



Dave Yost • Auditor of State

CITY OF UHRICHVILLE
TUSCARAWAS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Uhrichsville
Tuscarawas County
305 East Second Street
Uhrichsville, Ohio 44683

To the City Council:

Report on the Financial Statements

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, Tuscarawas County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we considered internal control relevant to the City's preparation and fair presentation of the financial statements in order to design appropriate audit procedures, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinions.

Basis for Qualified Opinions on Business-Type Activities and Business-Type Water Park Fund

We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Water Park Fund for the year ended December 31, 2012. These receipts totaled \$391,978 which is 98% of total Water Park Fund receipts and total Business-Type Activities receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinions

In our opinion, except for the matter described in the Basis for *Qualified Opinions on Business-Type Activities and Business-Type Water Park Fund* paragraph, 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, Tuscarawas County, Ohio (the City), as of and for the year ended December 31, 2012, and the changes in financial position and cash flows thereof, and the respective budgetary comparisons for the General and CHIP Grant Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiring to management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries and to the basic financial statements, and for consistency with other knowledge we obtained during our audit of the basic financial statements.

We do not opine or provide any assurance on the required supplementary information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 15, 2014

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The discussion and analysis of the City of Uhrichsville's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net position decreased \$303,437, which represents a 4 percent decrease from 2011. Net position of governmental activities decreased \$326,216. Net position of business-type activities increased \$22,779.
- Total capital assets decreased \$272,000 in 2012. Capital assets of governmental activities decreased \$181,278 and capital assets of business-type activities decreased \$90,722.
- Outstanding debt decreased from \$6,691,573 to \$6,311,137 due to principal payments made during the year.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Uhrichsville as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2012 and how they affected the operations of the City as a whole.

Reporting the City of Uhrichsville as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City of Uhrichsville, the general fund is by far the most significant fund. Business-type funds consist of the water park fund.

A question typically asked about the City's finances "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

These two statements report the City's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

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

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community and economic development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water park fund is reported as business activities.

Reporting the City of Uhrichsville's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund, CHIP grant fund, storm sewer assessment fund and the capital improvement fund.

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The City of Uhrichsville as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 2,681,184	\$ 3,089,377	\$ 115,382	\$ 130,328	\$ 2,796,566	\$ 3,219,705
Capital Assets	7,794,020	7,975,298	3,915,693	4,006,415	11,709,713	11,981,713
<i>Total Assets</i>	<u>10,475,204</u>	<u>11,064,675</u>	<u>4,031,075</u>	<u>4,136,743</u>	<u>14,506,279</u>	<u>15,201,418</u>
Liabilities						
Current and Other Liabilities	674,649	641,373	30,580	34,546	705,229	675,919
Long-Term Liabilities	2,452,971	2,749,502	4,032,383	4,156,864	6,485,354	6,906,366
<i>Total Liabilities</i>	<u>3,127,620</u>	<u>3,390,875</u>	<u>4,062,963</u>	<u>4,191,410</u>	<u>7,190,583</u>	<u>7,582,285</u>
Net Position						
Net Investment in						
Capital Assets	5,791,032	5,723,584	(29,307)	(58,585)	5,761,725	5,664,999
Restricted	1,302,727	1,615,545	0	0	1,302,727	1,615,545
Unrestricted	253,825	334,671	(2,581)	3,918	251,244	338,589
<i>Total Net Position</i>	<u>\$ 7,347,584</u>	<u>\$ 7,673,800</u>	<u>\$ (31,888)</u>	<u>\$ (54,667)</u>	<u>\$ 7,315,696</u>	<u>\$ 7,619,133</u>

At year end, capital assets represented 81 percent of total assets. Capital assets include, land, buildings and improvements, equipment and machinery, vehicles, infrastructure and construction in progress. Net investment in capital assets were \$5,761,725 at December 31, 2012, with \$5,791,032 in governmental activities and (\$29,307) in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$1,302,727 or 18 percent, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$251,244 may be used to meet the government's ongoing obligations to citizens and creditors.

The City saw a decrease in intergovernmental receivable in 2012. This is due to receiving the remaining \$62,376 of the FEMA grant, as well receiving \$288,154 of the \$487,500 CDBG grant, which was awarded in 2011.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2012 and 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 273,355	\$ 325,495	\$ 396,873	\$ 365,499	\$ 670,228	\$ 690,994
Operating Grants	274,843	907,683	0	0	274,843	907,683
Capital Grants	12,408	21,780	0	0	12,408	21,780
<i>General Revenues:</i>						
Property Taxes	551,385	565,302	0	0	551,385	565,302
Income Taxes	1,318,762	1,306,917	0	0	1,318,762	1,306,917
Grants and Entitlements	232,546	319,915	0	0	232,546	319,915
Investment Earnings	4,411	8,614	0	0	4,411	8,614
Miscellaneous	34,531	82,690	3,649	15,181	38,180	97,871
Total Revenues	2,702,241	3,538,396	400,522	380,680	3,102,763	3,919,076
Program Expenses						
General Government	580,450	579,742	0	0	580,450	579,742
Security of Persons and Property	1,254,815	1,442,166	0	0	1,254,815	1,442,166
Public Health	243,992	183,862	0	0	243,992	183,862
Leisure Time Services	29,302	12,934	0	0	29,302	12,934
Community Development	275,449	15,016	0	0	275,449	15,016
Transportation	420,592	476,756	0	0	420,592	476,756
Interest and Fiscal Charges	76,139	72,160	0	0	76,139	72,160
Water Park	0	0	525,461	566,615	525,461	566,615
Total Program Expenses	2,880,739	2,782,636	525,461	566,615	3,406,200	3,349,251
Increase (Decrease) in Net Position	(178,498)	755,760	(124,939)	(185,935)	(303,437)	569,825
Transfers	(147,718)	(182,093)	147,718	182,093	0	0
Change in Net Position	(326,216)	573,667	22,779	(3,842)	(303,437)	569,825
Net Position Beginning of Year	7,673,800	7,100,133	(54,667)	(50,825)	7,619,133	7,049,308
Net Position End of Year	\$ 7,347,584	\$ 7,673,800	\$ (31,888)	\$ (54,667)	\$ 7,315,696	\$ 7,619,133

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, charges for services and investment interest.

The City's income tax is at a rate of 1.75 percent. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 1.75 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

General revenues include grants and entitlements, such as local government funds. With the combination of property tax, income tax and intergovernmental funding, all expenses in the governmental activities are funded. The City monitors its sources of revenues very closely for fluctuations.

There was an \$836,155 decrease in total revenue during 2012. This is largely due to a decrease in CDBG and FEMA grant income. These grants were awarded in 2011 and revenue was recognized at that time.

Police and fire represent the largest expense of the Governmental Activities. This expense of \$1,254,815 represents 44 percent of the total governmental activities expenses. The City saw a \$187,351 decrease in police and fire expense during 2012 due to cost saving measures taken. The police and fire departments operate out of the General fund.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling. These expenses totaled \$420,592, or 15 percent of total governmental activities expenses, during 2012.

