



Rea & associates a *brighter way*

City of Uhrichsville Tuscarawas County, Ohio

Audited Financial Statements

For the Year Ended
December 31, 2019



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

We have reviewed the *Independent Auditor's Report* of the City of Uhrichsville, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 20, 2020

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City of Uhrichsville
Tuscarawas County, Ohio
December 31, 2019
Table of Contents

	<i>Page</i>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Street Fund	22
Statement of Fund Net Position – Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	24
Statement of Cash Flows – Proprietary Fund	25
Statement of Fiduciary Net Position – Custodial Fund	26
Statement of Changes in Fiduciary Net Position – Custodial Fund	27
Notes to the Basic Financial Statements	28

City of Uhrichsville
Tuscarawas County, Ohio
December 31, 2019
Table of Contents (Continued)

	<i>Page</i>
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability	78
Schedule of the City’s Contributions - Pension	80
Schedule of the City’s Proportionate Share of the Net OPEB Liability	83
Schedule of the City’s Contributions - OPEB	84
Notes to the Required Supplementary Information	86
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	87
Schedule of Findings & Responses	89
Summary Schedule of Prior Audit Findings.....	90

June 22, 2020

To the Members of Council,
City of Uhrichsville
Tuscarawas County, Ohio
305 E. Second Street, P.O. Box 288
Uhrichsville, OH 44683

Independent Auditor's Report

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, 2019, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio, as of December 31, 2019, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 3 to the financial statements, the City restated the beginning fiduciary net position balance to account for the implementation of GASB Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

In addition, as described in Note 23 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. As a direct result of COVID-19, the City has announced its water park will remained closed for the 2020 season. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedules of the City's Proportionate Share of the Net Pension Liability, Schedule of the City's Contributions - Pension, Schedule of the City's Proportionate Share of the Net OPEB Liability, and Schedule of the City's Contributions - OPEB* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

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City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(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, 2019. 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 2019 are as follows:

- In total, net position increased \$2,567,797 which represents a 50 percent increase from 2018. Net position of governmental activities increased \$2,287,530. Net position of business-type activities increased \$280,267.
- Total capital assets increased \$1,009,106 during 2019. Capital assets of governmental activities increased \$1,096,726 and capital assets of business-type activities decreased \$87,620
- Outstanding debt decreased from \$5,285,785 to \$5,066,548.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City 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 2019 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 non-major 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 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* 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, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(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 development, leisure time services 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-type 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, the street fund, the storm sewer assessment fund, the capital improvement fund, and the fire truck levy 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.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(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 2019 compared to 2018:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2019	2018	Change	2019	2018	Change
Assets						
Current and Other Assets	\$ 3,851,388	\$ 3,706,156	\$ 145,232	\$ 495,240	\$ 328,119	\$ 167,121
Capital Assets	9,134,437	8,037,711	1,096,726	3,286,457	3,374,077	(87,620)
<i>Total Assets</i>	12,985,825	11,743,867	1,241,958	3,781,697	3,702,196	79,501
Deferred Outflows of Resources						
Pension & OPEB	1,431,402	637,202	794,200	0	0	0
<i>Total Deferred Outflows of Resources</i>	1,431,402	637,202	794,200	0	0	0
Liabilities						
Current and Other Liabilities	260,147	100,449	159,698	49,830	52,367	(2,537)
Long-Term Liabilities:						
Due within One Year	251,749	219,127	32,622	3,276,222	3,474,451	(198,229)
Due in More Than One Year:						
Net Pension Liability	3,645,732	2,449,022	1,196,710	0	0	0
Net OPEB Liability	711,730	2,175,411	(1,463,681)	0	0	0
Other Amounts	1,672,145	1,708,112	(35,967)	0	0	0
<i>Total Liabilities</i>	6,541,503	6,652,121	(110,618)	3,326,052	3,526,818	(200,766)
Deferred Inflows of Resources						
Property Taxes	521,549	531,756	(10,207)	0	0	0
Pension & OPEB	142,761	273,308	(130,547)	0	0	0
<i>Total Deferred Inflows of Resources</i>	664,310	805,064	(140,754)	0	0	0
Net Position						
Net Investment in Capital Assets	7,412,672	6,470,366	942,306	10,235	(100,374)	110,609
Restricted	1,819,579	1,723,688	95,891	0	0	0
Unrestricted	(2,020,837)	(3,270,170)	1,249,333	445,410	275,752	169,658
<i>Total Net Position</i>	\$ 7,211,414	\$ 4,923,884	\$ 2,287,530	\$ 455,645	\$ 175,378	\$ 280,267

Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability (NOL), pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are the largest liability reported by the City at December 31, 2019. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 74 percent of total assets. Capital assets include land, buildings and improvements, equipment and machinery, vehicles and infrastructure. Net investment in capital assets was \$7,422,907 at December 31, 2019, with \$7,412,672 in governmental activities and \$10,235 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. For further analysis refer to Table 3.

For governmental activities, the change reflected in NPL, NOL, and deferred outflows/inflows of resources relating to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

The City issued a Recreational Facilities Improvement Note to refund the improvement note previously used to finance the water park construction.

A portion of the City's net position, \$1,819,579 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit of \$1,575,427.

