	9,751	163,054
	<u>\$198,962</u>	<u>\$46,317</u>	<u>\$245,279</u>

Police and Fire Pension Liability

The City will pay the Police and Fire Pension Liability from the General Fund. Principal and interest requirements to retire the City's police and fire pension liability outstanding at December 31, 2008 were:

Year	Principal	Interest	Total
2009	\$762	\$1,533	\$2,295
2010	795	1,500	2,295
2011	820	1,465	2,285
2012	865	1,429	2,294
2013	902	1,393	2,295
2014-2018	5,124	6,348	11,472
2019-2023	6,314	5,149	11,463
2024-2028	7,803	3,668	11,471
2029-2033	9,629	1,843	11,472
2034-2035	3,228	135	3,363
	<u>\$36,242</u>	<u>\$24,463</u>	<u>\$60,705</u>

Compensated Absences Payable

The City will pay compensated absences from the General Fund and the Cemetery and Street Construction, Maintenance and Repair Special Revenue Funds.

As of December 31, 2008, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$12,105,435, with an unvoted debt margin of \$6,092,585.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Business-Type Activities:

Bonds

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

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

\$1,899,314 (after underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1993 water revenue bonds. The refunded bonds were called on December 1, 2007, and the irrevocable trust account was closed as of December 31, 2007.

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

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

In 2006, the City issued \$6,495,000 in Electric System Revenue Bonds for the purpose of (1) permanent financing of the City's \$2,765,000 bond anticipation note issued to pay part of the costs of electric system upgrades, and (2) paying for additional electric system improvements, and (3) paying certain costs related to the issuance of the Series 1993 Bonds, together with other permissible costs under the Uniform Public Securities Law.

The City has pledged future electric customer revenues, net of specified operating expenses, to repay \$6,495,000 in electric system revenue bonds issued in 2006. Proceeds from these bonds provided financing for various electric utility projects. The bonds are payable solely from electric customer net revenues and are payable through 2035. Annual principal and interest payments on the bonds are expected to require less than 39 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,829,256. Principal and interest paid for the current year and total customer net revenues were \$863,999 and \$2,217,895, respectively.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Principal and interest requirements for revenue bonds are as follows:

Year	Principal	Interest	Total
2009	\$430,000	\$290,118	\$720,118
2010	460,000	272,919	732,919
2011	480,000	254,518	734,518
2012	495,000	235,319	730,319
2013	500,000	215,518	715,518
2014-2018	2,160,000	784,090	2,944,090
2019-2023	1,015,000	466,498	1,481,498
2024-2028	1,145,000	235,353	1,380,353
2029-2030	450,000	28,900	478,900
Total	<u>\$7,135,000</u>	<u>\$2,783,233</u>	<u>\$9,918,233</u>

Notes Payable

The Holzer Hospital loans represent monies owed Holzer Medical Center for improvements to water and sewer lines to and from the hospital facility. Payment for this debt will come in the form of reduced user fees paid by the hospital until the debt is paid.

The Garbage Truck Note was issued on March 31, 2005, for \$90,000 at 3.5%, for the purchase of a garbage truck. Payment for this debt will come from the Garbage Enterprise Fund.

Principal and interest requirements for the Garbage Truck Note are as follows:

Year	Principal	Interest	Total
2009	\$6,011	\$35	\$6,046

During 2007, the City was approved for an \$8,219,736 one percent loan for a sewer project. As of December 31, 2008, the City has received \$7,485,328 in loan proceeds for this ongoing project. The project is scheduled for completion during 2009. Based on the current status of the OWDA loan, there is a tentative repayment schedule in place, but a final loan repayment schedule will be provided at the point the project is complete.

Compensated Absences Payable

The City will pay compensated absences from the Water, Sewer, Garbage, and Electric Enterprise Funds.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 14 - INTERFUND ACTIVITY

A. Transfers

<u>Transfer from</u>	<u>Transfer to Other Governmental Funds</u>
Major Fund:	
General Fund	\$87,800
Other Governmental Funds	<u>25,926</u>
Total	<u><u>\$113,726</u></u>

The transfers from the General Fund were to use unrestricted revenue to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers from other governmental funds represent transfers of interest from permanent funds to operating funds.

There were also capital asset transfers from governmental activities to business-type activities in the amount of \$1,322, and capital assets transfers from business-type activities to governmental activities in the amount of \$11,818. The net amount of \$10,496, is shown on the statement of activities.

B. Balances

Interfund balances at December 31, 2008, arise from the provision of cash flows from the General Fund until the receipt of grant monies by Special Revenue Funds and Enterprise Funds. These advances will be repaid in 2009.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	<u>\$877,642</u>	<u>\$0</u>
Recreation Fund	0	20,320
Community Housing Improvement Projects Fund	<u>0</u>	<u>3,322</u>
Total Special Revenue Funds	<u>0</u>	<u>23,642</u>
Sewer Fund	0	500,000
Railroad Fund	<u>0</u>	<u>354,000</u>
Total Enterprise Funds	<u>0</u>	<u>854,000</u>
Total All Funds	<u><u>\$877,642</u></u>	<u><u>\$877,642</u></u>

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 15 – JOINT VENTURE

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2008 Jackson has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$639,667 at December 31, 2008. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

City of Jackson, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 16 - CONTINGENT LIABILITIES

A. Litigation

The City is currently party to legal proceedings. The City's management is unable to determine what, if any, impact the ultimate disposition of claims will have on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2008, to December 31, 2008, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds 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, 2008, there was one series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$670,319 and one series of hospital facilities revenue bonds outstanding with an aggregate principal amount payable of \$25 million.

