

**City of Uhrichsville**  
*Audited Financial Statements*

*December 31, 2009*





Mary Taylor, CPA  
Auditor of State

City Council  
City of Uhrichsville  
305 E. Second Street  
P.O. Box 288  
Uhrichsville, Ohio 44683

We have reviewed the *Independent Auditor's Report* of the City of Uhrichsville, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Uhrichsville is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 23, 2010

**This Page is Intentionally Left Blank.**

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY**

**DECEMBER 31, 2009**

*Table of Contents*

	<i>Page</i>
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	2-8
Government-Wide Financial Statements:	
Statement of Net Assets .....	9
Statement of Activities .....	10-11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12-13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14-15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Community Development Grants Fund .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Hazard Mitigation Grant Fund .....	18
Statement of Fund Net Assets – Enterprise Fund .....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Fund .....	20
Statement of Cash Flows – Enterprise Fund .....	21-22
Notes to the Basic Financial Statements .....	23-50
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	51-52
Schedule of Findings & Responses .....	53-54
Schedule of Prior Audit Findings .....	55



**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

June 30, 2010

Mayor and Members of Council  
City of Uhrichsville  
Uhrichsville, OH 44683

**Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville (the "City"), Tuscarawas County, Ohio as of and for the year ended December 31, 2009, 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 opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville, Ohio as of December 31, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Community Development Grants Fund, and the Hazard Mitigation Grant Fund 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 also have issued our report dated June 30, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. 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.

*Rea & Associates, Inc.*

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

---

The discussion and analysis for the City of Uhrichsville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2009. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the basic financial statements and the notes to the basic financial statements.

**Financial Highlights**

Financial highlights for 2009 are as follows:

- The City was able to give its police, fire, and street departments their annual raises, which ranged from three to four percent.
- A new 911 system was fully implemented during the year, thus eliminating the need for the City's two dispatchers.
- The City purchased a new fire truck as well as two new police cruisers.
- The 12<sup>th</sup> and Uhrich Street project, which included new sidewalks and blacktopping, was completed.
- Playground equipment has been installed at the water park using proceeds from the park levy.
- A new salt bin building was constructed for the street department.

**Using this Annual Financial Report**

As an introduction to the City of Uhrichsville's financial status, this annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Uhrichsville as a whole or as an entire operating entity. The statements also provide a detailed look at specific financial activities of individual major funds.

The Statement of Net Assets and Statement of Activities provide information from a summary perspective. These statements show the results of the operations for the year 2009 and how they affected the City of Uhrichsville's financial condition. 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 look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

---

## **Reporting the City of Uhrichsville as a Whole**

### Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Uhrichsville performed financially during 2009. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status. These statements include all non-fiduciary assets and all liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid for expenses.

These two statements report the City's net assets and any changes in those net assets, which is an important method to use to inform the reader whether the financial position of the City is improving or deteriorating. To evaluate the overall position of the City, particular items must be taken into consideration. These items include the current economic situation as a whole, the current tax base for the City and the age and condition of City buildings and infrastructure.

The Statement of Net Assets and the Statement of Activities for the City of Uhrichsville are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Expenses and Revenues
- General Revenues
- Net Assets Beginning of Year and Year's End

## **Reporting the City of Uhrichsville's Most Significant Funds**

### *Fund Financial Statements*

The presentation of the City's major funds begins on page 12. Fund financial reports give detailed information of activities within these funds. The City currently has several funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's five major funds: the general fund, the community development grants fund, the hazard mitigation grant fund, the capital improvement fund, and the fire truck levy fund.



**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**Governmental Funds**

All of the City's major activities (excluding the water park) are reported in the governmental funds, which focus on cash flows and year-end balances available for future spending. The accounting method used to report this activity is the modified accrual method, which measures cash and all other financial assets that can be converted into cash. Here noted is the level of financial resources for services the City intends to provide in the near future. These services include fire and safety protection, as well as maintaining and improving streets and roads, storm sewers, parks and other facilities. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

**Proprietary Fund**

The City's only proprietary fund (the water park fund) is an enterprise fund which uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole.

**The City of Uhrichsville as a Whole**

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2009 as they compare to 2008.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and Other Assets	\$3,223,865	\$4,125,938	\$150,558	\$455,614	\$3,374,423	\$4,581,552
Capital Assets, Net	7,108,144	6,234,092	4,240,270	4,212,225	11,348,414	10,446,317
<i>Total Assets</i>	<u>10,332,009</u>	<u>10,360,030</u>	<u>4,390,828</u>	<u>4,667,839</u>	<u>14,722,837</u>	<u>15,027,869</u>
<b>Liabilities</b>						
Current Liabilities	582,508	573,056	17,503	16,724	600,011	589,780
Long-Term Liabilities:						
Due Within One Year	130,585	81,541	110,000	105,000	240,585	186,541
Due in More Than One Year	2,269,445	1,834,790	4,280,826	4,395,307	6,550,271	6,230,097
<i>Total Liabilities</i>	<u>2,982,538</u>	<u>2,489,387</u>	<u>4,408,329</u>	<u>4,517,031</u>	<u>7,390,867</u>	<u>7,006,418</u>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	5,192,884	4,810,671	(49,730)	524,959	5,143,154	5,335,630
Restricted for:						
Capital Projects	744,624	996,783	0	0	744,624	996,783
Community Development Grants	176,857	504,600	0	0	176,857	504,600
Hazard Mitigation Grant	164,121	216,869	0	0	164,121	216,869
Streets	95,348	109,543	0	0	95,348	109,543
Ambulance Levy	103,953	94,533	0	0	103,953	94,533
Other Purposes	94,771	109,466	0	0	94,771	109,466
Unrestricted (Deficit)	776,913	1,028,178	32,229	(374,151)	809,142	654,027
<i>Total Net Assets (Deficit)</i>	<u>\$7,349,471</u>	<u>\$7,870,643</u>	<u>(\$17,501)</u>	<u>\$150,808</u>	<u>\$7,331,970</u>	<u>\$8,021,451</u>

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2009  
Unaudited

Total assets decreased in 2009 by \$305,032. The decrease in total assets are reflected primarily in cash and cash equivalents and intergovernmental receivables, where the decreases were \$671,992 and \$494,287, respectively. Total liabilities increased by \$384,449. Current liabilities have remained consistent with the prior year, only increasing by \$10,231. Long-term liabilities increased in 2009, by \$374,218, due to the City entering into a capital lease for a new fire truck. Total net assets decreased by \$689,481.

Table 2 shows the changes in net assets for the year ended December 31, 2009. Revenue and expense comparisons can be made between the years 2009 and 2008.