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City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2019 and 2018.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2019	2018	Change	2019	2018	Change
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 298,639	\$ 198,290	\$ 100,349	\$ 402,027	\$ 400,147	\$ 1,880
Operating Grants	432,612	778,306	(345,694)	0	0	0
Capital Grants	1,005,787	48	1,005,739	0	0	0
<i>General Revenues:</i>						
Property Taxes	539,373	538,638	735	0	0	0
Income Taxes	1,944,067	2,056,995	(112,928)	0	0	0
Grants and Entitlements	220,470	190,008	30,462	0	0	0
Proceeds from Sale of Capital Assets	83,980	0	83,980	0	0	0
Miscellaneous	58,516	61,998	(3,482)	5,653	5,497	156
Investment Earnings	14,113	6,221	7,892	0	0	0
Total Revenues	4,597,557	3,830,504	767,053	407,680	405,644	2,036
Program Expenses						
General Government	775,809	910,553	(134,744)	0	0	0
Security of Persons and Property	282,678	2,332,991	(2,050,313)	0	0	0
Public Health	90,871	88,033	2,838	0	0	0
Leisure Time Services	37,312	22,676	14,636	0	0	0
Community Development	23,080	21,481	1,599	0	0	0
Transportation	764,415	804,846	(40,431)	0	0	0
Interest and Fiscal Charges	35,862	38,240	(2,378)	0	0	0
<i>Enterprise Operations:</i>						
Water Park	0	0	0	427,413	434,514	(7,101)
Total Program Expenses	2,010,027	4,218,820	(2,208,793)	427,413	434,514	(7,101)
Increase (Decrease) in Net Position	2,587,530	(388,316)	2,975,846	(19,733)	(28,870)	9,137
Transfers	(300,000)	(130,000)	(170,000)	300,000	130,000	170,000
Change in Net Position	2,287,530	(518,316)	2,805,846	280,267	101,130	179,137
<i>Net Position Beginning of Year</i>	<i>4,923,884</i>	<i>5,442,200</i>	<i>(518,316)</i>	<i>175,378</i>	<i>74,248</i>	<i>101,130</i>
<i>Net Position End of Year</i>	\$ 7,211,414	\$ 4,923,884	\$ 2,287,530	\$ 455,645	\$ 175,378	\$ 280,267

The City's overall net position increased \$2,567,797 from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

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, operating/capital grants and charges for services.

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 fully funded. The City monitors its sources of revenues very closely for fluctuations.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The City's income tax is at a rate of 2 percent, increasing from 1.75 percent during 2017 due to an additional voter approved 0.25 percent benefiting the street fund. 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 2 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.

Operating grants decreased primarily due to the Assistant to Firefighters Grant (AFG) which was received in 2018.

Capital grants increased primarily due to capital contributions received from the Ohio Department of Transportation (ODOT) for the Eastport Avenue Phase II project, which is an ODOT let project.

Security of persons and property expenditures decreased primarily due to changes in the net pension/OPEB liability previously discussed.

Business-Type Activities

Business-type activities are limited to the water park operations. The revenues are generated primarily from charges for services. In 2019 charges for services accounted for 99 percent of the business type revenues. The total expenses for the water park had no significant change. Net Position increased due to a transfer in.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund's net change in fund balance for 2019 was a decrease of \$88,822. This is due to the City's expenditures outpacing revenues.

The streets fund's net change in fund balance for 2019 was an increase of \$130,275 primarily due to increases in income tax and intergovernmental revenues coupled with a reduction in transportation expenditures.

The storm sewer assessment fund's change in fund balance for 2019 was a decrease of \$3,787.

The capital improvement fund's net change in fund balance for 2019 was a decrease of \$199,714 primarily due to timing differences between revenues and projects, including debt payments on the related capital projects and transfers to the water fund.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The fire truck levy fund's net change in fund balance for 2019 was an increase of 52,359 primarily due to the sale of a rescue truck.

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 position of the water park fund at the end of the year amounted to \$445,410. The total increase in net position for this fund was \$280,267. Activity in this fund can fluctuate from year to year due to various factors, including the weather and transfers in for debt payments.

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.

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits such as pensions and other postemployment benefits. Generally, the movement of the appropriations between departments was not significant.

Final Budget Compared to Actual Results The most significant differences between estimated revenues and actual revenues were as follows:

The City saw an unexpected increase in income taxes due to a continued market growth.

A review of actual expenditures compared to the appropriations in the final budget yields variances primarily in general government and security of persons and property expenditures as cost savings were realized throughout the year.

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City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

Table 3 shows fiscal year 2019 balances compared with 2018.

Table 3
Capital Assets at December 31
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,151,026	\$ 1,151,026	\$ 0	\$ 0	\$ 1,151,026	\$ 1,151,026
Construction in Progress	991,564	0	0	0	991,564	0
Buildings and Improvements	572,463	419,065	3,282,228	3,368,908	3,854,691	3,787,973
Equipment and Machinery	266,665	300,750	4,229	5,169	270,894	305,919
Vehicles	1,301,322	1,152,644	0	0	1,301,322	1,152,644
Infrastructure	4,851,397	5,014,226	0	0	4,851,397	5,014,226
<i>Total</i>	<u>\$ 9,134,437</u>	<u>\$ 8,037,711</u>	<u>\$ 3,286,457</u>	<u>\$ 3,374,077</u>	<u>\$ 12,420,894</u>	<u>\$ 11,411,788</u>

The \$1,096,726 increase in capital assets of governmental activities was primarily attributable to additions to construction in progress for capital contributions associated with the Eastport Avenue Phase II project. The \$87,620 decrease in capital assets of business-type activities is due to current year depreciation. See Note 9 for additional information about the capital assets of the City.

Debt

Table 4 summarizes outstanding debt. See Note 10 and 11 for additional details.