The City also levies a tax for the Trinity Twin City Hospital (public health services) and maintains a park (leisure time activities) within the City. These areas had expenses of \$273,294 in 2012 equaling 9 percent of the total governmental services expenses.

Business-Type Activities

Business-type activities are limited to the water park operations. The revenues are generated primarily from charges for services. In 2012, charges for services of \$396,873 accounted for 99 percent of the business type revenues. The total expenses for the water park were \$525,461, thus leaving a decrease in net position of \$124,939 for the business-type activities before transfers.

The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 13. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$2,911,595 and expenditures of \$3,042,432. The net change in fund balance for all governmental funds was a decrease of \$231,566. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for fiscal year 2012 was a decrease of \$184,983. This is largely due to a decrease in local government revenue.

The fund balance of the CHIP fund increased by \$49,748.

The Storm Sewer Assessment and Capital Improvement funds' net change in fund balance for fiscal year 2012 were decreases of \$27,531 and \$41,352 respectively. These changes were due primarily to timing differences between revenues and debt payments on the related capital projects. An additional factor contributing to the decrease in the Capital Improvement fund is the transfer of money to the Water Park fund for a portion of the general obligation bond debt payments.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

Unrestricted net assets of the water park fund at the end of the year amounted to (\$2,581). The total growth in net assets for this fund was \$22,779. Revenues in this fund increased in 2012, while expenses decreased. Activity in this fund can fluctuate from year to year due to various factors, the primary one being weather.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2012, the City did not amend its general fund budget. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the general fund, the actual budget basis revenue was \$1,563,221, representing a decrease of \$3,179 under the final budget estimate of \$1,566,400.

Final expenditure appropriations of \$1,367,516 were \$308,342 lower than the actual expenditures of \$1,675,858. City Council did not approve an appropriation amendment prior to year end.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2012, the City had \$11,709,713 invested in capital assets. A total of \$7,794,020 of this was for governmental activities and \$3,915,693 being attributable to business-type activities. Table 3 shows fiscal year 2012 balances compared with 2011.

Table 3
Capital Assets at December 31
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,143,850	\$ 1,143,850	\$ 0	\$ 0	\$ 1,143,850	\$ 1,143,850
Construction in Progress	41,805	0	0	0	41,805	0
Building and Improvements	453,945	466,043	3,898,486	3,985,661	4,352,431	4,451,704
Equipment and Machinery	470,022	440,530	17,207	20,754	487,229	461,284
Vehicles	790,872	894,711	0	0	790,872	894,711
Infrastructure						
Storm Sewers	1,680,085	1,726,862	0	0	1,680,085	1,726,862
Roads	3,213,441	3,303,302	0	0	3,213,441	3,303,302
Total	\$ 7,794,020	\$ 7,975,298	\$ 3,915,693	\$ 4,006,415	\$ 11,709,713	\$ 11,981,713

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The \$181,278 decrease in capital assets of governmental activities was attributable to current year depreciation and disposals exceeding additional purchases. The \$90,722 decrease in capital assets of business-type activities is due to current year depreciation exceeding additional purchases. See Note 10 for additional information about the capital assets of the City.

Debt

The outstanding debt for the City as of December 31, 2012 was \$6,311,137. See Note 11 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
South Water Street Loan -						
First National Bank	\$ 200,000	\$ 240,000	\$ 0	\$ 0	\$ 200,000	\$ 240,000
South Water Street Loan -						
State Infrastructure Bank	489,448	578,893	0	0	489,448	578,893
Newport Area South Sewer						
Improvement OPWC Loan	265,813	280,580	0	0	265,813	280,580
Newport Area South Sewer						
Improvement OWDA Loan	248,947	263,152	0	0	248,947	263,152
East 2nd Street Storm Sewer OPWC	85,500	90,250	0	0	85,500	90,250
East 2nd Street Storm Sewer OWDA	132,129	138,397	0	0	132,129	138,397
West Side Storm Sewer OWDA	38,382	0	0	0	38,382	0
Clay Museum	70,000	75,000	0	0	70,000	75,000
Police and Fire Pension	275,764	282,993	0	0	275,764	282,993
Water Park Building General						
Obligation Bond	0	0	3,945,000	4,065,000	3,945,000	4,065,000
Unamortized Premium on Bond	0	0	87,383	91,864	87,383	91,864
Capital Lease	472,771	585,444	0	0	472,771	585,444
<i>Total</i>	<i>\$ 2,278,754</i>	<i>\$ 2,534,709</i>	<i>\$ 4,032,383</i>	<i>\$ 4,156,864</i>	<i>\$ 6,311,137</i>	<i>\$ 6,691,573</i>

Economic Factors

In 2012, the City had a budget shortfall of \$200,000. This was a direct result of cutbacks to local government funding made by the State of Ohio. The Mayor issued a spending freeze until the income shortage could be evaluated. The City ended the fiscal year in the black in the general fund by \$150,000 with no layoffs. This was primarily because the union employees started paying their share of the pension contributions, which resulted in a 10% decrease in their take-home pay.

The water park had a record year in 2012, netting about \$40,000 (cash basis) more in profit than in previous years. Therefore, it was not necessary to take as much money from the capital improvement fund to meet the water park debt payment.

Plans were also being finalized to start the West Side Storm Sewer project. This money comes from the storm sewer assessment fund.

City of Uhrichsville
Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Contacting the City's Finance Department