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program Revenues:						
Charges for Services and						
Operating Assessments	\$282,894	\$244,918	\$310,728	\$383,097	\$593,622	\$628,015
Operating Grants and Contributions	273,690	2,370,418	0	0	273,690	2,370,418
Capital Grants and Contributions	199,900	35,851	0	38,624	199,900	74,475
Total Program Revenues	<u>756,484</u>	<u>2,651,187</u>	<u>310,728</u>	<u>421,721</u>	<u>1,067,212</u>	<u>3,072,908</u>
General Revenues:						
Property Taxes	446,264	497,064	0	0	446,264	497,064
Income Taxes	1,178,605	1,235,022	0	0	1,178,605	1,235,022
Grants and Entitlements	312,853	339,480	0	0	312,853	339,480
Investment Earnings	15,566	32,713	4,770	69,766	20,336	102,479
Miscellaneous	16,379	65,163	2,316	7,185	18,695	72,348
Total General Revenues	<u>1,969,667</u>	<u>2,169,442</u>	<u>7,086</u>	<u>76,951</u>	<u>1,976,753</u>	<u>2,246,393</u>
Total Revenues	<u>2,726,151</u>	<u>4,820,629</u>	<u>317,814</u>	<u>498,672</u>	<u>3,043,965</u>	<u>5,319,301</u>
<b>Program Expenses</b>						
General Government	649,280	682,343	0	0	649,280	682,343
Security of Persons and Property	1,422,667	1,429,233	0	0	1,422,667	1,429,233
Transportation	503,082	791,008	0	0	503,082	791,008
Public Health Services	210,674	179,559	0	0	210,674	179,559
Community Development	328,793	285,675	0	0	328,793	285,675
Leisure Time Activities	16,487	56,862	0	0	16,487	56,862
Interest and Fiscal Charges	116,340	37,536	0	0	116,340	37,536
Water Park	0	0	486,123	631,984	486,123	631,984
Total Program Expenses	<u>3,247,323</u>	<u>3,462,216</u>	<u>486,123</u>	<u>631,984</u>	<u>3,733,446</u>	<u>4,094,200</u>
Change in Net Assets	(521,172)	1,358,413	(168,309)	(133,312)	(689,481)	1,225,101
Net Assets Beginning of Year	<u>7,870,643</u>	<u>6,512,230</u>	<u>150,808</u>	<u>284,120</u>	<u>8,021,451</u>	<u>6,796,350</u>
Net Assets (Deficit) End of Year	<u>\$7,349,471</u>	<u>\$7,870,643</u>	<u>(\$17,501)</u>	<u>\$150,808</u>	<u>\$7,331,970</u>	<u>\$8,021,451</u>

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

---

**Governmental Activities**

Several revenue sources fund governmental activities with the City of Uhrichsville's municipal income tax being the largest contributor. The income tax rate for the City is 1.75 percent. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1.75 percent of income. The tax amount is credited to the general fund and capital improvement capital projects fund. On a full accrual basis, the City received income tax revenues of \$1,178,605 in 2009. This was a decrease of \$56,417 from the \$1,235,022, which was received in 2008. The decrease is due to lower collections during 2009 due to a declining economy.

Security of persons and property represents the largest expense of the governmental activities. This expense of \$1,422,667 represents 43.81 percent of governmental expenses. The police department is a full time, 24 hours a day, 365 days a year department with seven officers and a full time Chief. The fire department is also full time and includes five officers and a full time Chief. This expense decreased by \$6,566, from 2008 to 2009 due in part to decreases in overtime hours worked.

General Government represents 19.99 percent of governmental expenses. These expenses consist of all elected officials and their appointed staff. Also included are the associated benefits for these employees along with various other costs of running the City operations. This expense decreased from 2008 to 2009 with a decrease of \$33,063, or 4.85 percent.

The Street Maintenance and Repair and Traffic Department employs three workers and one foreman who provide the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping, and alley profiling. This area had expenses of \$503,082, or 15.49 percent, of governmental expenses in 2009. The transportation expense decreased by \$287,926, or 36.4 percent, due to fewer road projects.

Public Health Services comprises 6.49 percent of governmental expenses and increased \$31,115 over the prior year.

Community Development represents 10.13 percent of governmental expenses. This department's expenses increased by \$43,118, or 15.09 percent, over the prior year.

The remaining 4.09 percent of governmental expenses consist of Leisure Time Activities and Interest and Fiscal Charges. The Leisure Time Activities expense decreased by \$40,375. Interest and Fiscal Charges increased by \$78,804.

**The City's Funds**

***Governmental Funds***

Information about the City's governmental funds begins on page 12. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$3,088,170 and expenditures of \$4,215,349. The City's general fund reflected a decrease in fund balance of \$283,313. The community development grants fund, the hazard mitigation grant fund, the capital improvement fund, and the fire truck levy fund had fund balances of \$60,567, \$9,069, \$406,249, and \$19,305 respectively.

Cash and Cash Equivalents for all governmental funds decreased from \$2,133,520 in 2008 to \$1,694,383, a decrease of 20.58 percent. This decrease is due mainly to expenditures exceeding revenues in 2009.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

***Business-Type Fund***

As mentioned earlier, the City's lone business-type activity is the water park fund. Total assets decreased by \$277,011, or 5.93 percent, from 2008 to 2009, while total liabilities decreased by \$108,702, or 2.41 percent, from 2008 to 2009. Ending net assets decreased by \$168,309, or 111.6 percent, from \$150,808 in 2008 to (\$17,501) in 2009.

**General Fund Budgeting Highlights**

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. Our budget is adopted at the fund, function, and object level. Any budgetary modifications at that level may only be made by Council action. The general fund had final appropriations of \$1,799,955, which was \$173,590 higher than the original appropriations of \$1,626,365 due to a revision of forecasted expenditures. Actual revenues were \$2,739 more than the final budget. Actual expenditures were \$11,043 less than the final budget.

All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them and makes recommendations to Council as a whole.

Strong emphasis is placed on fund balances. The City Auditor reviews fund balances on a daily basis. Special attention is paid to the City's two larger funds, general and capital improvement. Council also receives a monthly report showing beginning fund balance for all funds at the beginning of the year, the change in the balance thus far year to date, and the current fund balance.

**Capital Assets**

**Table 3**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2009	2008
Land	\$1,143,850	\$1,143,850	\$0	\$0	\$1,143,850	\$1,143,850
Construction in Progress	120,401	2,044,340	0	0	120,401	2,044,340
Buildings and Improvements	435,580	410,756	4,203,598	4,194,089	4,639,178	4,604,845
Equipment	621,119	590,280	36,672	18,136	657,791	608,416
Vehicles	728,628	352,951	0	0	728,628	352,951
Infrastructure						
Storm Sewers	810,859	817,273	0	0	810,859	817,273
Roads	3,247,707	874,642	0	0	3,247,707	874,642
<b>Totals</b>	<b>\$7,108,144</b>	<b>\$6,234,092</b>	<b>\$4,240,270</b>	<b>\$4,212,225</b>	<b>\$11,348,414</b>	<b>\$10,446,317</b>

Total capital assets for the City of Uhrichsville as of December 31, 2009 amounted to \$11,348,414, which was an increase of \$902,097 from 2008. The most significant increase was in vehicles due to the City leasing a new fire engine and purchasing two new police cruisers. For more information about the City's capital assets, see Note 8 in basic financial statements.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**Debt**

As of December 31, 2009, the City of Uhrichsville had the following in outstanding debt:

**Table 4**  
**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2009	2008
South Water Street Loan - First National Bank	\$320,000	\$360,000	\$0	\$0	\$320,000	\$360,000
South Water Street Loan - State Infrastructure Bank	536,204	459,627	0	0	536,204	459,627
Newport Area Storm Sewer Improvement OPWC Loan	295,347	295,347	0	0	295,347	295,347
Newport Area Storm Sewer Improvement OWDA Loan	293,874	308,447	0	0	293,874	308,447
Water Park Building General Obligation Bond	0	0	4,290,000	4,395,000	4,290,000	4,395,000
Unamortized Premium on Bond	0	0	100,826	105,307	100,826	105,307
Police and Fire Pension	296,569	302,941	0	0	296,569	302,941
Capital Lease	469,835	0	0	0	469,835	0
<b>Totals</b>	<b>\$2,211,829</b>	<b>\$1,726,362</b>	<b>\$4,390,826</b>	<b>\$4,500,307</b>	<b>\$6,602,655</b>	<b>\$6,226,669</b>

During 2009, the City received an additional \$76,577 in State Infrastructure Bank Loans to pay for the South Water Street road project and issued \$560 in OWDA loans to pay for the Newport area storm sewer improvement project. The City pays installments on the accrued liability incurred when the State of Ohio established the Statewide pension system for police and firefighters in 1967. As of December 31, 2009, the liability of the City was \$296,569 payable in semiannual payments through the year 2035. The City also entered into a capital lease during the year for a new fire truck.