Table 4
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
OWDA Loans	\$ 862,090	\$ 919,660	\$ 0	\$ 0	\$ 862,090	\$ 919,660
OPWC Loans	319,165	345,214	0	0	319,165	345,214
EMS Loan	114,467	0	0	0	114,467	0
Police and Fire Pension	215,679	225,382	0	0	215,679	225,382
Lease Purchases	196,616	290,667	0	0	196,616	290,667
Notes Payable	0	0	3,255,000	3,455,000	3,255,000	3,455,000
Unamortized Premium on Note	0	0	21,222	19,451	21,222	19,451
Capital Leases	82,309	30,411	0	0	82,309	30,411
<i>Total</i>	<u>\$ 1,790,326</u>	<u>\$ 1,811,334</u>	<u>\$ 3,276,222</u>	<u>\$ 3,474,451</u>	<u>\$ 5,066,548</u>	<u>\$ 5,285,785</u>

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Economic Factors

During 2019, the city continued to monitor monies closely.

- Refinanced the water park debt through the State of Ohio's OMAP program.
- Continued paving roads with the additional monies from the income tax for the Street Fund.
- Began the Eastport Avenue Phase 2 storm sewer project
- Purchased a new EMS vehicle
- Replaced deteriorating roofs on the service garage and city building
- Due to the COVID-19 pandemic, the City decided its water park will remain closed for the 2020 season.

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 Julie Pearch, 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,697,432	\$ 495,240	\$ 2,192,672
Cash and Cash Equivalents in Segregated Accounts	183,080	0	183,080
Accounts Receivable	10,768	0	10,768
Intergovernmental Receivable	441,160	0	441,160
Property Taxes Receivable	582,821	0	582,821
Income Taxes Receivable	781,062	0	781,062
Special Assessments Receivable	57,930	0	57,930
Prepaid Items	56,093	0	56,093
Materials and Supplies Inventory	41,042	0	41,042
Non-Depreciable Capital Assets	2,142,590	0	2,142,590
Depreciable Capital Assets, Net	6,991,847	3,286,457	10,278,304
<i>Total Assets</i>	<u>12,985,825</u>	<u>3,781,697</u>	<u>16,767,522</u>
Deferred Outflows of Resources			
Pension	1,096,893	0	1,096,893
OPEB	334,509	0	334,509
<i>Total Deferred Outflows of Resources</i>	<u>1,431,402</u>	<u>0</u>	<u>1,431,402</u>
Liabilities			
Accounts Payable	32,213	0	32,213
Accrued Wages	44,971	0	44,971
Contracts Payable	147,118	0	147,118
Intergovernmental Payable	35,845	1,140	36,985
Accrued Interest Payable	0	48,690	48,690
Long-Term Liabilities:			
Due Within One Year	251,749	3,276,222	3,527,971
Due In More Than One Year:			
Net Pension Liability	3,645,732	0	3,645,732
Net OPEB Liability	711,730	0	711,730
Other Amounts Due in More Than One Year	1,672,145	0	1,672,145
<i>Total Liabilities</i>	<u>6,541,503</u>	<u>3,326,052</u>	<u>9,867,555</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	521,549	0	521,549
Pension	40,904	0	40,904
OPEB	101,857	0	101,857
<i>Total Deferred Inflows of Resources</i>	<u>664,310</u>	<u>0</u>	<u>664,310</u>
Net Position			
Net Investment in Capital Assets	7,412,672	10,235	7,422,907
Restricted for:			
Capital Outlay	1,013,929	0	1,013,929
Other Purposes	805,650	0	805,650
Unrestricted	(2,020,837)	445,410	(1,575,427)
<i>Total Net Position</i>	<u>\$ 7,211,414</u>	<u>\$ 455,645</u>	<u>\$ 7,667,059</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	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	\$ 775,809	\$ 29,157	\$ 0	\$ 0	\$ (746,652)	\$ 0	\$ (746,652)
Security of Persons and Property	282,678	83,193	58,617	14,223	(126,645)	0	(126,645)
Public Health	90,871	186,289	10,419	147,118	252,955	0	252,955
Leisure Time Services	37,312	0	6,111	0	(31,201)	0	(31,201)
Community Development	23,080	0	16,025	0	(7,055)	0	(7,055)
Transportation	764,415	0	341,440	844,446	421,471	0	421,471
Interest and Fiscal Charges	35,862	0	0	0	(35,862)	0	(35,862)
<i>Total Governmental Activities</i>	<u>2,010,027</u>	<u>298,639</u>	<u>432,612</u>	<u>1,005,787</u>	<u>(272,989)</u>	<u>0</u>	<u>(272,989)</u>
Business-Type Activities							
Water Park	427,413	402,027	0	0	0	(25,386)	(25,386)
<i>Total Primary Government</i>	<u>\$ 2,437,440</u>	<u>\$ 700,666</u>	<u>\$ 432,612</u>	<u>\$ 1,005,787</u>	<u>(272,989)</u>	<u>(25,386)</u>	<u>(298,375)</u>
General Revenues:							
Property Taxes Levied for:							
				270,117	0	270,117	
				96,706	0	96,706	
				24,177	0	24,177	
				117,459	0	117,459	
				30,914	0	30,914	
Income Taxes Levied for:							
				1,336,546	0	1,336,546	
				354,383	0	354,383	
				253,138	0	253,138	
				220,470	0	220,470	
				83,980	0	83,980	
				58,516	5,653	64,169	
				14,113	0	14,113	
<i>Total General Revenues</i>				<u>2,860,519</u>	<u>5,653</u>	<u>2,866,172</u>	
Transfers				(300,000)	300,000	0	
<i>Change in Net Position</i>				2,287,530	280,267	2,567,797	
<i>Net Position Beginning of Year</i>				4,923,884	175,378	5,099,262	
<i>Net Position End of Year</i>				<u>\$ 7,211,414</u>	<u>\$ 455,645</u>	<u>\$ 7,667,059</u>	