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

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 889,639	\$ 26,459	\$ 916,098
Accounts Receivable	36,014	1,540	37,554
Intergovernmental Receivable	449,496	0	449,496
Property Taxes Receivable	612,782	0	612,782
Income Taxes Receivable	546,978	0	546,978
Special Assessments Receivable	48,162	0	48,162
Loans Receivable	55,243	0	55,243
Prepaid Items	31,645	0	31,645
Materials and Supplies Inventory	11,225	0	11,225
Deferred Charges	0	87,383	87,383
Non-Depreciable Capital Assets	1,185,655	0	1,185,655
Depreciable Capital Assets, Net	6,608,365	3,915,693	10,524,058
<i>Total Assets</i>	<u>10,475,204</u>	<u>4,031,075</u>	<u>14,506,279</u>
Liabilities			
Accounts Payable	30,445	4,327	34,772
Accrued Wages	26,350	0	26,350
Contracts Payable	3,434	0	3,434
Intergovernmental Payable	70,133	10,990	81,123
Accrued Interest Payable	11,978	15,263	27,241
Deferred Revenue	532,309	0	532,309
Long-Term Liabilities:			
Due Within One Year	313,927	125,000	438,927
Due in More Than One Year	2,139,044	3,907,383	6,046,427
<i>Total Liabilities</i>	<u>3,127,620</u>	<u>4,062,963</u>	<u>7,190,583</u>
Net Position			
Net Investment in Capital Assets	5,791,032	(29,307)	5,761,725
Restricted for Capital Outlay	766,644	0	766,644
Restricted for Other Purposes	536,083	0	536,083
Unrestricted	253,825	(2,581)	251,244
<i>Total Net Position</i>	<u>\$ 7,347,584</u>	<u>\$ (31,888)</u>	<u>\$ 7,315,696</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 580,450	\$ 91,815	\$ 0	\$ 11,000	\$ (477,635)	\$ 0	\$ (477,635)
Security of Persons and Property	1,254,815	36,282	31,366	1,408	(1,185,759)	0	(1,185,759)
Public Health	243,992	142,633	14,354	0	(87,005)	0	(87,005)
Leisure Time Services	29,302	0	3,788	0	(25,514)	0	(25,514)
Community Development	275,449	0	0	0	(275,449)	0	(275,449)
Transportation	420,592	2,625	225,335	0	(192,632)	0	(192,632)
Interest and Fiscal Charges	76,139	0	0	0	(76,139)	0	(76,139)
<i>Total Governmental Activities</i>	<u>2,880,739</u>	<u>273,355</u>	<u>274,843</u>	<u>12,408</u>	<u>(2,320,133)</u>	<u>0</u>	<u>(2,320,133)</u>
Business-Type Activities							
Water Park	525,461	396,873	0	0	0	(128,588)	(128,588)
<i>Total Business-Type Activities</i>	<u>525,461</u>	<u>396,873</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(128,588)</u>	<u>(128,588)</u>
<i>Total Primary Government</i>	<u>\$ 3,406,200</u>	<u>\$ 670,228</u>	<u>\$ 274,843</u>	<u>\$ 12,408</u>	<u>(2,320,133)</u>	<u>(128,588)</u>	<u>(2,448,721)</u>
General Revenues:							
Property Taxes Levied for:							
General Purposes					251,846	0	251,846
Capital Projects					94,691	0	94,691
Hospital					92,073	0	92,073
Parks and Recreation					23,575	0	23,575
Ambulance					59,140	0	59,140
Police and Fire Pension					30,060	0	30,060
Income Taxes Levied for:							
General Purposes					1,036,170	0	1,036,170
Capital Projects					282,592	0	282,592
Grants and Entitlements not Restricted to Specific Programs					232,546	0	232,546
Investment Earnings					4,411	0	4,411
Miscellaneous					34,531	3,649	38,180
<i>Total General Revenues</i>					<u>2,141,635</u>	<u>3,649</u>	<u>2,145,284</u>
Transfers					(147,718)	147,718	0
<i>Change in Net Position</i>					<u>(326,216)</u>	<u>22,779</u>	<u>(303,437)</u>
<i>Net Position Beginning of Year</i>					<u>7,673,800</u>	<u>(54,667)</u>	<u>7,619,133</u>
<i>Net Position End of Year</i>					<u>\$ 7,347,584</u>	<u>\$ (31,888)</u>	<u>\$ 7,315,696</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	CHIP Grant Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 138,330	\$ 42,180	\$ 394,903	\$ 65,250	\$ 248,976	\$ 889,639
Accounts Receivable	35,794	0	0	0	220	36,014
Intergovernmental Receivable	109,034	199,346	0	9,648	131,468	449,496
Property Taxes Receivable	280,659	0	0	0	332,123	612,782
Income Taxes Receivable	429,768	0	0	117,210	0	546,978
Special Assessments Receivable	0	0	48,162	0	0	48,162
Loans Receivable	0	0	0	55,243	0	55,243
Prepaid Items	31,645	0	0	0	0	31,645
Materials and Supplies Inventory	7,437	0	0	0	3,788	11,225
<i>Total Assets</i>	<u>\$ 1,032,667</u>	<u>\$ 241,526</u>	<u>\$ 443,065</u>	<u>\$ 247,351</u>	<u>\$ 716,575</u>	<u>\$ 2,681,184</u>
Liabilities						
Accounts Payable	\$ 17,341	\$ 0	\$ 0	\$ 0	\$ 13,104	\$ 30,445
Accrued Wages	21,327	0	0	0	5,023	26,350
Contracts Payable	0	0	3,434	0	0	3,434
Intergovernmental Payable	61,441	0	0	0	8,692	70,133
Deferred Revenue	648,381	178,788	48,162	76,829	427,981	1,380,141
<i>Total Liabilities</i>	<u>748,490</u>	<u>178,788</u>	<u>51,596</u>	<u>76,829</u>	<u>454,800</u>	<u>1,510,503</u>
Fund Balances						
Nonspendable	39,082	0	0	0	3,788	42,870
Restricted	0	62,738	391,469	170,522	217,596	842,325
Committed	0	0	0	0	40,391	40,391
Assigned	2,646	0	0	0	0	2,646
Unassigned	242,449	0	0	0	0	242,449
<i>Total Fund Balances</i>	<u>284,177</u>	<u>62,738</u>	<u>391,469</u>	<u>170,522</u>	<u>261,775</u>	<u>1,170,681</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,032,667</u>	<u>\$ 241,526</u>	<u>\$ 443,065</u>	<u>\$ 247,351</u>	<u>\$ 716,575</u>	<u>\$ 2,681,184</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balances	\$	1,170,681
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,794,020
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	\$	80,473
Income Tax		358,533
Intergovernmental		360,664
Special Assessments		48,162
		847,832
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(11,978)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Loans Payable		(270,000)
OPWC Loans		(351,313)
ODOT Loan		(489,448)
OWDA Loans		(419,458)
Police and Fire Pension Liability		(275,764)
Capital Leases		(472,771)
Compensated Absences		(174,217)
		(2,452,971)
<i>Net Position of Governmental Activities</i>	\$	7,347,584

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	CHIP Grant Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 249,987	\$ 0	\$ 0	\$ 0	\$ 297,286	\$ 547,273
Income Taxes	977,127	0	0	266,489	0	1,243,616
Special Assessments	0	0	138,393	0	0	138,393
Charges for Services	21,635	0	0	0	18,889	40,524
Licenses and Permits	64,598	0	0	0	0	64,598
Fines and Forfeitures	20,225	0	0	0	523	20,748
Intergovernmental	223,175	308,703	0	15,339	252,968	800,185
Interest	2,587	0	0	1,824	0	4,411
Rent	2,227	0	0	0	2,625	4,852
Contributions and Donations	500	0	0	11,000	964	12,464
Other	3,664	16,494	0	7,500	6,873	34,531
<i>Total Revenues</i>	<u>1,565,725</u>	<u>325,197</u>	<u>138,393</u>	<u>302,152</u>	<u>580,128</u>	<u>2,911,595</u>
Expenditures						
Current:						
General Government	573,810	0	608	0	0	574,418
Security of Persons and Property	1,125,618	0	0	0	143,406	1,269,024
Public Health	2,100	0	26,576	0	113,107	141,783
Leisure Time Services	0	0	0	0	27,899	27,899
Community Development	0	275,449	0	0	0	275,449
Transportation	0	0	0	420	275,275	275,695
Capital Outlay	0	0	75,739	32,497	0	108,236
Debt Service:						
Principal Retirement	7,229	0	88,784	134,445	63,879	294,337
Interest and Fiscal Charges	11,951	0	12,599	34,779	16,262	75,591
<i>Total Expenditures</i>	<u>1,720,708</u>	<u>275,449</u>	<u>204,306</u>	<u>202,141</u>	<u>639,828</u>	<u>3,042,432</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(154,983)</u>	<u>49,748</u>	<u>(65,913)</u>	<u>100,011</u>	<u>(59,700)</u>	<u>(130,837)</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	0	0	0	6,355	2,252	8,607
Proceeds from OWDA Loans	0	0	38,382	0	0	38,382
Transfers In	0	0	0	0	30,000	30,000
Transfers Out	(30,000)	0	0	(147,718)	0	(177,718)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>0</u>	<u>38,382</u>	<u>(141,363)</u>	<u>32,252</u>	<u>(100,729)</u>
<i>Net Change in Fund Balance</i>	<u>(184,983)</u>	<u>49,748</u>	<u>(27,531)</u>	<u>(41,352)</u>	<u>(27,448)</u>	<u>(231,566)</u>
<i>Fund Balance Beginning of Year</i>	<u>469,160</u>	<u>12,990</u>	<u>419,000</u>	<u>211,874</u>	<u>289,223</u>	<u>1,402,247</u>
<i>Fund Balance End of Year</i>	<u>\$ 284,177</u>	<u>\$ 62,738</u>	<u>\$ 391,469</u>	<u>\$ 170,522</u>	<u>\$ 261,775</u>	<u>\$ 1,170,681</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, 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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (231,566)