The City's overall legal debt margin was \$5,943,474, as of December 31, 2009. A thorough discussion of the debt can be found in Note 9 in the notes to the basic financial statements.

**Current Financial Related Issues**

In February of 2010, the City started work on the East 2<sup>nd</sup> Street storm sewer improvement project. The project has an estimated cost of \$884,000 and is projected to be completed by July of 2010. Of the estimated cost, the City is responsible for approximately \$102,000, with the remainder of the cost being supplemented with American Recovery and Reinvestment Act stimulus money, an Ohio Public Works Commission grant, an Ohio Public Works Commission loan, and an Ohio Water Pollution Control Loan Fund loan.

**Contacting the City of Uhrichsville's Finance Department**

The intent of this financial report is to provide Uhrichsville citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the public funds it receives, spends, and invests. If you have any questions about this report or need additional financial information, contact the City Auditor, Joanne Dunlap, at the City of Uhrichsville, 305 East 2<sup>nd</sup> Street, Uhrichsville, Ohio 44683, (740) 922-9344.

**City of Uhrichsville, Ohio**

*Statement of Net Assets*

*December 31, 2009*

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,694,383	\$49,732	\$1,744,115
Materials and Supplies Inventory	18,482	0	18,482
Accrued Interest Receivable	4,424	0	4,424
Accounts Receivable	13,094	0	13,094
Intergovernmental Receivable	577,987	0	577,987
Income Tax Receivable	418,642	0	418,642
Property Taxes Receivable	496,853	0	496,853
Deferred Charges	0	100,826	100,826
Nondepreciable Capital Assets	1,264,251	0	1,264,251
Depreciable Capital Assets, Net	5,843,893	4,240,270	10,084,163
<i>Total Assets</i>	<u>10,332,009</u>	<u>4,390,828</u>	<u>14,722,837</u>
<b>Liabilities</b>			
Accounts Payable	18,692	1,129	19,821
Accrued Wages	17,653	0	17,653
Contracts Payable	20,992	0	20,992
Intergovernmental Payable	74,724	0	74,724
Accrued Interest Payable	7,347	16,374	23,721
Deferred Revenue	443,100	0	443,100
Long-Term Liabilities:			
Due Within One Year	130,585	110,000	240,585
Due In More Than One Year	2,269,445	4,280,826	6,550,271
<i>Total Liabilities</i>	<u>2,982,538</u>	<u>4,408,329</u>	<u>7,390,867</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,192,884	(49,730)	5,143,154
Restricted for:			
Capital Projects	744,624	0	744,624
Community Development Grants	176,857	0	176,857
Hazard Mitigation Grant	164,121	0	164,121
Streets	95,348	0	95,348
Ambulance Levy	103,953	0	103,953
Other Purposes	94,771	0	94,771
Unrestricted (Deficit)	776,913	32,229	809,142
<i>Total Net Assets</i>	<u>\$7,349,471</u>	<u>(\$17,501)</u>	<u>\$7,331,970</u>

See accompanying notes to the basic financial statements

**This Page is Intentionally Left Blank.**

**City of Uhrichsville, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$649,280	\$30,622	\$0	\$0
Security of Persons and Property	1,422,667	111,938	26,743	6,052
Transportation	503,082	0	223,974	193,848
Public Health Services	210,674	140,159	16,838	0
Community Development	328,793	0	1,050	0
Leisure Time Activities	16,487	175	5,085	0
Interest and Fiscal Charges	116,340	0	0	0
<i>Total Governmental Activities</i>	3,247,323	282,894	273,690	199,900
<b>Business-Type Activity:</b>				
Water Park	486,123	310,728	0	0
<i>Total</i>	<u>\$3,733,446</u>	<u>\$593,622</u>	<u>\$273,690</u>	<u>\$199,900</u>

**General Revenues**

Property Taxes Levied for:  
General Purposes  
Hospital  
Ambulance  
Police and Fire Pension  
Income Tax Levied for:  
General Purposes  
Capital Outlay  
Grants and Entitlements not Restricted  
to Specific Programs  
Interest  
Other

*Total General Revenues*

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 Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$618,658)	\$0	(\$618,658)
(1,277,934)	0	(1,277,934)
(85,260)	0	(85,260)
(53,677)	0	(53,677)
(327,743)	0	(327,743)
(11,227)	0	(11,227)
(116,340)	0	(116,340)
(2,490,839)	0	(2,490,839)
0	(175,395)	(175,395)
(2,490,839)	(175,395)	(2,666,234)
261,161	0	261,161
94,939	0	94,939
60,566	0	60,566
29,598	0	29,598
926,149	0	926,149
252,456	0	252,456
312,853	0	312,853
15,566	4,770	20,336
16,379	2,316	18,695
1,969,667	7,086	1,976,753
(521,172)	(168,309)	(689,481)
7,870,643	150,808	8,021,451
\$7,349,471	(\$17,501)	\$7,331,970

**City of Uhrichsville, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2009*

	General	Community Development Grants	Hazard Mitigation Grant	Capital Improvement	Fire Truck Levy
<b>Assets</b>					
Equity in Pooled Cash and					
Cash Equivalents	\$816,367	\$24,613	\$9,069	\$394,093	\$19,305
Materials and Supplies Inventory	9,245	0	0	0	0
Accrued Interest Receivable	4,424	0	0	0	0
Accounts Receivable	12,624	0	0	0	0
Intergovernmental Receivable	144,193	152,244	155,052	0	0
Income Taxes Receivable	328,960	0	0	89,682	0
Property Taxes Receivable	275,595	0	0	0	0
<i>Total Assets</i>	<u>\$1,591,408</u>	<u>\$176,857</u>	<u>\$164,121</u>	<u>\$483,775</u>	<u>\$19,305</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$16,756	\$0	\$0	\$0	\$0
Accrued Wages	13,843	0	0	0	0
Contracts Payable	1,803	0	0	19,189	0
Intergovernmental Payable	24,421	0	0	0	0
Deferred Revenue	568,856	116,290	155,052	58,337	0
<i>Total Liabilities</i>	<u>625,679</u>	<u>116,290</u>	<u>155,052</u>	<u>77,526</u>	<u>0</u>
<b>Fund Balances</b>					
Unreserved:					
Undesignated, Reported in:					
General Fund	965,729	0	0	0	0
Special Revenue Funds	0	60,567	9,069	0	0
Capital Projects Funds	0	0	0	406,249	19,305
<i>Total Fund Balances</i>	<u>965,729</u>	<u>60,567</u>	<u>9,069</u>	<u>406,249</u>	<u>19,305</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,591,408</u>	<u>\$176,857</u>	<u>\$164,121</u>	<u>\$483,775</u>	<u>\$19,305</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2009*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Fund Balances</b>	<b>\$1,896,147</b>
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
		Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,108,144
\$430,936	\$1,694,383		
9,237	18,482		
0	4,424		
470	13,094		
126,498	577,987		
0	418,642		
221,258	496,853		
\$788,399	\$3,223,865		
		Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
		Property Taxes	\$53,753
		Income Taxes	272,363
		Grants	426,441
		Total	752,557
		Accrued interest payable is note due and payable in the current period and therefore is not reported in the funds.	(7,347)
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$1,936	\$18,692	Loans Payable	(1,445,425)
3,810	17,653	Police and Fire Pension	(296,569)
0	20,992	Capital Leases	(469,835)
50,303	74,724	Compensated Absences	(188,201)
297,122	1,195,657	Total	(2,400,030)
353,171	1,327,718		
		<i>Net Assets of Governmental Activities</i>	<b>\$7,349,471</b>
0	965,729		
174,495	244,131		
260,733	686,287		
435,228	1,896,147		
\$788,399	\$3,223,865		