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Street Fund	Storm Sewer Assesment Fund	Capital Improvement Fund	Fire Truck Levy Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 480,792	\$ 223,764	\$ 130,011	\$ 245,818	\$ 295,090	\$ 321,957	\$ 1,697,432
Cash and Cash Equivalents in Segregated Accounts	0	0	126,619	0	0	56,461	183,080
Accounts Receivable	10,768	0	0	0	0	0	10,768
Intergovernmental Receivable	100,648	149,528	147,118	0	7,147	36,719	441,160
Property Taxes Receivable	292,257	0	0	0	105,086	185,478	582,821
Income Taxes Receivable	536,980	97,633	0	146,449	0	0	781,062
Special Assessments Receivable	0	0	57,930	0	0	0	57,930
Prepaid Items	56,093	0	0	0	0	0	56,093
Materials and Supplies Inventory	14,712	26,330	0	0	0	0	41,042
<i>Total Assets</i>	<u>\$ 1,492,250</u>	<u>\$ 497,255</u>	<u>\$ 461,678</u>	<u>\$ 392,267</u>	<u>\$ 407,323</u>	<u>\$ 600,615</u>	<u>\$ 3,851,388</u>
Liabilities							
Accounts Payable	\$ 22,316	\$ 2,365	\$ 0	\$ 6,085	\$ 0	\$ 1,447	\$ 32,213
Accrued Wages	38,667	6,304	0	0	0	0	44,971
Contracts Payable	0	0	147,118	0	0	0	147,118
Intergovernmental Payable	32,706	3,139	0	0	0	0	35,845
<i>Total Liabilities</i>	<u>93,689</u>	<u>11,808</u>	<u>147,118</u>	<u>6,085</u>	<u>0</u>	<u>1,447</u>	<u>260,147</u>
Deferred Inflows of Resources							
Property Taxes Levied for the Next Year	260,891	0	0	0	94,136	166,522	521,549
Unavailable Revenue	440,931	160,364	57,930	91,946	18,097	48,245	817,513
<i>Total Deferred Inflows of Resources</i>	<u>701,822</u>	<u>160,364</u>	<u>57,930</u>	<u>91,946</u>	<u>112,233</u>	<u>214,767</u>	<u>1,339,062</u>
Fund Balances							
Nonspendable	70,805	26,330	0	0	0	0	97,135
Restricted	0	298,753	256,630	294,236	295,090	334,510	1,479,219
Committed	0	0	0	0	0	49,891	49,891
Assigned	335,981	0	0	0	0	0	335,981
Unassigned	289,953	0	0	0	0	0	289,953
<i>Total Fund Balances</i>	<u>696,739</u>	<u>325,083</u>	<u>256,630</u>	<u>294,236</u>	<u>295,090</u>	<u>384,401</u>	<u>2,252,179</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 1,492,250</u>	<u>\$ 497,255</u>	<u>\$ 461,678</u>	<u>\$ 392,267</u>	<u>\$ 407,323</u>	<u>\$ 600,615</u>	<u>\$ 3,851,388</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, 2019

Total Governmental Fund Balances		\$ 2,252,179
<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.		9,134,437
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 61,272	
Income Tax	490,377	
Intergovernmental	207,934	
Special Assessments	57,930	817,513
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	1,096,893	
Deferred Outflows - OPEB	334,509	
Net Pension Liability	(3,645,732)	
Net OPEB Liability	(711,730)	
Deferred Inflows - Pension	(40,904)	
Deferred Inflows - OPEB	(101,857)	(3,068,821)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
OPWC Loans	(319,165)	
OWDA Loans	(862,090)	
EMS Loan	(114,467)	
Fire Truck Lease Purchase	(156,575)	
Dump Truck Lease Purchase	(40,041)	
Police and Fire Pension	(215,679)	
Capital Leases	(82,309)	
Compensated Absences	(133,568)	(1,923,894)
<i>Net Position of Governmental Activities</i>		\$ 7,211,414

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, 2019

	General Fund	Street Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	Fire Truck Levy Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 265,762	\$ 0	\$ 0	\$ 0	\$ 95,941	\$ 170,679	\$ 532,382
Income Taxes	1,383,109	261,605	0	367,082	0	0	2,011,796
Special Assessments	0	0	136,248	0	0	0	136,248
Charges for Services	28,479	0	0	0	0	52,755	81,234
Licenses and Permits	19,224	0	0	0	0	0	19,224
Fines and Forfeitures	9,883	0	0	0	0	1,959	11,842
Intergovernmental	206,991	262,993	147,118	0	14,130	103,855	735,087
Interest	14,113	0	0	0	0	0	14,113
Rent	50	0	0	0	0	0	50
Contributions and Donations	0	0	0	0	0	35,851	35,851
Other	25,861	0	0	24,886	0	7,769	58,516
<i>Total Revenues</i>	<u>1,953,472</u>	<u>524,598</u>	<u>283,366</u>	<u>391,968</u>	<u>110,071</u>	<u>372,868</u>	<u>3,636,343</u>
Expenditures							
Current:							
General Government	671,932	0	618	0	0	0	672,550
Security of Persons and Property	1,243,299	0	0	0	44,237	225,109	1,512,645
Public Health	1,760	0	0	0	0	7,203	8,963
Leisure Time Services	0	0	0	22,940	0	13,104	36,044
Community Development	0	0	0	0	0	23,080	23,080
Transportation	94,598	394,323	0	12,098	0	57,310	558,329
Capital Outlay	1,525	34,879	166,942	271,076	0	114,467	588,889
Debt Service:							
Principal Retirement	9,704	0	106,750	34,496	74,840	0	225,790
Interest and Fiscal Charges	9,476	0	16,764	2,587	7,035	0	35,862
<i>Total Expenditures</i>	<u>2,032,294</u>	<u>429,202</u>	<u>291,074</u>	<u>343,197</u>	<u>126,112</u>	<u>440,273</u>	<u>3,662,152</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(78,822)</u>	<u>95,396</u>	<u>(7,708)</u>	<u>48,771</u>	<u>(16,041)</u>	<u>(67,405)</u>	<u>(25,809)</u>
Other Financing Sources (Uses)							
Inception of Capital Lease	0	34,879	0	51,515	0	0	86,394
Proceeds from Sale of Capital Assets	0	0	0	0	68,400	15,580	83,980
Issuance of OWDA Loans	0	0	3,921	0	0	0	3,921
Proceeds from Loans	0	0	0	0	0	114,467	114,467
Transfers In	0	0	0	0	0	10,000	10,000
Transfers Out	(10,000)	0	0	(300,000)	0	0	(310,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>	<u>34,879</u>	<u>3,921</u>	<u>(248,485)</u>	<u>68,400</u>	<u>140,047</u>	<u>(11,238)</u>
<i>Net Change in Fund Balance</i>	<u>(88,822)</u>	<u>130,275</u>	<u>(3,787)</u>	<u>(199,714)</u>	<u>52,359</u>	<u>72,642</u>	<u>(37,047)</u>
<i>Fund Balance Beginning of Year</i>	<u>785,561</u>	<u>194,808</u>	<u>260,417</u>	<u>493,950</u>	<u>242,731</u>	<u>311,759</u>	<u>2,289,226</u>
<i>Fund Balance End of Year</i>	<u>\$ 696,739</u>	<u>\$ 325,083</u>	<u>\$ 256,630</u>	<u>\$ 294,236</u>	<u>\$ 295,090</u>	<u>\$ 384,401</u>	<u>\$ 2,252,179</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, 2019*