NOTE 18 – CONTRACTUAL COMMITMENTS

At December 31, 2008, the City had the following contractual commitments:

<u>Project</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amount Paid as of 12/31/2008</u>	<u>Amount Remaining on Contracts</u>
Wastewater Treatment Plant				
Wet Weather Expansion Project	Storm Sewer	\$1,055,976	\$1,015,195	\$40,781
Sanitary Sewer Rehabilitation	Sewer	14,434,363	8,158,625	6,275,738
Water System Improvements	Water	840,897	812,647	28,250
Total		<u>\$16,331,236</u>	<u>\$9,986,467</u>	<u>\$6,344,769</u>

**Independent Accountant's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, Jackson County, Ohio (the City), as of and for the years ended December 31, 2008, and have issued our report thereon dated October 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the deficiency described as finding 2008-001 in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Members of Council
City of Jackson, Jackson County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe that the significant deficiency described as finding 2008-001 in the accompanying schedule of findings, is a material weakness.

Compliance and Other Matters

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as 2008-002.

We also noted certain matters that we reported to the City's management in a separate letter dated October 29, 2009.

The City's written responses to the findings identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Members of Council, management, and audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

October 29, 2009

CITY OF JACKSON, OHIO
Schedule of Findings
For the Year Ended December 31, 2008

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

Finding Number 2008-001

Compensation - Significant Deficiency/Material Weakness

The City of Jackson employs Greg Wilson as a Supervisor in their Water and Wastewater Treatment Plants. Greg Wilson was also contracted with the Village of Beaver, Pike County, Ohio during 2008 and 2009 to operate their Water and Wastewater Treatment Plant.

The City of Jackson employees are required to use an electronic time clock to record hours worked. During the audit period, Greg Wilson clocked in at the City of Jackson when reporting to work each day and clocked out at the end of each day. The Village of Beaver requires personnel to sign the Log -In Books kept at the Water and Wastewater Treatment Plants.

A comparison of the City of Jackson time clock register and the Log-In Books from the Village of Beaver reveals that on several occasions Greg Wilson reported the same working hours to the City of Jackson and the Village of Beaver. As a result, Greg Wilson was compensated for the same hours worked from the City of Jackson and the Village of Beaver, according to the following schedule from January 1, 2008 through the date of this report:

Date	Overlapping Time per the City's Time Sheets and the Village's Log Books	# of Hours	City of Jackson Hourly Rate for Greg Wilson	Amount of Compensation
11/21/2008	2:00 pm - 4:00 pm	2	\$37.96	\$75.92
1/27/2009	4:00 pm - 5:00 pm	1	37.96	37.96
1/29/09	7:30 am - 4:00 pm	8	37.96	303.68
2/20/2009	12:00 pm - 4:00 pm	4	37.96	151.84
3/3/2009	6:15 am - 7:48 pm	13.5	37.96	512.46
3/30/2009	12:00 pm - 4:00 pm	4	37.96	151.84
4/2/2009	9:00 am - 11:00 am	2	37.96	75.92
	Total	34.5		\$1,309.62

Officials Response

This matter will be turned over to the law director, as required by law, for disposition. The employee is no longer with the city, and since he left before we had a chance to discuss the allegations with him, it will be up to Mr. Wilson to provide his defense.

*CITY OF JACKSON, OHIO
Schedule of Findings
For the Year Ended December 31, 2008*

Finding Number 2008-001 - Continued

My administration did address this matter with Mr. Wilson previously, as we were concerned there could be an issue. However, Mr. Wilson assured us there had never been a problem. In addition, our employee contract which covers Mr. Wilson only allows my administration to deal with any potential infraction that has occurred within a period of 30 days or less from the time it is questioned, unless criminal action is to be taken.

Because of this, an investigation of the matter that was ordered by my office at a later date could not address any issue more than 30 days old.

The amount of the finding has been withheld from the final paycheck of Greg Wilson upon his separation of employment from the City of Jackson.

Finding Number 2008-002

Municipal Contracts - Noncompliance Citation

Ohio Rev. Code Section 735.05 states that all contracts made by the legislative authority of a municipal government for material and labor which exceeds \$25,000 are subject to competitive bidding procedures.

We reviewed recorded expenditures and supporting documentation relating to the painting project for the water and wastewater plants. The projects were not competitively bid out and were split within each plant into several individual projects which did not meet bid limitations. EB Miller Construction Inc. completed several of the individual projects for a total \$98,540 and ADM Contracting completed the rest of the projects for a total of \$123,473.

Officials Response

Obviously, this project was one my administration inherited. My service director, Bill Sheward, discussed this with Greg Wilson and Mr. Wilson indicated they compiled verbal quotes during the past administration, of which there were only two for the project. He claimed the quotes were turned over to the city engineer at that time, Steve Benson, who is no longer with the city.

It has been my administration's policy that in projects we have initiated since I took office to bid those projects that are required to be bid, and I believe history reflects that. It will be my administration's policy to make sure this kind of situation does not arise again.

CITY OF JACKSON, OHIO
Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

Description	Status	Comments
Government Auditing Standards:		
1. Overtime or compensatory time pay was given to employees prior to or without authorization of the employee's supervisor, the Department Head, or the Service/Safety Director as required by the City's Personnel Policies and Procedures Manual. This situation lead to the Auditor of State issuing findings for recovery against three employees.	Not Corrected	One employee has repaid the full amount owed and another has been making payroll deductions and only has a few payments remaining. The prior agreement between Jason Wilson and the City of Jackson has been re-implemented and the City Auditor's office has began making payroll deductions for the repayment of the money owed to the City.



Mary Taylor, CPA
Auditor of State

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
DECEMBER 24, 2009