**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Community Development Grants	Hazard Mitigation Grant	Capital Improvement	Fire Truck Levy
<b>Revenues</b>					
Property Taxes	\$256,680	\$0	\$0	\$0	\$0
Income Taxes	920,091	0	0	250,837	0
Charges for Services	18,612	0	0	0	0
Licenses and Permits	42,813	0	0	0	0
Fines and Forfeitures	15,449	0	0	0	0
Intergovernmental	324,583	310,960	57,255	188,810	6,052
Special Assessments	0	0	0	0	0
Rentals	2,936	0	0	0	0
Interest	15,566	0	0	0	0
Other	4,425	0	0	7,099	0
<i>Total Revenues</i>	<u>1,601,155</u>	<u>310,960</u>	<u>57,255</u>	<u>446,746</u>	<u>6,052</u>
<b>Expenditures</b>					
Current:					
General Government	640,983	0	0	0	0
Security of Persons and Property	1,158,830	0	0	0	0
Transportation	0	0	0	0	0
Public Health Services	1,655	0	52,748	0	0
Community Development	0	328,793	0	0	0
Leisure Time Activities	0	0	0	0	0
Capital Outlay	0	0	0	616,145	515,576
Debt Service:					
Principal Retirement	0	0	0	40,000	30,000
Interest and Fiscal Charges	0	0	0	19,913	0
<i>Total Expenditures</i>	<u>1,801,468</u>	<u>328,793</u>	<u>52,748</u>	<u>676,058</u>	<u>545,576</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(200,313)</u>	<u>(17,833)</u>	<u>4,507</u>	<u>(229,312)</u>	<u>(539,524)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	0	0	0	0	499,835
Loans Issued	0	0	0	76,577	0
Transfers In	0	0	0	0	0
Transfers Out	(83,000)	0	0	(81,830)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(83,000)</u>	<u>0</u>	<u>0</u>	<u>(5,253)</u>	<u>499,835</u>
<i>Net Change in Fund Balances</i>	<u>(283,313)</u>	<u>(17,833)</u>	<u>4,507</u>	<u>(234,565)</u>	<u>(39,689)</u>
<i>Fund Balance Beginning of Year</i>	<u>1,249,042</u>	<u>78,400</u>	<u>4,562</u>	<u>640,814</u>	<u>58,994</u>
<i>Fund Balances End of Year</i>	<u>\$965,729</u>	<u>\$60,567</u>	<u>\$9,069</u>	<u>\$406,249</u>	<u>\$19,305</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, 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, 2009*

Other Governmental Funds	Total Governmental Funds		
\$181,916	\$438,596	<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$550,207)
0	1,170,928	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
62,793	81,405	Governmental funds report capital outlay as an expenditure.	
175	42,988	However, in the statement of activities, the cost of those	
29	15,478	assets is allocated over their estimated useful lives as	
276,147	1,163,807	depreciation expense. This is the amount by which capital	
140,087	140,087	outlay exceeded depreciation in the current period.	
0	2,936	Capital Asset Additions	\$1,260,264
0	15,566	Current Year Depreciation	(346,571)
4,855	16,379	Total	913,693
<u>666,002</u>	<u>3,088,170</u>	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.	(39,641)
		Revenues in the statement of activities that do not provide	
		current financial resources are not reported as revenues	
		in the funds.	
		Property Taxes	7,668
		Income Taxes	7,677
		Grants	(377,364)
		Total	(362,019)
		In the statement of activities, interest is accrued on outstanding loans,	
		whereas in governmental funds, an interest expenditure is	
		reported when due.	701
		Some expenses, such as compensated absences, 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.	1,768
		Repayment of loans, police and fire pension, and capital lease	
		principal is an expenditure in the governmental funds,	
		but the repayment reduces long-term liabilities in the	
		statement of net assets.	91,505
		Other financing sources, such as loans issued, in the governmental funds	
		increase long-term liabilities in the statement of net assets.	(77,137)
		Inception of a capital lease is an other financing source in the governmental	
		funds, but increases liabilities in governmental activities.	(499,835)
<u>\$435,228</u>	<u>\$1,896,147</u>	<i>Change in Net Assets of Governmental Activities</i>	<u>(\$521,172)</u>

**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$301,315	\$309,252	\$256,680	(\$52,572)
Income Taxes	944,264	969,138	969,138	0
Charges for Services	18,134	18,612	18,612	0
Licenses and Permits	61,776	63,403	63,403	0
Fines and Forfeitures	15,052	15,449	15,449	0
Intergovernmental	267,950	275,008	327,580	52,572
Rentals	2,557	2,624	2,624	0
Interest	11,022	11,312	14,051	2,739
Other	4,494	4,614	4,614	0
<i>Total Revenues</i>	<u>1,626,564</u>	<u>1,669,412</u>	<u>1,672,151</u>	<u>2,739</u>
<b>Expenditures</b>				
Current:				
General Government	529,705	635,717	627,765	7,952
Security of Persons and Property	1,094,660	1,162,238	1,159,492	2,746
Public Health Services	2,000	2,000	1,655	345
<i>Total Expenditures</i>	<u>1,626,365</u>	<u>1,799,955</u>	<u>1,788,912</u>	<u>11,043</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	199	(130,543)	(116,761)	13,782
<b>Other Financing Uses</b>				
Transfers Out	0	(83,400)	(83,000)	400
<i>Net Change in Fund Balance</i>	199	(213,943)	(199,761)	14,182
<i>Fund Balance Beginning of Year</i>	<u>1,016,128</u>	<u>1,016,128</u>	<u>1,016,128</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,016,327</u>	<u>\$802,185</u>	<u>\$816,367</u>	<u>\$14,182</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Development Grants Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$295,493	\$492,488	\$337,656	(\$154,832)
Other	4,507	7,512	5,150	(2,362)
<i>Total Revenues</i>	300,000	500,000	342,806	(157,194)
<b>Expenditures</b>				
Current:				
Community Development	400,000	435,563	328,793	106,770
<i>Net Change in Fund Balance</i>	(100,000)	64,437	14,013	(50,424)
<i>Fund Balance Beginning of Year</i>	10,600	10,600	10,600	0
<i>Fund Balance (Deficit) End of Year</i>	(\$89,400)	\$75,037	\$24,613	(\$50,424)

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Hazard Mitigation Grant Fund*  
*For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$400,000	\$400,000	\$66,151	(\$333,849)
<b>Expenditures</b>				
Current:				
Public Health Services	<u>0</u>	<u>53,000</u>	<u>52,748</u>	<u>252</u>
<i>Net Change in Fund Balance</i>	400,000	347,000	13,403	(333,597)
<i>Fund Deficit Beginning of Year</i>	<u>(4,334)</u>	<u>(4,334)</u>	<u>(4,334)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$395,666</u>	<u>\$342,666</u>	<u>\$9,069</u>	<u>(\$333,597)</u>