Net Change in Fund Balances - Total Governmental Funds	\$	(37,047)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital Asset Additions	\$ 1,421,817	
Current Year Depreciation	<u>(325,091)</u>	1,096,726
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	6,991	
Income Tax	(67,729)	
Intergovernmental	43,485	
Special Assessments	<u>50,041</u>	32,788
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loans	26,049	
OWDA Loans	61,491	
Fire Truck	74,840	
Dump Truck	19,211	
Police and Fire Pension	9,703	
Capital Lease	<u>34,496</u>	225,790
 Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
EMS Loan	(114,467)	
OWDA Loans	<u>(3,921)</u>	(118,388)
 Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(86,394)
 Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	238,054	
OPEB	<u>4,318</u>	242,372
 Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(570,709)	
OPEB	<u>1,520,055</u>	949,346
 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.		
Compensated Absences		<u>(17,663)</u>
 <i>Change in Net Position of Governmental Activities</i>	 \$	 <u>2,287,530</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
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 298,500	\$ 298,500	\$ 265,762	\$ (32,738)
Income Taxes	1,150,000	1,150,000	1,384,197	234,197
Charges for Services	40,000	40,000	17,711	(22,289)
Licenses and Permits	19,000	19,000	23,975	4,975
Fines and Forfeitures	13,800	13,800	9,883	(3,917)
Intergovernmental	174,399	174,399	201,996	27,597
Interest	4,000	4,000	14,113	10,113
Rent	10,100	10,100	50	(10,050)
Other	13,785	13,785	25,861	12,076
<i>Total Revenues</i>	<u>1,723,584</u>	<u>1,723,584</u>	<u>1,943,548</u>	<u>219,964</u>
Expenditures				
Current:				
General Government	714,848	761,848	684,070	77,778
Security of Persons and Property	1,338,000	1,364,000	1,229,550	134,450
Public Health	2,000	2,000	1,760	240
Transportation	79,000	109,000	95,938	13,062
Capital Outlay	0	2,000	1,525	475
Debt Service:				
Principal Retirement	10,524	10,524	9,704	820
Interest and Fiscal Charges	9,476	9,476	9,476	0
<i>Total Expenditures</i>	<u>2,153,848</u>	<u>2,258,848</u>	<u>2,032,023</u>	<u>226,825</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(430,264)</u>	<u>(535,264)</u>	<u>(88,475)</u>	<u>446,789</u>
Other Financing Sources (Uses)				
Transfers Out	0	(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(430,264)	(545,264)	(98,475)	446,789
<i>Fund Balance Beginning of Year</i>	<u>579,267</u>	<u>579,267</u>	<u>579,267</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 149,003</u>	<u>\$ 34,003</u>	<u>\$ 480,792</u>	<u>\$ 446,789</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
Street Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Income Taxes	\$ 144,000	\$ 144,000	\$ 261,802	\$ 117,802
Intergovernmental	170,000	170,000	245,730	75,730
Other	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	<u>315,000</u>	<u>315,000</u>	<u>507,532</u>	<u>192,532</u>
Expenditures				
Current:				
Transportation	414,000	414,000	401,881	12,119
<i>Total Expenditures</i>	<u>414,000</u>	<u>414,000</u>	<u>401,881</u>	<u>12,119</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(99,000)</u>	<u>(99,000)</u>	<u>105,651</u>	<u>204,651</u>
<i>Net Change in Fund Balance</i>	(99,000)	(99,000)	105,651	204,651
<i>Fund Balance Beginning of Year</i>	<u>118,113</u>	<u>118,113</u>	<u>118,113</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 19,113</u>	<u>\$ 19,113</u>	<u>\$ 223,764</u>	<u>\$ 204,651</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2019