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

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

Capital Asset Additions	\$ 121,750	
Current Year Depreciation	<u>(291,503)</u>	(169,753)

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. (11,525)

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

Property Taxes	4,113	
Income Tax	75,146	
Intergovernmental	(292,853)	
Special Assessments	<u>4,240</u>	(209,354)

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

Loans Payable	45,000	
OPWC Loans	19,517	
ODOT Loan	89,445	
OWDA Loans	20,473	
Police and Fire Pension Principal	7,229	
Capital Lease	<u>112,673</u>	294,337

Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues. (38,382)

OWDA Loan

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued. (549)

Accrued Interest Payable

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 40,576

Compensated Absences

Change in Net Position of Governmental Activities \$ (326,216)

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 223,671	\$ 250,542	\$ 249,987	\$ (555)
Income Taxes	858,161	961,258	959,130	(2,128)
Charges for Services	22,032	24,679	24,624	(55)
Licenses and Permits	57,291	64,174	64,032	(142)
Fines and Forfeitures	16,550	18,538	18,497	(41)
Intergovernmental	212,921	238,501	237,973	(528)
Interest	1,908	2,138	2,587	449
Rent	1,993	2,232	2,227	(5)
Contributions and Donations	447	501	500	(1)
Other	3,426	3,837	3,664	(173)
<i>Total Revenues</i>	<u>1,398,400</u>	<u>1,566,400</u>	<u>1,563,221</u>	<u>(3,179)</u>
Expenditures				
Current:				
General Government	471,180	471,180	577,420	(106,240)
Security of Persons and Property	878,971	878,971	1,077,158	(198,187)
Public Health	1,714	1,714	2,100	(386)
Debt Service:				
Principal Retirement	5,899	5,899	7,229	(1,330)
Interest and Fiscal Charges	9,752	9,752	11,951	(2,199)
<i>Total Expenditures</i>	<u>1,367,516</u>	<u>1,367,516</u>	<u>1,675,858</u>	<u>(308,342)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>30,884</u>	<u>198,884</u>	<u>(112,637)</u>	<u>(311,521)</u>
Other Financing Sources (Uses)				
Transfers Out	(30,000)	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	884	168,884	(142,637)	(311,521)
<i>Fund Balance Beginning of Year</i>	<u>280,967</u>	<u>280,967</u>	<u>280,967</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 281,851</u>	<u>\$ 449,851</u>	<u>\$ 138,330</u>	<u>\$ (311,521)</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CHIP Grant Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 283,757	\$ 283,757	\$ 288,145	\$ 4,388
Other	16,243	16,243	16,494	251
<i>Total Revenues</i>	<u>300,000</u>	<u>300,000</u>	<u>304,639</u>	<u>4,639</u>
Expenditures				
Current:				
Community Development	300,000	300,000	275,449	24,551
<i>Net Change in Fund Balance</i>	0	0	29,190	29,190
<i>Fund Balance Beginning of Year</i>	<u>12,990</u>	<u>12,990</u>	<u>12,990</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 12,990</u>	<u>\$ 12,990</u>	<u>\$ 42,180</u>	<u>\$ 29,190</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2012

	Water Park
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 26,459
Accounts Receivable	1,540
<i>Total Current Assets</i>	27,999
<i>Non-Current Assets:</i>	
Deferred Charges	87,383
Depreciable Capital Assets, Net	3,915,693
<i>Total Non-Current Assets</i>	4,003,076
<i>Total Assets</i>	4,031,075
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	4,327
Intergovernmental Payable	10,990
Accrued Interest Payable	15,263
General Obligation Bonds Payable	125,000
<i>Total Current Liabilities</i>	155,580
<i>Long-Term Liabilities:</i>	
General Obligation Bonds Payable - Net of Current Portion	3,907,383
<i>Total Liabilities</i>	4,062,963
Net Position	
Net Investment in Capital Assets	(29,307)
Unrestricted	(2,581)
<i>Total Net Position</i>	\$ (31,888)

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2012

	Water Park
Operating Revenues	
Charges for Services	\$ 391,978
Tap-In Fees	4,895
Other	3,649
	400,522
<i>Total Operating Revenues</i>	<i>400,522</i>
Operating Expenses	
Personal Services	102,822
Fringe Benefits	12,481
Contractual Services	92,652
Materials and Supplies	36,477
Depreciation	93,691
	338,123
<i>Total Operating Expenses</i>	<i>338,123</i>
<i>Operating Income</i>	<i>62,399</i>
Non-Operating (Expense)	
Interest and Fiscal Charges	(187,338)
<i>(Loss) Before Transfers</i>	<i>(124,939)</i>
Transfers In	147,718
<i>Change in Net Position</i>	<i>22,779</i>
<i>Net Position Beginning of Year</i>	<i>(54,667)</i>
<i>Net Position End of Year</i>	<i>\$ (31,888)</i>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2012

	Water Park
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 388,808
Tap-In Fees	4,895
Cash Received from Other Operating Receipts	3,649
Cash Payments to Suppliers for Goods and Services	(32,150)
Cash Payments to Employees for Services and Benefits	(118,637)
Cash Payments for Contractual Services	(95,601)
	150,964
<i>Net Cash Provided by Operating Activities</i>	
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(2,969)
Transfers In	147,718
Principal Payments on Debt	(120,000)
Interest Payments on Debt	(187,718)
	(162,969)
<i>Net Cash (Used for) Capital and Related Financing Activities</i>	
<i>Net (Decrease) in Cash and Investments</i>	
	(12,005)
<i>Cash and Investments Beginning of Year</i>	
	38,464
<i>Cash and Investments End of Year</i>	
	\$ 26,459
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income	\$ 62,399
Adjustments:	
Depreciation	93,691
(Increase) in Assets:	
Accounts Receivable	(1,540)
Increase (Decrease) in Liabilities:	
Accounts Payable	1,378
Unearned Revenue	(1,630)
Intergovernmental Payable	(3,334)
	150,964
<i>Net Cash Provided by Operating Activities</i>	
	\$ 150,964

See accompanying notes to the basic financial statements.