See accompanying notes to the basic financial statements



**City of Uhrichsville, Ohio**  
*Statement of Fund Net Assets*  
*Enterprise Fund*  
*December 31, 2009*

	Water Park
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$49,732
<i>Non-Current Assets:</i>	
Deferred Charges	100,826
Depreciable Capital Assets, Net	4,240,270
<i>Total Non-Current Assets</i>	4,341,096
 Total Assets	 4,390,828
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	1,129
Accrued Interest Payable	16,374
Water Park Bond Payable	110,000
<i>Total Current Liabilities</i>	127,503
<i>Long-Term Liabilities:</i>	
Water Park Bond Payable (net of current portion)	4,280,826
<i>Total Liabilities</i>	4,408,329
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(49,730)
Unrestricted (Deficit)	32,229
<i>Total Net Assets (Deficit)</i>	(\$17,501)

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Enterprise Fund  
For the Year Ended December 31, 2009*

	Water Park
<b>Operating Revenues</b>	
Charges for Services	\$304,709
Rentals	6,019
Other	2,316
	313,044
<b>Operating Expenses</b>	
Personal Services	146,061
Fringe Benefits	11,459
Purchased Services	170,724
Depreciation	39,371
	367,615
<i>Operating Loss</i>	(54,571)
<b>Non-Operating Revenues (Expenses)</b>	
Interest	4,770
Interest and Fiscal Charges	(118,508)
	(113,738)
<i>Change in Net Assets</i>	(168,309)
<i>Net Assets Beginning of Year</i>	150,808
<i>Net Assets (Deficit) End of Year</i>	(\$17,501)

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2009

	Water Park
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$304,709
Other Cash Receipts	76,055
Cash Payments to Employees for Services	(146,061)
Cash Payments for Employee Benefits	(11,459)
Cash Payments for Goods and Services	(169,595)
<i>Net Cash Provided by Operating Activities</i>	53,649
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on Water Park Bond	(105,000)
Interest Paid on Water Park Bond	(118,858)
Payments for Capital Acquisitions	(67,416)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(291,274)
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	4,770
<i>Net Decrease in Cash and Cash Equivalents</i>	(232,855)
<i>Cash and Cash Equivalents Beginning of Year</i>	282,587
<i>Cash and Cash Equivalents End of Year</i>	\$49,732

**City of Uhrichsville, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
*For the Year Ended December 31, 2009*

---

---

	<u>Water Park</u>
<b>Reconciliation of Operating Loss to Cash Used in Operating Activities</b>	
Operating Loss	(\$54,571)
Adjustments:	
Depreciation	39,371
Decrease in Intergovernmental Receivable	67,720
Increase in Accounts Payable	<u>1,129</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$53,649</u></u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 1 – Description of the City and Reporting Entity**

The City of Uhrichsville (the “City”) is located in Tuscarawas County, Ohio, approximately 40 miles southeast of the City of Canton and has a population of approximately 5,630. The City was incorporated as a Village on August 13, 1866, and began operating as a City on February 21, 1921. The City is a home rule municipal corporation regulated by Article XVIII of the Ohio Constitution and by Title 7 of the Ohio Revised Code. The City operates as a statutory city with the decision making process being directed by an elected eight member City Council and Mayor.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Uhrichsville, this includes police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, and general administrative services. The City's departments include a public safety department, a street maintenance department, a park and recreation department, a planning and zoning department, and staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process. Sewer and water services are provided by the Twin City Water and Sewer District.

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 deficits of, or provide financial support to, the organization. Component units may 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. The City has no component units.

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council, which are defined as jointly governed organizations, the Twin City Water and Sewer District, which is defined as a joint venture, the Public Entities Pool of Ohio, which is a shared risk pool, and the Ohio Municipal League Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the City of Uhrichsville 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 activity unless these pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the City's accounting policies are described below.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***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. These statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. 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 activity 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 exceptions. The comparison of direct expenses with program or business activity revenues identifies the extent to which each governmental program or business activity 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.

***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. The City's funds are all classified as either governmental or proprietary.

***Governmental Funds*** Governmental funds are those through which most governmental functions 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 following are the City's major governmental funds:

***General Fund*** The general fund accounts 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.

***Community Development Grants Special Revenue Fund*** The community development grants special revenue fund accounts for grant monies received from Federal, State, and local sources for community improvement purposes.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***Hazard Mitigation Grant Special Revenue Fund*** The hazard mitigation grant special revenue fund accounts for grant monies received to pay for the expenditures involved with purchasing hazardous properties throughout the City.

***Capital Improvement Capital Projects Fund*** The capital improvement capital projects fund is used to account for financial resources to be used for various capital improvements.

***Fire Truck Levy Fund*** The fire truck levy fund is used to account for financial resources to be used for purchasing a fire truck.

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's only proprietary fund is an enterprise fund:

***Enterprise Fund*** 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 has one major enterprise fund.

***Water Park Fund*** This fund accounts for the operations and maintenance of the City's water park.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of 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 (i.e. revenues) and decreases (i.e. 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 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 funds 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 fund net assets. The statement of 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.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***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. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and 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 Nonexchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all 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 reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants 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, 2009, but which were levied to finance year 2010 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.

***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.



**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***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 City records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”. The City had no investments during the year or at year end.

Under existing Ohio statutes, the City has, by resolution, identified the general fund and the water park enterprise fund to receive an allocation of interest. Interest revenue credited to the general fund during 2009 amounted to \$15,566, which includes \$8,280 assigned from other City funds.

For presentation on the financial statements, funds included within the City’s cash management pool and investments with original maturities of three months or less are considered to be cash equivalents.

***Inventory***

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

***Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund is reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

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 the 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. The City maintains a capitalization threshold of five hundred dollars. 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.

All capital assets are depreciated except for land and construction on progress. Improvements are depreciated over the remaining useful lives 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 years
Equipment and Machinery	5-25 years
Vehicles	15 years
Infrastructure	20 years

During 2004, the City reported general infrastructure assets for the first time which consists of roads and storm sewers. Only general infrastructure assets acquired or improved since 2004 have been reported.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***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 employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments 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 all accumulated unused sick leave benefits time when earned for all employees with more than one year of service.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary funds 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, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds and loans are recognized as a liability on the governmental fund financial statements when due.

***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 borrowing 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 constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include parks and recreation, hospital levy, and law enforcement and fire department operations.

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

***Internal Activity***

Transfers between governmental activities are eliminated on the government wide financial statements. 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. Interfund payments for services provided and used are not eliminated.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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

***Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the water park bond is being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental financial statements, issuance costs are reported as an expenditure in the year in which the bonds are issued. Bond issuance costs are generally paid from bond proceeds.

As permitted by State Statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

***Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

***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 Administration and that are either unusual in nature or infrequent in occurrence.

***Estimates***

The preparation of the 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.

***Budgetary Process***

All 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 Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund, function, and object level. Any budgetary modifications at this level may only be made by resolution of City Council.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

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 and final budgeted amounts on the budgetary statements reflect the amounts on the original and final amended certificate of estimated resources in effect at the time the original and final appropriations were passed by 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 reflect the first appropriation resolution for that 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 appropriation amounts passed by Council during the year.

### **Note 3 – Changes in Accounting Principles**

#### ***Change in Accounting Principles***

For fiscal year 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City’s financial statements.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's financial statements.

**Note 4 – Accountability**

The police pension and fire pension special revenue funds had deficit fund balances at December 31, 2009, of \$16,044 and \$18,128, respectively. The deficit fund balances are due to the recognition of accrued liabilities. The general fund is liable for any deficit balance and provides transfers when cash is required, not when accruals occur.

**Note 5 – Budgetary Basis of Accounting**

While the City is 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 Balance - Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the major special revenue funds.