	Water Park
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 495,240
<i>Non-Current Assets:</i>	
Depreciable Capital Assets, Net	3,286,457
<i>Total Assets</i>	3,781,697
Liabilities	
<i>Current Liabilities:</i>	
Intergovernmental Payable	1,140
Accrued Interest Payable	48,690
Notes Payable	3,276,222
<i>Total Liabilities</i>	3,326,052
Net Position	
Net Investment in Capital Assets	10,235
Unrestricted	445,410
<i>Total Net Position</i>	\$ 455,645

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, 2019

	Water Park
Operating Revenues	
Charges for Services	\$ 395,777
Rent	6,250
Other	5,653
<i>Total Operating Revenues</i>	407,680
Operating Expenses	
Personal Services	123,125
Fringe Benefits	2,383
Contractual Services	83,076
Materials and Supplies	47,259
Depreciation	87,620
<i>Total Operating Expenses</i>	343,463
<i>Operating Income</i>	64,217
Non-Operating Revenues (Expense)	
Interest and Fiscal Charges	(83,950)
<i>Income (Loss) Before Transfers</i>	(19,733)
Transfers In	300,000
<i>Change in Net Position</i>	280,267
<i>Net Position Beginning of Year</i>	175,378
<i>Net Position End of Year</i>	\$ 455,645

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, 2019

	Water Park
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 395,777
Cash Received from Rent	6,250
Cash Received from Other Operating Receipts	5,653
Cash Payments to Suppliers for Goods and Services	(47,259)
Cash Payments to Employees for Services and Benefits	(124,910)
Cash Payments for Contractual Services	(83,076)
<i>Net Cash Provided by (Used for) Operating Activities</i>	152,435
Cash Flows from Capital and Related Financing Activities	
Issuance of Note	3,255,000
Transfers In for Capital Debt Retirement	300,000
Premium on Debt Issuance	42,445
Principal Payments on Debt	(3,455,000)
Interest Payments on Debt	(127,759)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	14,686
<i>Net Increase (Decrease) in Cash and Investments</i>	167,121
<i>Cash and Investments Beginning of Year</i>	328,119
<i>Cash and Investments End of Year</i>	\$ 495,240
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ 64,217
Adjustments:	
Depreciation	87,620
Increase (Decrease) in Liabilities and Deferred Inflows:	
Intergovernmental Payable	598
<i>Net Cash Provided by (Used For) Operating Activities</i>	\$ 152,435

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2019

	Custodial Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,072
Net Position	
Restricted for Individuals, Organizations and Other Governments	1,072
<i>Total Net Position</i>	\$ 1,072

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2019

	Custodial Fund
Additions	
Amounts Received as Fiscal Agent	\$ 0
Deductions	
Distributions as Fiscal Agent	0
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year - Restated See Note 2</i>	1,072
<i>Net Position End of Year</i>	\$ 1,072

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 5,401. The City was incorporated as a Village on August 13, 1866, and began operating as a City on February 21, 1921. The City is a home rule municipal corporation regulated by Article XVIII of the Ohio Constitution and by Title 7 of the Ohio Revised Code. The City operates as a statutory city with the decision making process being directed by an elected eight member City Council and Mayor.

Reporting Entity

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

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

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council and a Joint Economic Development District, 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, 2019

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 more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government except fiduciary funds. 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.

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. There are three categories of funds utilized by the City: governmental, proprietary and fiduciary.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 deferred outflows of resources and liabilities and deferred inflows of resources 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.

Street Fund The street fund is used to account for grants and income taxes used to maintain and improve roadways within the city.

Storm Sewer Assessment Fund The storm sewer assessment fund is used to account for grants and special assessments used to construct, improve, and maintain sewers within the city.

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

Fire Truck Levy Fund The fire truck levy fund is used to account for financial resources to be used for the purchase of fire equipment and vehicles.

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.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Custodial funds are used to account for assets held by the City as fiscal agent for the Joint Economic Development District (JEDD), which is used to account for monies held for individuals and organizations for income taxes.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 deferred outflows of resources and all liabilities and deferred inflows of resources 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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 deferred outflows and resources and all liabilities and deferred inflows of resources 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 enterprise activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

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. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, special assessments, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15).

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 Cash Equivalents

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

Investments are reported at fair value, with the exception of nonparticipating investment contracts, such as certificates of deposit and repurchase agreements, which are reported at cost. During 2019, investments were limited to non-negotiable certificates of deposit.

Under existing Ohio statutes, the City has, by resolution, identified the general fund to receive an allocation of interest. Interest revenue credited to the general fund during 2019 amounted to \$14,113, which includes \$10,344 assigned from other City funds.

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 cash equivalents.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

The City has segregated bank accounts for monies held separate from the City’s central bank account. These interest bearing depository accounts are presented on the statement of net position and the balance sheet as “cash and cash equivalents in segregated accounts” since they are not required to be deposited into the City’s treasury.

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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. 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.

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 employees with more than one year of service in the police department and street department when approved.

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 five years of service.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

J. Pension/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. 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.

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

L. 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:

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

M. 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

N. 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.

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.

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 2019.

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, except custodial, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund, function, and object level. Any budgetary modifications at this level may only be made by resolution of City Council.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 – Implementation of New Accounting Principles and Restatement of Net Position

For the year ended December 31, 2019, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the year ended December 31, 2019, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB Statement No. 90, *Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61*.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the City's financial statements (see below).

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

Restatement of Net Position

The implementation of GASB 84 had the following effect on fiduciary net position as reported December 31, 2018:

	Fiduciary Funds	
	Agency	Custodial
Net Position, December 31, 2018	\$ 0	\$ 0
GASB Statement No. 84	(1,072)	1,072
Adjustments:		
Liabilities	1,072	0
Restated Net Position, December 31, 2018	\$ 0	\$ 1,072

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund 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).
3. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed, or assigned fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and street fund.