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City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

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 and 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 risk sharing pool, and the Ohio Municipal League Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

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.

Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 per financial institution through December 31, 2012. Insurance on deposits in noninterest-bearing accounts is unlimited through December 31, 2012. The City has both interest-bearing and noninterest-bearing accounts.

Beginning January 1, 2013, noninterest-bearing accounts will no longer be insured separately from the City's other accounts at the same financial institution. Instead, noninterest-bearing and interest-bearing accounts will collectively be insured up to a coverage limit of \$250,000, at each separate financial institution.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position 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 position 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

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. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. 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.

CHIP Grant Fund The CHIP grant special revenue fund is used to account for grants for community and economic development activities and assistance.

Storm Sewer Assessment Fund The storm sewer capital projects fund is used to account for grants and special assessments used to construct and improve storm sewers.

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

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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 Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund.

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

C. 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 position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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 position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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 Non-Exchange 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.

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Non-exchange 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 8). 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, 2012 but which were levied to finance year 2013 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.

E. Cash and Investments

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 investments.”

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost. During 2012, investments were limited to certificates of deposit.

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 2012 amounted to \$2,587, which includes \$2,039 assigned from other City funds.

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Investments of the cash management pool and investments with original maturities of three months or less are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

F. 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.

G. 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 position 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 position 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 back trending (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 \$500. 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 in 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
Infrastructure	40 years
Vehicles	15 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.

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H. 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.

I. 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 and compensated absences 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.

J. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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 position is 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 position 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 position is available.

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K. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. The City Council has by resolution authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water park. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

M. 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.

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.

N. 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.

O. 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. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

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P. 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. Neither type of transaction occurred during 2012.

Q. 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.

R. 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.

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

For the year ended December 31, 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53."

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GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the City.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets. The Statement had no effect on the financial statements.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the City.

Note 4 – Accountability

A. Fund Deficits

The police pension and fire pension special revenue funds had deficit fund balances at December 31, 2012, of \$19,397 and \$21,881, respectively. The water park enterprise fund had a deficit balance at December 31, 2012 of \$31,888. 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

A. Budgetary Basis

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/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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 Fund	CHIP Grant Fund
GAAP Basis	\$ (184,983)	\$ 49,748
Net Adjustment for Revenue Accruals	(2,504)	(20,558)
Net Adjustment for Expenditure Accruals	44,850	0
Budget Basis	\$ (142,637)	\$ 29,190

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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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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;
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 any 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. 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 certificate, upon receipt of confirmation of transfer from the custodian.

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According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2012, the City and public depositories complied with the provisions of these statutes.

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 \$916,098 and the bank balance was \$927,003. Of the bank balance \$296,363 was covered by Federal depository insurance and \$630,640 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.

Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 per financial institution through December 31, 2012. Insurance on deposits in noninterest-bearing accounts is unlimited through December 31, 2012. The City has both interest-bearing and noninterest-bearing accounts.

Beginning January 1, 2013, noninterest-bearing accounts will no longer be insured separately from the City's other accounts at the same financial institution. Instead, noninterest-bearing and interest-bearing accounts will collectively be insured up to a coverage limit of \$250,000, at each separate financial institution.

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.

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Note 7 – Receivables

Receivables at December 31, 2012, consisted primarily of taxes, accounts (billings for user charged services), special assessments, loans receivable and intergovernmental receivables arising from grants, entitlements, and shared revenues. The loan receivable is a land installment contract in which the City will receive monthly payments over the next twenty years. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes and loans, 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.

Note 8 – Property Tax

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of the 2011 taxes.

2012 real property taxes were levied after October 1, 2012 on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The full tax rate for all City operations for the year ended December 31, 2012, was \$12.40 per \$1,000 of assessed valuation. The assessed values of real property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 51,994,360
Public Utilities - Real	42,820
Public Utilities - Personal	2,226,260
Total Assessed Value	<u>\$ 54,263,440</u>

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

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

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 property taxes, public utility real and tangible personal property taxes, and outstanding delinquencies which became measurable as of December 31, 2012, 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 2012 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Note 9 – 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.

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Note 10 – Capital Assets

A summary of changes in capital assets during 2012 follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,143,850	\$ 0	\$ 0	\$ 1,143,850
Construction in Progress	0	41,805	0	41,805
<i>Total Capital Assets, Not Being Depreciated</i>	<u>1,143,850</u>	<u>41,805</u>	<u>0</u>	<u>1,185,655</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	596,941	0	0	596,941
Equipment and Machinery	790,153	79,945	0	870,098
Vehicles	1,626,124	0	(74,045)	1,552,079
Infrastructure:				
Storm Sewers	1,871,116	0	0	1,871,116
Roads	3,594,438	0	0	3,594,438
<i>Total Capital Assets, Being Depreciated</i>	<u>8,478,772</u>	<u>79,945</u>	<u>(74,045)</u>	<u>8,484,672</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(130,898)	(12,098)	0	(142,996)
Equipment and Machinery	(349,623)	(50,452)	0	(400,075)
Vehicles	(731,413)	(92,315)	62,520	(761,208)
Infrastructure:				
Storm Sewers	(144,254)	(46,777)	0	(191,031)
Roads	(291,136)	(89,861)	0	(380,997)
<i>Total Accumulated Depreciation</i>	<u>(1,647,324)</u>	<u>(291,503)</u>	<u>62,520</u>	<u>(1,876,307)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>6,831,448</u>	<u>(211,558)</u>	<u>(11,525)</u>	<u>6,608,365</u>
<i>Total Governmental Activity Capital Assets, Net</i>	<u>\$7,975,298</u>	<u>\$(169,753)</u>	<u>\$ (11,525)</u>	<u>\$7,794,020</u>
	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
Business-Type Activities:				
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	\$ 4,288,451	\$ 0	\$ 0	\$ 4,288,451
Equipment and Machinery	41,750	2,969	0	44,719
<i>Total Capital Assets, Being Depreciated</i>	<u>4,330,201</u>	<u>2,969</u>	<u>0</u>	<u>4,333,170</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(302,790)	(87,175)	0	(389,965)
Equipment and Machinery	(20,996)	(6,516)	0	(27,512)
<i>Total Accumulated Depreciation</i>	<u>(323,786)</u>	<u>(93,691)</u>	<u>0</u>	<u>(417,477)</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$4,006,415</u>	<u>\$(90,722)</u>	<u>\$ 0</u>	<u>\$3,915,693</u>

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Depreciation expense was charged to governmental functions as follows:

General Government	\$ 15,024
Security of Persons and Property	88,217
Transportation	135,110
Public Health Services	51,749
Leisure Time Activities	1,403
Total Depreciation Expense	<u>\$ 291,503</u>

Note 11 – Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 2012, were as follows:

	Principal Balance 1/1/2012	Additions	(Reductions)	Principal Balance 12/31/2012	Due in One Year
Governmental Activities:					
South Water Street Loan	\$ 240,000	\$ 0	\$ (40,000)	\$ 200,000	\$ 40,000
State Infrastructure Bank Loan	578,893	0	(89,445)	489,448	92,148
Newport Area Storm Sewer OPWC Loan	280,580	0	(14,767)	265,813	14,767
Newport Area Storm Sewer OWDA Loan	263,152	0	(14,205)	248,947	15,818
East 2nd Street Storm Sewer OPWC Loan	90,250	0	(4,750)	85,500	4,750
East 2nd Street Storm Sewer OWDA Loan	138,397	0	(6,268)	132,129	7,444
West Side Storm Sewer OWDA Loan	0	38,382	0	38,382	0
Clay Museum Loan	75,000	0	(5,000)	70,000	5,000
Police and Fire Pension	282,993	0	(7,229)	275,764	7,539
Compensated Absences	214,793	6,166	(46,742)	174,217	8,948
Capital Lease	585,444	0	(112,673)	472,771	117,513
<i>Total Governmental Activities</i>	<u>\$ 2,749,502</u>	<u>\$ 44,548</u>	<u>\$ (341,079)</u>	<u>\$2,452,971</u>	<u>\$ 313,927</u>
Business-Type Activities:					
Water Park General Obligation Bonds:					
Term Bonds	\$ 4,065,000	\$ 0	\$ (120,000)	\$3,945,000	\$ 125,000
Unamortized Premium on Bonds	91,864	0	(4,481)	87,383	0
<i>Total Business-Type Activities</i>	<u>\$ 4,156,864</u>	<u>\$ 0</u>	<u>\$ (124,481)</u>	<u>\$4,032,383</u>	<u>\$ 125,000</u>

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 to the extent monies are available. Additional monies will be transferred in from the capital improvement fund as needed. The bonds will be paid through 2034.

Mandatory Sinking Fund Redemption 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).

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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):

Year	Principal Amount
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):

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

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.

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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. In 2010, the City finalized a State Infrastructure Bank loan with the Ohio Department of Transportation. The total amount borrowed was \$749,987 at an interest rate of 3 percent. The loan will be fully repaid in 2017.

In 2010, the City finalized a loan with the Ohio Public Works Commission (OPWC) for the Newport area storm sewer project in the amount of \$295,347. The City pays no interest on this loan and it will be fully repaid in 2030. This loan will be paid from the storm sewer assessment fund.

During 2011, the City entered into a loan agreement with the purchase of the Clay Museum building. The loan has an interest rate of 6.50 percent and will be paid from the capital improvements fund. The loan will be fully repaid in 2025. This loan will be paid from the capital improvement fund.

In 2007, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$329,990 for the Newport area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2028. This loan will be paid from the storm sewer assessment fund.

In 2010, the City was awarded a loan from OPWC in the amount of \$95,000 for the East 2nd Street storm sewer improvement project. The loan is interest free and matures in 2031. This loan will be paid from the storm sewer assessment fund.

In 2011, the City was awarded a loan from OWDA in the amount of \$466,612 for the West Side storm sewer improvement project. During 2012, a total of \$38,382 has been drawn down on the loan. This loan was not fully disbursed as of December 31, 2012 and therefore repayment schedules are not included in the amortization schedule below.

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.

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Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2012, are as follows:

	Governmental Activities					
	South Water Street Loan		State Infrastructure Bank Loan		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	
2013	\$ 40,000	\$ 10,930	\$ 92,148	\$ 13,998	\$ 19,517	
2014	40,000	8,744	94,934	11,213	19,518	
2015	40,000	6,558	97,803	8,342	19,518	
2016	40,000	4,384	100,759	5,387	19,518	
2017	40,000	2,186	103,804	2,341	19,518	
2018-2022	0	0	0	0	97,587	
2023-2027	0	0	0	0	97,587	
2028-2031	0	0	0	0	58,550	
Totals	\$ 200,000	\$ 32,802	\$ 489,448	\$ 41,281	\$ 351,313	

	Governmental Activities					
	OWDA Loans		Clay Museum Loan		Police and Fire Pension	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 23,262	\$ 3,725	\$ 5,000	\$ 4,550	\$ 7,539	\$ 11,641
2014	23,494	3,492	5,000	4,225	7,863	11,317
2015	23,730	3,256	5,000	3,900	8,201	10,980
2016	23,968	3,018	5,000	3,575	8,553	10,627
2017	24,209	2,778	5,000	3,250	8,920	10,260
2018-2022	124,331	10,202	25,000	11,375	50,687	45,211
2023-2027	123,177	3,822	20,000	2,925	62,549	33,349
2028-2032	14,905	96	0	0	77,187	18,712
2033-2035	0	0	0	0	44,265	2,826
Total	\$ 381,076	\$ 30,389	\$ 70,000	\$ 33,800	\$ 275,764	\$ 154,923

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	Governmental Activities		Business-Type Activities		Total	
	Total		Water Park Term Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 187,466	\$ 44,844	\$ 125,000	\$ 183,158	\$ 312,466	\$ 228,002
2014	190,809	38,991	130,000	178,283	320,809	217,274
2015	194,252	33,036	135,000	173,212	329,252	206,248
2016	197,798	26,991	140,000	167,813	337,798	194,804
2017	201,451	20,815	145,000	162,212	346,451	183,027
2018-2022	297,605	66,788	845,000	699,913	1,142,605	766,701
2023-2027	303,313	40,096	1,075,000	478,563	1,378,313	518,659
2028-2032	150,642	18,808	1,350,000	198,550	1,500,642	217,358
2033-2035	44,265	2,826	0	0	44,265	2,826
Totals	<u>\$ 1,767,601</u>	<u>\$ 293,195</u>	<u>\$ 3,945,000</u>	<u>\$ 2,241,704</u>	<u>\$ 5,712,601</u>	<u>\$ 2,534,899</u>

Note 12 – 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.

In 2011, the City entered into capitalized leases for the acquisition of a backhoe and a street sweeper. These leases meet the criteria of capital leases as they transfer benefits and risks of ownership to the lessee.

The backhoe and street sweeper acquired by leases in the amount of \$59,278 and \$175,269 have been capitalized in the governmental activities 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, 2012:

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		Governmental Activities
		Capital Lease
	Year ending December 31,	
	2013	\$ 137,908
	2014	137,907
	2015	126,776
	2016	118,908
	2017	2,298
Minimum lease payments		523,797
Less: amount representing interest at the City's incremental borrowing rate of interest		(51,026)
Present value of net minimum lease payments		\$ 472,771

Note 13 – Risk Management

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains Insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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.

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Financial Position

PEP's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$ 34,389,569	\$ 33,362,404
Liabilities	(14,208,353)	(14,187,273)
Retained Earnings	\$ 20,181,216	\$ 19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the City's share of these unpaid claims collectible in future years is approximately \$47,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership are as follows:

Contributions to PEP

2011	\$ 53,049
2012	54,249

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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 the withdrawal.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

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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 14 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional 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, but less than, 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.

OPERS provides retirement, disability, survivor and death 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2012, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively.

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The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010, were \$49,415, \$43,323, and \$37,030, respectively. For 2012, 92.63 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. There were no contributions made to the Member-Directed Plan for 2012.