Net Change in Fund Balance			
General and Major Special Revenue Funds			
	General	Community Development Grants	Hazard Mitigation Grant
GAAP Basis	(\$283,313)	(\$17,833)	\$4,507
Net Adjustment for Revenue Accruals	70,996	31,846	8,896
Net Adjustment for Expenditure Accruals	12,556	0	0
Budget Basis	(\$199,761)	\$14,013	\$13,403

**Note 6 – Deposits and Investments**

State statutes classify monies held by the City into two categories, active and inactive.

Active monies 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 monies 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.

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 Notes, Bills, Bonds, 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 obligations or securities 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Commercial paper and bankers' acceptances if training requirements have been met.

The City may also invest any monies not required to be used for a specific period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

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 \$1,744,115 and the bank balance was \$1,783,173. Of the bank balance \$682,005 was covered by Federal depository insurance and \$1,101,168 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the deposits were held by the pledging institutions trust departments and all statutory requirements for the deposit of the money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

The City has no deposit policy for custodial 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.

**Note 7 – Receivables**

Receivables at December 31, 2009, consisted primarily of taxes, accounts (billings for user charged services), accrued interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

***Property Tax***

Property taxes include amounts levied against all real and public utility personal property located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments 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; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.



**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

The full tax rate for all City operations for the year ended December 31, 2009, was \$9.90 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate Property	\$52,806,960
Public Utility Property	2,083,050
Tangible Personal Property	<u>1,714,500</u>
Total Assessed Value	<u><u>\$56,604,510</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Uhrichsville. 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 became measurable as of December 31, 2009, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 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.

***Income Tax***

The City levies a municipal income tax of 1.75 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to the full amount owed for taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations are required to pay their estimated tax quarterly and file a declaration annually.

The City's income tax of 1.75 percent is comprised of 1 percent credited to the general fund and .75 percent equally distributed between the general fund and capital improvement capital projects fund.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2009

***Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	
Hazard Mitigation Grant	\$155,052
Home Investment Partnerships Program Grant	137,453
Local Government - County	119,381
Gas Tax	55,475
Homestead and Rollback	33,741
Cents Per Gallon	26,840
Motor Vehicle Distribution	15,544
Community Development Block Grant	14,791
Permissive	11,398
Local Government - State	7,676
Other	636
<i>Total Governmental Activities</i>	<b>\$577,987</b>

**Note 8 – Capital Assets**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$1,143,850	\$0	\$0	\$1,143,850
Construction in Progress	2,044,340	132,792	(2,056,731)	120,401
<i>Total Capital Assets not being depreciated</i>	<b>3,188,190</b>	<b>132,792</b>	<b>(2,056,731)</b>	<b>1,264,251</b>
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	508,652	37,400	0	546,052
Equipment and Machinery	831,055	131,520	0	962,575
Vehicles	1,083,077	541,931	(113,386)	1,511,622
Infrastructure:				
Storm Sewers	834,522	19,207	0	853,729
Roads	941,443	2,454,145	0	3,395,588
<i>Total Capital Assets being depreciated</i>	<b>4,198,749</b>	<b>3,184,203</b>	<b>(113,386)</b>	<b>7,269,566</b>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(97,896)	(12,576)	0	(110,472)
Equipment and Machinery	(240,775)	(100,681)	0	(341,456)
Vehicles	(730,126)	(126,613)	73,745	(782,994)
Infrastructure:				
Storm Sewers	(17,249)	(25,621)	0	(42,870)
Roads	(66,801)	(81,080)	0	(147,881)
<i>Total Accumulated Depreciation</i>	<b>(1,152,847)</b>	<b>(346,571) *</b>	<b>73,745</b>	<b>(1,425,673)</b>
<i>Total Capital Assets being Depreciated, net</i>	<b>3,045,902</b>	<b>2,837,632</b>	<b>(39,641)</b>	<b>5,843,893</b>
<i>Governmental Activities Capital Assets, Net</i>	<b>\$6,234,092</b>	<b>\$2,970,424</b>	<b>(\$2,096,372)</b>	<b>\$7,108,144</b>

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2009

\* Depreciation expense was charged to governmental activities as follows:

General Government	\$7,581
Security of Persons and Property	104,009
Transportation	183,113
Public Health Services	50,844
Leisure Time Activities	1,024
<b>Total Depreciation Expense</b>	<b><u><u>\$346,571</u></u></b>

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
<b>Business-Type Activities</b>				
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	\$4,236,880	\$51,571	\$0	\$4,288,451
Equipment and Machinery	25,905	18,536	(2,691)	41,750
<i>Total Capital Assets being depreciated</i>	<u>4,262,785</u>	<u>70,107</u>	<u>(2,691)</u>	<u>4,330,201</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(42,791)	(42,062)	0	(84,853)
Equipment and Machinery	(7,769)	0	2,691	(5,078)
<i>Total Accumulated Depreciation</i>	<u>(50,560)</u>	<u>(42,062)</u>	<u>2,691</u>	<u>(89,931)</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$4,212,225</u>	<u>\$28,045</u>	<u>\$0</u>	<u>\$4,240,270</u>

**Note 9 – Long-Term Obligations**

Changes in long-term obligations of the City during the year ended December 31, 2009, were as follows:

	Outstanding 1/1/2009	Additions	Deletions	Outstanding 12/31/2009	Due Within One Year
<b>Governmental Activities</b>					
South Water Street Loan	\$360,000	\$0	(\$40,000)	\$320,000	\$40,000
State Infrastructure Bank Loan	459,627	76,577	0	536,204	0
Newport Area Storm Sewer OPWC Loan	295,347	0	0	295,347	0
Newport Area Storm Sewer OWDA Loan	308,447	560	(15,133)	293,874	15,351
Police and Fire Pension	302,941	0	(6,372)	296,569	6,645
Compensated Absences	189,969	10,901	(12,669)	188,201	10,249
Capital Lease	0	499,835	(30,000)	469,835	58,340
<i>Total Governmental Activities</i>	<u>\$1,916,331</u>	<u>\$587,873</u>	<u>(\$104,174)</u>	<u>\$2,400,030</u>	<u>\$130,585</u>
<b>Business-Type Activity</b>					
<i>Water Park General Obligation Bonds:</i>					
Serial Bonds	\$215,000	\$0	(\$105,000)	\$110,000	\$110,000
Term Bonds	4,180,000	0	0	4,180,000	0
Unamortized Premium on Bond	105,307	0	(4,481)	100,826	0
<i>Total Business-Type Activity</i>	<u>\$4,500,307</u>	<u>\$0</u>	<u>(\$109,481)</u>	<u>\$4,390,826</u>	<u>\$110,000</u>

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Water Park Bonds**

On April 26, 2007, the City issued general obligation bonds in the amount of \$4,500,000 for the construction of a new water park. The bond has a varying interest rate of 3.8 to 4.75 percent and will be paid from the water park enterprise fund with user charges. The bond will be paid through 2028.

**Mandatory Sinking Fund Redemption** The bonds maturing on December 1, 2012, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2011 in the principal amount of \$115,000 (with the balance of \$120,000 to be paid at maturity on December 1, 2012).

The bonds maturing on December 1, 2014, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2013 in the principal amount of \$125,000 (with the balance of \$130,000 to be paid at maturity on December 1, 2014).

The bonds maturing on December 1, 2016, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2015 in the principal amount of \$135,000 (with the balance of \$140,000 to be paid at maturity on December 1, 2016).

The bonds maturing on December 1, 2018, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2017 in the principal amount of \$145,000 (with the balance of \$155,000 to be paid at maturity on December 1, 2018).