Net Change in Fund Balance

	General	Street
GAAP Basis	\$ (88,822)	\$ 130,275
Net Adjustment for Revenue Accruals	(9,924)	(51,945)
Net Adjustment for Expenditure Accruals	271	27,321
Budget Basis	\$ (98,475)	\$ 105,651

Note 5 – 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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;
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 (STAR Ohio); and
7. Bankers' acceptances and commercial paper for a period not to exceed one hundred eighty days and two hundred and seventy days, respectively, in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

Cash on Hand - At June 30, 2019 the City had \$165 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Segregated Cash - The CHIP grant fund and a portion of the storm sewer assessment fund are maintained separately from the City's deposits. The carrying amount of the deposits is reported as "Cash and Cash Equivalents in Segregated Accounts."

Deposits - At year-end, \$2,138,892 of the City's bank balance of \$2,388,892 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 – Receivables

Receivables at December 31, 2019, consisted primarily of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes, special assessments, 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 7 – Property Tax

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2019 for real and public utility property taxes represents collections of the 2018 taxes.

2019 real property taxes were levied after October 1, 2019 on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$13.10 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 54,547,510
Public Utilities - Real	55,240
Public Utilities - Personal	2,639,460
Total Assessed Value	\$ 57,242,210

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2019, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 8 – Income Tax

The City levies a municipal income tax of 2.0 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, which is an increase of 0.25 percent for the street fund effective July 1, 2017. 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 2.0 percent is comprised of 1 percent credited to the general fund, 0.75 percent equally distributed between the general fund and capital improvement fund, and 0.25 percent credited to the street fund. The 0.25 percent is voted income tax restricted for road paving, road construction, and road maintenance.

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City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 9 – Capital Assets

A summary of changes in capital assets during 2019 follows:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,151,026	\$ 0	\$ 0	\$ 1,151,026
Construction in Progress	<u>0</u>	<u>991,564</u>	<u>0</u>	<u>991,564</u>
<i>Total Capital Assets, Not Being Depreciated</i>	<u>1,151,026</u>	<u>991,564</u>	<u>0</u>	<u>2,142,590</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	626,676	168,996	0	795,672
Equipment and Machinery	796,775	10,850	0	807,625
Vehicles	2,072,594	250,407	(330,000)	1,993,001
Infrastructure:				
Storm Sewers	3,117,570	0	0	3,117,570
Roads	<u>3,395,588</u>	<u>0</u>	<u>0</u>	<u>3,395,588</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>10,009,203</u>	<u>430,253</u>	<u>(330,000)</u>	<u>10,109,456</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(207,611)	(15,598)	0	(223,209)
Equipment and Machinery	(496,025)	(44,935)	0	(540,960)
Vehicles	(919,950)	(101,729)	330,000	(691,679)
Infrastructure:				
Storm Sewers	(618,538)	(77,939)	0	(696,477)
Roads	<u>(880,394)</u>	<u>(84,890)</u>	<u>0</u>	<u>(965,284)</u>
<i>Total Accumulated Depreciation</i>	<u>(3,122,518)</u>	<u>(325,091)</u>	<u>330,000</u>	<u>(3,117,609)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>6,886,685</u>	<u>105,162</u>	<u>0</u>	<u>6,991,847</u>
<i>Total Governmental Activity Capital Assets, Net</i>	<u>\$ 8,037,711</u>	<u>\$ 1,096,726</u>	<u>\$ 0</u>	<u>\$ 9,134,437</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 16,580
Security of Persons and Property	100,616
Transportation	128,749
Public Health Services	77,939
Leisure Time Services	<u>1,207</u>
Total Depreciation Expense	<u><u>\$ 325,091</u></u>

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Business-Type Activities:				
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	\$4,276,981	\$ 0	\$ 0	\$4,276,981
Equipment and Machinery	38,961	0	0	38,961
<i>Total Capital Assets, Being Depreciated</i>	<u>4,315,942</u>	<u>0</u>	<u>0</u>	<u>4,315,942</u>
 <i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(908,073)	(86,680)	0	(994,753)
Equipment and Machinery	(33,792)	(940)	0	(34,732)
<i>Total Accumulated Depreciation</i>	<u>(941,865)</u>	<u>(87,620)</u>	<u>0</u>	<u>(1,029,485)</u>
 <i>Total Business-Type Capital Assets, Net</i>	 <u>\$3,374,077</u>	 <u>\$(87,620)</u>	 <u>\$ 0</u>	 <u>\$3,286,457</u>

Note 10 – Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 2019, were as follows:

	Balance 12/31/2018	Additions	(Reductions)	Balance 12/31/2019	Due in One Year
Governmental Activities:					
<i>Direct Borrowings:</i>					
Newport Area Storm Sewer OPWC Loan	\$ 184,592	\$ 0	\$ (14,767)	\$ 169,825	\$ 7,384
Newport Area Storm Sewer OWDA Loan	153,814	0	(16,417)	137,397	16,581
East 2nd Street Storm Sewer OPWC Loan	59,375	0	(4,750)	54,625	2,375
East 2nd Street Storm Sewer OWDA Loan	89,401	0	(7,372)	82,029	7,447
West Side Storm Sewer OWDA Loan	305,817	0	(20,455)	285,362	20,661
West Side Storm Sewer OPWC Loan	101,247	0	(6,532)	94,715	3,266
Eastport Avenue Storm Sewer OWDA Loan	251,461	0	(11,376)	240,085	11,643
Eastport Avenue Phase 2 OWDA Loan	119,167	3,921	(5,871)	117,217	0
EMS Loan	0	114,467	0	114,467	26,927
Fire Truck Lease Purchase	231,415	0	(74,840)	156,575	77,115
Dump Truck Lease Purchase	59,252	0	(19,211)	40,041	19,739
<i>Total Direct Borrowings</i>	<u>1,555,541</u>	<u>118,388</u>	<u>(181,591)</u>	<u>1,492,338</u>	<u>193,138</u>
 <i>Other Long-Term Obligations:</i>					
Police and Fire Pension	225,382	0	(9,703)	215,679	10,119
Net Pension Liability	2,449,022	1,196,710	0	3,645,732	0
Net OPEB Liability	2,175,411	0	(1,463,681)	711,730	0
Compensated Absences	115,905	31,365	(13,702)	133,568	18,503
Capital Leases	30,411	86,394	(34,496)	82,309	29,989
<i>Total Other Long-Term Obligations</i>	<u>4,996,131</u>	<u>1,314,469</u>	<u>(1,521,582)</u>	<u>4,789,018</u>	<u>58,611</u>
 <i>Total Governmental Activities</i>	 <u>\$ 6,551,672</u>	 <u>\$ 1,432,857</u>	 <u>\$(1,703,173)</u>	 <u>\$ 6,281,356</u>	 <u>\$ 251,749</u>