B. Ohio Police and Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$63,866 and \$62,828 for the year ended December 31, 2012, \$46,220 and \$63,391 for the year ended December 31, 2011, and \$46,693 and \$55,697 for the year ended December 31, 2010, respectively. 68.60 percent for police and 64.97 percent for firefighters has been contributed for 2012. The full amount has been contributed for 2011 and 2010.

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, 2012, the unfunded liability of the City was \$275,764, 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, 2012, 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.

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Note 15 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

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 health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

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The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$14,119, \$17,329 and \$21,089, respectively. For 2012, 92.63 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund (OP&F)

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 statutory survivor benefit 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 Postemployment Benefit (OPEB) as described in GASB Statement 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 healthcare 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. That report is also available on OP&F's website at www.op-f.org.

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 Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 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 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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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, 2012, 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 \$22,108 and \$17,670 for the year ended December 31, 2012, \$24,469 and \$24,805 for the year ended December 31, 2011, and \$24,720 and \$21,795 for the year ended December 31, 2010. 68.60 percent has been contributed for police and 64.97 percent has been contributed for firefighters for 2012. The full amount has been contributed for 2011 and 2010.

Note 16– Other Employee Benefits

A. 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, street 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. Street 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 1,080 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. Police employees with five years of service but less than ten years of service can be paid one-third of the outstanding sick leave accumulation up to a maximum payment of 60 days. Police employees with more than ten years of service can be paid on-half of the outstanding sick leave accumulation up to a maximum payment of 120 days.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

B. 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.

C. 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 17 – 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 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, 2012.

Note 18 – 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 Gnadenuhnten. 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 2012, no monies were contributed by the City.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

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 Mill 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 2012, 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 on-going financial interest or an ongoing financial responsibility with this organization. During 2012, no monies were contributed by the City.

Note 19 – 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 2012, no monies were received from the City.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

Note 20 – 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 21 – Interfund Transfers

Interfund Transfers

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Transfer To	Transfer From		
	General	Capital	
	Fund	Improvement	Total
	Fund	Fund	
Street Fund	\$ 30,000	\$ 0	\$ 30,000
Water Park Fund	0	147,718	147,718
Grand Total	\$ 30,000	\$ 147,718	\$ 177,718

The general fund transferred \$30,000 to the street fund to support operations. The capital improvement fund transferred \$147,718 to the Water Park fund for debt payments.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2012

Note 22 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General Fund	CHIP Grant Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:						
Inventory	\$ 7,437	\$ 0	\$ 0	\$ 0	\$ 3,788	\$ 11,225
Prepays	31,645	0	0	0	0	31,645
Total Nonspendable	39,082	0	0	0	3,788	42,870
Restricted for:						
Capital Outlay	0	0	391,469	170,522	70,188	632,179
Street	0	0	0	0	45,430	45,430
Other Purposes	0	62,738	0	0	101,978	164,716
Total Restricted	0	62,738	391,469	170,522	217,596	842,325
Committed for:						
Police and Fire						
Uniforms and Equipment	0	0	0	0	40,391	40,391
Assigned:						
Subsequent Year Appropriations	2,646	0	0	0	0	2,646
Unassigned	242,449	0	0	0	0	242,449
Total Fund Balance	\$ 284,177	\$ 62,738	\$ 391,469	\$ 170,522	\$ 261,775	\$ 1,170,681

Note 23 – Non-Compliance

Contrary to Ohio Rev. Code § 5705.41(D), the City did not always certify or record the amount against the applicable appropriation accounts. Also, City council failed to establish a specified maximum amount for blanket purchase orders.

Contrary to Ohio Rev. Code § 5705.41(B), expenditures were found to exceed appropriations in the Street Fund and Water Park Fund by \$16,559 and \$140,057, respectively.

Contrary to Ohio Rev. Code § 5705.10(C) the City failed to establish and post required activity to the State Highway Fund and Permissive Motor Vehicle License Tax Fund as required by Ohio Rev. Code §§ 5735.28 and 4504.06, respectively.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Uhrichsville
Tuscarawas County
305 East Second Street
Uhrichsville, Ohio 44683

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 15, 2014, wherein we noted the City's Water Park Fund charges for services receipts could not be audited due to a lack of documentation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings 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 and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2012-001 and 2012-002 described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2012-003 through 2012-006.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 15, 2014

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012**

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

Finding Number 2012-001

Material Weakness - Water Park Receipts and Consumable Inventory

The City's procedures for collecting Water Park receipts and consumable inventory lack effective internal controls to help reduce the risk of fraud or theft. The following weaknesses were identified:

- A complete schedule of admission rates and concession stand prices were not approved by City Council;
- Supporting documentation for admission receipts did not consistently agree with the current rates charged at the Water Park. Several instances were noted where actual admission rates of \$6.00 per person 17 & younger, \$9.00 per person 18 & older and \$5.00 per person 62 & older were documented as \$5.00 Admission, \$7.00 Admission, and \$4.00 Admission, respectively on the daily revenue reports;
- Admission rate differences occurred primarily in the \$6.00 Admission, \$9.00 Admission, and Member Admissions tickets sold on a daily basis. According to the Water Park Manager, gross admission amounts for each line item could include, but were not limited to, the following types of admissions:
 - a. Half-Priced admission daily after 3:00PM.
 - b. Free admission of individuals renting pavilions.
 - c. Discounted admission for large groups.
 - d. \$1.00 adult swims that occur in the mornings prior to the general opening of the Water Park.
 - e. \$30.00 swimming lessons, which take place in the mornings prior to the general opening of the Water Park.
 - f. \$3.00 admission of Water Park staff, such as lifeguards, on days that they are not scheduled to work.

The above types of admissions did not have their own line item; therefore they were added in with full-price admission line items. Consequently, the "Sales by Range Reports" are not correctly documenting the Water Park's daily activity, nor is the system reporting accurate revenue amounts for each type of admission that is utilized on the specific day.

- Supporting documentation was not always maintained for concession stand receipts such as a perpetual consumable inventory report to document consumable inventory purchased and sold with beginning and ending balances, to reconcile to the daily receipts collected. Without supporting documentation, the accuracy of the Water Park's consumable inventory balance could not be determined.

The risk of not addressing these weaknesses increases the risk of fraud or theft with the Water Park's receipts and consumable inventory.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 (Continued)**

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

Finding Number 2012-001 (Continued)

Material Weakness - Water Park Receipts and Consumable Inventory (Continued)

Specific policies and procedures for Water Park receipts should be established, approved by City Council and made available to employees. The policies and procedures should include, but not be limited to, the following:

- City Council should adopt a complete schedule of rates and prices that include rates for all water park receipts.
- Supporting documentation should be maintained for admission rate receipts (i.e. detailed line item reports for each admission type). This supporting documentation should be reconciled to monies collected each day and signed off on by a supervisor.
- Consumable inventory counts should be performed by experienced personnel under appropriate supervision close to year end, or an initial count should be made by experienced personnel and be continually updated as consumable inventory are consumed or purchased. Consumable inventory count sheets should include a listing of each item, the number of each item, the cost per unit of each item as obtained from vendor invoices or catalogs and the total cost for each inventory item. This supporting documentation should be reconciled to monies collected each day and signed off on by a supervisor.