The bonds maturing on December 1, 2020, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2019 in the principal amount of \$160,000 (with the balance of \$170,000 to be paid at maturity on December 1, 2020).

The bonds maturing on December 1, 2022, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1, 2021 in the principal amount of \$175,000 (with the balance of \$185,000 to be paid at maturity on December 1, 2022).

The bonds maturing on December 1, 2026, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$225,000 to be paid at maturity on December 1, 2026):

<u>Year</u>	<u>Principal Amount</u>
2023	\$195,000
2024	205,000
2025	215,000

The bonds maturing on December 1, 2032, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$295,000 to be paid at maturity on December 1, 2032):

<u>Year</u>	<u>Principal Amount</u>
2027	\$235,000
2028	245,000
2029	255,000
2030	270,000
2031	285,000

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**Optional Redemption** The bonds maturing on and after December 1, 2017, are subject to prior redemption on or after June 1, 2017, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date.

During 2007, the City entered into a loan agreement for a construction project on South Water Street. The loan has an interest rate of 5.39 percent and will be paid from the capital improvements fund.

A line of credit has been established with the State Infrastructure Bank in the amount of \$536,204 for the Water Street Project. The loan for this project has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The loan has an interest rate of 3 percent.

A line of credit has been established with the Ohio Public Works Commission in the amount of \$450,000 for the Newport Area Storm Sewer Improvement Project. This loan has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The City pays no interest on the loan.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$329,990 for the Newport Area Storm Sewer Improvement Project. This loan has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The loan has an interest rate of 1 percent.

The police and fire pension liability will be paid from taxes receipted in the general fund. The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967.

Compensated absences will be paid from the general and street funds.

The City's overall legal debt margin was \$5,943,474 at December 31, 2009. The unvoted legal debt margin was \$3,113,248.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2009, are as follows:

Year	Governmental Activities			
	South Water Street Loan		Police and Fire Pension	
	Principal	Interest	Principal	Interest
2010	\$40,000	\$17,488	\$6,645	\$12,533
2011	40,000	15,302	6,930	12,250
2012	40,000	13,151	7,229	11,951
2013	40,000	10,930	7,539	11,641
2014	40,000	8,744	7,863	11,317
2015-2019	120,000	13,127	44,680	51,220
2020-2024	0	0	55,134	40,766
2025-2029	0	0	68,038	27,862
2030-2034	0	0	83,959	11,941
2035	0	0	8,552	182
	\$320,000	\$78,742	\$296,569	\$191,663

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

Year	Business-Type Activity					
	Water Park Bond					
	Serial		Term		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$110,000	\$4,401	\$0	\$192,087	\$110,000	\$196,488
2011	0	0	115,000	192,087	115,000	192,087
2012	0	0	120,000	187,717	120,000	187,717
2013	0	0	125,000	183,158	125,000	183,158
2014	0	0	130,000	178,283	130,000	178,283
2015-2019	0	0	735,000	806,525	735,000	806,525
2020-2024	0	0	930,000	617,737	930,000	617,737
2025-2029	0	0	1,175,000	374,063	1,175,000	374,063
2030-2032	0	0	850,000	81,937	850,000	81,937
	<u>\$110,000</u>	<u>\$4,401</u>	<u>\$4,180,000</u>	<u>\$2,813,594</u>	<u>\$4,290,000</u>	<u>\$2,817,995</u>

**Note 10 – Capital Lease Payable**

In 2009, the City entered into a capitalized lease for the acquisition of a fire truck. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The fire truck acquired by the lease has been capitalized in the governmental activities in the amount of \$499,835, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2009:

		Governmental Activities Capital Lease
Year Ending December 31:	2010	\$80,141
	2011	80,141
	2012	80,141
	2013	80,141
	2014	80,141
	2015-2016	<u>160,282</u>
Minimum lease payments		560,987
Less: Amount representing interest at the City's incremental borrowing rate of interest		<u>(91,152)</u>
Present value of minimum lease payments		<u>\$469,835</u>

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 11 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. To address these various risks, the City belongs to the Public Entities Pool of Ohio (“PEP”), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risks up to \$350,000 per claim, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, up to \$10,000,000, from the General Reinsurance Corporations.

If losses exhaust PEP’s retained earnings, APEEP provides “excess of funds available” coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based up on the combined members’ total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP’s primary liability for claim payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

The Pool’s Financial Statements (audited by other accountants) conform to generally accepted accounting principles, and report the following (with 2008 being the latest available information):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>15,310,206</u>	<u>17,340,825</u>
Retained Earnings	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008, casualty coverage liabilities noted above include approximately \$12.9 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2008. These amounts will be included in future contributions from members when the related claims are due for payment. The City’s share of these unpaid claims collectible in future years is approximately \$110,000. This payable includes the subsequent year’s contribution due if the City terminates participation, as described in the last paragraph below.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to determine the historical contributions required to be made to PEP for each year of membership are as follows:

<u>Contributions to PEP</u>	
2007	\$50,445
2008	49,464
2009	52,784

After completing one year of membership, members may withdraw on each anniversary date of the date they joined PEP, provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligations to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

Settled claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

The City participates in the Ohio Municipal League Group Rating Plan (OML) for workers' compensation. The intent of the OML is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the OML. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the OML. Each participant pays its workers' compensation premium to the State based on the rate for the OML rather than its individual rate. Participation in the OML is limited to cities that can meet the OML's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the OML.

**Note 12 – Defined Benefit Pension Plans**

***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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.



**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

OPERS provides retirement, disability and survivor benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy 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, 2009, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The City's 2009 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007, were \$25,121, \$31,652, and \$20,458, respectively; 89.9 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no contributions made to the Member-Directed Plan for 2009.

***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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$41,663 and \$54,905 for the year ended December 31, 2009, \$38,572 and \$59,129 for the year ended December 31, 2008, and \$41,351 and \$47,186 for the year ended December 31, 2007. 68.1 percent for police and 70.66 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

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 firefighters in 1967. As of December 31, 2009, the unfunded liability of the City was \$296,569, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

***Social Security System***

As of December 31, 2009, two of the Council members have elected to be covered by Social Security rather than OPERS. The Council's liability is 6.2 percent of wages paid.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 13 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 administrated 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 OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$18,164, \$31,652, and \$13,475, respectively; 89.9 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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 on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

***Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care 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 health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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.

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 – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care 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 Sections 115 and 401(h).

The OP&F Board of Trustees also is 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 and firefighters were \$22,057 and \$21,485 for the year ended December 31, 2009, \$20,420 and \$23,138 for the year ended December 31, 2008, and \$21,892 and \$18,464 for the year ended December 31, 2007. 68.1 percent has been contributed for police and 70.66 percent has been contributed for firefighters for 2009. The full amount has been contributed for 2008 and 2007.

## **Note 14 – Other Employee Benefits**

### ***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn three to six weeks of vacation per year depending on length of service. Employees may use accumulated vacation after the completion of one year of service with the City. Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year but not yet credited to vacation leave balance.

Employees earn sick leave at a rate of 4.6 hours per eighty hours of service. Unused sick leave accumulates without limit. Upon retirement or death, non-union employees and police employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of 45 days. Non-union employees and police employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 90 days. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one day's pay for every four days of accumulated sick leave, not to exceed payment of 1,084 hours. Firefighters with more than ten years of service can be paid one day's pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours.

### ***Health Insurance***

The City provides medical/surgical benefits to employees through Anthem. Prescription coverage from Anthem Insurance may be purchased by employees. Dental insurance is provided by the City for employees through Lincoln National. Vision insurance is provided by the City for employees through Vision Service Plan. The premiums vary with employee depending on the terms of their contracts.

### ***Life and Accidental Death and Dismemberment Insurance***

The City provides life insurance and accidental death and dismemberment insurance to all eligible full-time union firefighters in the amounts of \$27,500 and \$22,500, respectively; to all eligible full-time union police employees in the amounts of \$25,000 and \$25,000, respectively, and to all eligible full-time non-union employees in the amounts of \$25,000 and \$25,000, respectively, through Lincoln National.

## **Note 15 – Contingencies**

### ***Litigation***

The City is party to legal proceedings. However, in the opinion of management, any possible loss will not have a material effect on the overall financial position of the City.

### ***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2009.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 16 – Jointly Governed Organizations**

***Community Improvement Corporation of Tuscarawas County (Corporation)***

The sole purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial and civic development of the area. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenhutzen. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2009, no monies were contributed by the City.

***Uhrichsville-Dennison-Mill Union Cemetery (Cemetery)***

The Cemetery is a jointly governed organization organized under Ohio Revised Code Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Township each appoint one member to the board. The continued existence of the Cemetery is not dependent on the City's participation. The Cemetery provides burial services and the upkeep of the grounds at the cemetery. During 2009, no monies were contributed by the City.

***Tuscarawas County Tax Incentive Review Council (TCTIRC)***

TCTIRC was created as a regional council of governments pursuant to State statutes. TCTIRC has 48 participants, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 16 members appointed by township trustees, 1 member from the County Auditor's Office and 10 members appointed by boards of education located within the County. The TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. The body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative body that approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent upon the City's continued participation and no measurable equity interest exists. The City does not retain an ongoing financial interest or an ongoing financial responsibility with this organization. During 2009, no monies were contributed by the City.

**Note 17 – Joint Venture**

***Twin City Water and Sewer District (District)***

The District is a joint venture organized under Ohio Revised Code Section 6119.01, and is established to supply water and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. The cities of Uhrichsville and Dennison each appoint two of the five District's board members. The fifth board member is appointed by the other four board members. Continued existence of the District is dependent on the City's continued participation; however, the City does not have an equity interest in the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. During 2009, no monies were received from the City.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 18 – Public Entity Risk Pools**

***Risk Sharing Pool***

The Public Entities Pool of Ohio (the Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to the annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

***Insurance Purchasing Pool***

The City is a participant in the Ohio Municipal League Group Rating Program (OML), an insurance purchasing pool for workers' compensation. The OML's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

**Note 19 – Interfund Transfers**

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2009, consisted of a transfer from the general fund to the street fund, in the amount of \$83,000, for the purpose of supporting the operations of the street department. Another transfer was made from the capital improvement fund to the bond retirement fund in the amount of \$81,830, in order to pay for a portion of the water park bond interest.

**Note 20 – Contractual Commitments**

The City had a contractual commitment outstanding of \$27,500 at December 31, 2009, with W. E. Quicksall and Associates, Incorporated for engineering services for the 12<sup>th</sup> and Uhrich Street project.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

**Note 21 – Subsequent Event**

During 2010, the City approved the East 2<sup>nd</sup> Street storm sewer improvement project. The project is estimated to cost approximately \$884,000. The project began in February of 2010 and is estimated to be completed in July of 2010.

Funding for this project is coming from the City and three outside sources: the American Recovery and Reinvestment Act (ARRA), the Ohio Public Works Commission, and the Ohio Water Pollution Control Loan Fund. The American Recovery and Reinvestment Act is providing Federal stimulus monies in the amount of \$445,691. The Ohio Public Works Commission agreed to a \$95,000 reimbursable grant, as well as a \$95,000 zero percent interest loan. The loan is expected to be paid back within 20 years. The Ohio Water Pollution Control Loan Fund agreed to loan the City \$158,091, bearing a one percent interest rate and a 20-year maturity. Grant and loan monies will be received as expenses are incurred.

Currently, the City estimates that it will pay \$102,150 toward the project; however, should the project incur any unforeseen expenses, the City will be responsible for any additional funding.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

---

*This Page Intentionally Left Blank.*





**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

June 30, 2010

Mayor and Members of Council  
City of Uhrichsville  
Uhrichsville, OH 44683

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the City of Uhrichsville (the "City") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings and responses to be material weaknesses.

We also noted certain matters that we have reported to management of the City in a separate letter dated June 30, 2010.

Mayor and Members of Council  
City of Uhrichsville  
June 30, 2010  
Page 2

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 30, 2010.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**Material Weaknesses**

<b>Finding Number</b>	<b>2009-001</b>
-----------------------	-----------------

In 2010, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which supersedes SAS No. 112. This standard became effective for audits of financial statements for periods ending on or after December 15, 2009.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 115 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the City. Independent auditors are not part of the City's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

As a result of our audit, we identified material misstatements in the City's financial statements, as well as other misstatements that were not necessarily material, but were more than inconsequential. Material amounts noted above have been subsequently reported in the audited financial statements.

The City is relying on a contracted service provider to compile the financial statements. We recommend the City consider modifying the existing control procedures over the financial reporting process to include an independent review of the financial statements and the related journal entries. The review should be conducted by City personnel that are knowledgeable of generally accepted accounting principles. Additionally, the Auditor and the contracted service provider should review the adjustments and reclassifications identified during the current audit and ensure that similar errors are not reported on financial statements in subsequent years.

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009

**Material Weaknesses (continued)**

<b>Finding Number</b>	<b>2009-001 (continued)</b>
-----------------------	-----------------------------

**City's Response:**

The City Auditor will work closer with the GAAP Conversion team to monitor the financial statements and related journal entries.

<b>FINDING NUMBER</b>	<b>2009-002</b>
-----------------------	-----------------

The City regularly updates their asset listing with the insurance carrier and they purchased a fixed asset system in early 2009, however, they do not have a procedure in place to notify the GAAP service provider of fixed asset purchases, project completions, or sales in a complete and timely manner. The GAAP service provider then attempts to gather additions from the City's expenditure ledger. As a result, a multitude of adjustments were required to properly record asset balances on the financial statements. Also, the depreciation expense for the year was not accurately calculated and required adjustment.

We also noted the City has no impairment policy in place to adjust the values of their fixed assets. This could cause the values to be misstated.

We recommend the City establish a procedure that will allow for the timely update of the fixed asset system. The procedure could include asset purchase forms that include the date purchased (or in the case of projects, the date put into service), amount, description of asset, asset type, vendor, fund charged, indication of whether state or federal grant money was used for equipment, and any other information the City may feel pertinent. All construction in process should also be detailed on a form indicating project name or number, amount to be charged to CIP, and when the project is complete, the completion date and total project cost. The system should be reviewed and reconciled to the purchase and disposal forms at least quarterly.

We also recommend the City adopt a fixed asset impairment policy.

**City's Response:**

The City Auditor purchased a new computer system in February 2009. This system has a fixed asset program and all assets are going to be entered into this program in order to be regularly tracked and updated.

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2008-001	SAS112	No	Not Corrected – Repeated as Finding 2009-001
2008-002	Capital Asset Listing and Impairment Policy	No	Not Corrected – Repeated as Finding 2009-002
2008-003	Direct Vendor Payments	Yes	
2008-004	Process to calculate Intergovernmental Receivables	Yes	
2008-005	ORC 5705.10 – negative fund balances	Yes	

**This Page is Intentionally Left Blank.**



**Mary Taylor, CPA**  
Auditor of State

**CITY OF UHRICHSVILLE**

**TUSCARAWAS 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  
SEPTEMBER 2, 2010**