This will help reduce the risk that Water Park receipts and consumable inventory are misappropriated as a result of fraud or theft.

Official's Response: The Park supervisor has changed the reports to reflect more detail.

Finding Number 2012-002

Material Weakness - Financial Reporting

Errors were noted in the financial statements that required audit adjustments and reclassifications for 2012 as follows:

- Intergovernmental Payables were recorded in the Fire Pension Fund and the Police Pension Fund in the amounts of \$22,007 and 20,052, respectively, when the payable was actually an obligation of the General Fund.
- Water Park Fund Transfers In of \$147,718 were improperly classified as Cash Flows from Noncapital Financing Activities, when they should have been classified as Cash Flows from Capital and Related Financing Activities.

Sound financial reporting is the responsibility of the City Auditor and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The financial statements have been adjusted accordingly.

To help ensure the financial statements and notes to the financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and notes by the City Auditor and City Council, to identify and correct errors and omissions.

Official's Response: The client has elected not to respond to this finding.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 (Continued)**

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

Finding Number 2012-003

Noncompliance - Finding for Recovery - City of Uhrichsville Ordinance 16-12, "An Emergency Ordinance Placing the Fire Chief on Salary"

City of Uhrichsville Emergency Ordinance 16-12, "An Emergency Ordinance Placing the Fire Chief on Salary", provides in Section I that based upon the specific findings in the preamble to this ordinance, the fire chief is retained on the same yearly salary of \$44,714.69 that he was paid in 2011. When the chief is required due to the requirements of the department to work in excess of the scheduled fire department hours of 53 hours per week, he will receive overtime pay. As a salaried employee in the fire department with substantial executive and managerial duties as denoted in the preamble to this ordinance, he is not entitled to any overtime pay for any executive and managerial work in excess of the 53 hours per week. For work that is not considered executive or managerial, he is limited in total compensation including all overtime and his yearly salary to a total not to exceed \$56,000 per year.

Additionally, Mill and Union Townships contract with the City of Uhrichsville for fire protection. The Mill and Union Township's 2012 "Contracts for Fire Protection" with the City of Uhrichsville state that, "The Township will reimburse the City for actual hours of call-in pay for services rendered within the Township by off duty regular City Firemen. Call-in pay includes overtime, premium, and pension contributions". The compensation outlined in the City of Uhrichsville contracts with the Townships regarding off duty pay is separate and distinct compensation from the compensation approved for the Fire Chief in Ordinance 16-12.

During 2012, Fire Chief Arthur Tripp was compensated \$1,236 for fire protection services provided to Mill and Union Townships. This township compensation was included as part of Fire Chief Arthur Tripp's total 2012 annual compensation of \$60,322 but because it was approved as pay that was in addition to his \$56,000 maximum annual compensation under Ordinance 16-12, the township compensation of \$1,236 should be excluded from his reported annual 2012 City of Uhrichsville compensation.

Fire Chief Arthur Tripp's actual 2012 City of Uhrichsville's compensation, exclusive of compensation for township fire protection was \$59,086. Fire Chief Arthur Tripp should have been compensated a maximum of \$56,000 for services directly related to the City of Uhrichsville. As a result, Fire Chief Arthur Tripp was overcompensated \$3,086.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Fire Chief Arthur Tripp and his bonding company, the Ohio Farmers Insurance Company, in the amount of \$3,086 in favor of the City of Uhrichsville's General Fund.

The City needs to adhere to City of Uhrichsville Emergency Ordinance 16-12, "An Emergency Ordinance Placing the Fire Chief on Salary" to ensure the Fire Chief is compensated correctly. This will help ensure the Fire Chief is not overcompensated.

Official's Response: The Ordinance 16-12 is already in committee to be changed.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 (Continued)**

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

Finding Number 2012-004

Noncompliance

Ohio Rev. Code § 5705.10 (C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

Ohio Rev. Code § 5735.28 states wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations.

Ohio Rev. Code § 4504.06 states the legislative authority of any municipal corporation may by proper legislation levy an annual license tax for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; for planning, constructing, improving, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the municipal corporation's portion of the costs and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; purchasing, erecting, and maintaining street and traffic signs and markers; purchasing, erecting and maintaining traffic lights and signals; and to supplement revenue already available for such purposes.

During 2012, the City recorded permissive motor vehicle license tax monies and state highway motor vehicle license tax monies in the Street Fund. Although these monies may be used for the maintenance of streets, the City should have established special funds to record these monies in order to properly account for the activity related to these intergovernmental receipts.

The City should establish a Permissive Motor Vehicle License Fund and State Highway Fund in order to comply with Ohio Rev. Code § 5705.10(C). This will help the City to properly account for the receipts and expenditures associated with these monies.

Official's Response: ODOT District 11 is looking into this. I do not believe that St. Rt 250 is even considered a part of the City Of Uhrichsville.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 (Continued)**

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

Finding Number 2012-005

Noncompliance

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated. City Council passed appropriation measures; however, some funds' appropriations were not sufficient to cover expenditures. The following funds had expenditures which exceeded appropriations in 2012:

Fund	Appropriations	Expenditures	Variance
Street Fund	\$245,650	\$262,209	(\$16,559)
Water Park Fund	\$269,300	\$409,357	(\$140,057)

The failure to limit expenditures to the amount appropriated by the City Council in each fund could result in overspending and negative cash balances. Additionally, appropriations posted in the City's computer system for the Water Park Fund exceeded appropriations adopted by City Council. Budgetary figures posted to the computer system should reflect the actual amounts approved by City Council.

The City Auditor should not certify and should deny payment requests that exceed appropriations. The City Auditor should verify the amount of City Council approved appropriations be posted to the computer system to help make the proper determination of certification and payment of City expenditures.

Official's Response: This is the result of the Council in 2012 not passing the appropriation ordinance at the end of the year to bring all line items in balance. The ordinance was presented but never passed.

Finding Number 2012-006

Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Treasurer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 (Continued)**

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

Finding Number 2012-006 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2012, the City did not certify or record the amount against the applicable appropriation accounts for 83% of expenditures tested. The transactions had no evidence of the above mentioned exceptions. Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that the purchase commitments receive prior approval. Also, City council has not established a specified maximum amount for blanket purchase orders.

To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, the City Auditor should certify that the funds are or will be available prior to obligation by the City. The City Auditor should certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires for authorization of disbursements. The City Auditor should sign the certification prior to the City incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The City Auditor should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. City Council should establish by resolution, a maximum amount of any blanket purchase orders to be used.

Official's Response: I used then and now certificates and also blanket purchase orders. I do not know why 83% of expenditures did not have a purchase order.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	City management had not prepared a formal plan to reduce cost in line with declining revenues.	Yes	
2011-002	Internal control weaknesses in payroll cycle.	Yes	
2011-003	Ohio Rev. Code § 5705.41 (D) – Expenditures lacked proper certification.	No	Repeated as Finding 2012-006

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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
NOVEMBER 6, 2014**