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

In 2007, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$323,990 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 Second 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 the OWDA in the amount of \$149,191 for the East Second Street area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2030. 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 \$424,360 for the West Side storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2033. This loan will be paid from the storm sewer assessment fund.

In 2013, the City was awarded a loan from OPWC in the amount of \$130,641 for the West Side storm sewer improvement project. The loan is interest free and will be fully repaid in 2034. This loan will be paid from the storm sewer assessment fund.

In 2015, the City was awarded a loan from OWDA in the amount of \$273,432 for the Eastport Avenue storm sewer improvement project phase 1. The loan has an interest rate of 2.06 to 2.46 percent and will be fully repaid in 2036. This loan will be paid from the storm sewer assessment fund.

In 2018, the City was awarded a loan from OWDA in the amount of \$123,088 for the Eastport Avenue storm sewer improvement project phase 2. The loan has an interest rate of 3.39 percent. This loan will be paid from the storm sewer assessment fund. No amortization schedule is available. Therefore, it has been excluded from the schedule below.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City Auditor to pay the amounts due from funds appropriated to the City's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the City to pay any fines or penalties incurred with interest.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

In 2019, the City entered into a loan agreement with the First Federal Community Bank for the purchase of a new ambulance in the amount of \$114,467. The loan carries an interest rate of 4.19 percent and a maturity date of July 10, 2023. The loan will be paid from the ambulance levy fund. In the event of default, as defined by the loan agreement, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due.

In 2017, the City entered into a lease-purchase agreement for the acquisition of a dump truck in the amount of \$98,558. The lease carries an interest rate of 2.75 percent and a maturity date of March 20, 2021. The lease will be paid from the storm sewer assessment fund. In the event of default, as defined by the lease agreement, the Lessor has the right to exercise all rights and remedies, including the rights to declare all sums due during the current fiscal period and/or take possession of the dump truck.

In 2017, the City entered into a lease-purchase agreement for the acquisition of a fire ladder truck in the amount of \$801,321. The lease carries an interest rate of 3.04 percent and a maturity date of June 15, 2021. The lease will be paid from the fire truck levy fund. In the event of default, as defined by the lease agreement, the Lessor has the right to exercise all rights and remedies, including the rights to declare all sums due during the current fiscal period and/or take possession of the fire ladder truck.

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. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and street fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2019, are as follows:

	Governmental Activities							
	OWDA Loans		OPWC Loans	EMS Loan		Fire Truck		
	Principal	Interest	Principal	Principal	Interest	Principal	Interest	
2020	\$ 56,332	\$ 10,502	\$ 13,025	\$ 26,927	\$ 4,796	\$ 77,115	\$ 4,760	
2021	57,056	9,639	26,049	28,055	3,668	79,460	2,416	
2022	57,790	8,902	26,049	29,230	2,492	0	0	
2023	58,534	8,154	26,049	30,255	1,268	0	0	
2024	59,289	7,546	26,049	0	0	0	0	
2025-2029	272,105	26,242	130,245	0	0	0	0	
2030-2034	150,337	10,227	71,699	0	0	0	0	
2035	33,430	3,652	0	0	0	0	0	
Total	\$ 744,873	\$ 84,864	\$ 319,165	\$ 114,467	\$ 12,224	\$ 156,575	\$ 7,176	

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Governmental Activities						
	Dump Truck		Police and Fire Pension		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 19,739	\$ 1,101	\$ 10,119	\$ 9,060	\$ 203,257	\$ 30,219
2021	20,302	538	10,554	8,626	221,476	24,887
2022	0	0	11,008	8,172	124,077	19,566
2023	0	0	11,480	7,699	126,318	17,121
2024	0	0	11,974	7,206	97,312	14,752
2025-2029	0	0	68,038	27,863	470,388	54,105
2030-2034	0	0	83,961	11,938	305,997	22,165
2035	0	0	8,545	182	41,975	3,834
Total	\$ 40,041	\$ 1,639	\$215,679	\$80,746	\$1,590,800	\$ 186,649

On April 7, 2020, OPWC deferred all July 2020 loan payments with no payment due until January 2021 billing cycle with a six-month deferment for the life of the loan. This is reflected in the due within one year amount and the amortization schedules above

Note 11 – Notes Payable

Changes in short-term notes of the City during the year ended December 31, 2019, were as follows:

	Balance 12/31/2018	Additions	(Reductions)	Balance 12/31/2019	Due in One Year
Business-Type Activities:					
Recreational Facilities Improvement Note	\$ 3,455,000	\$ 3,255,000	\$ (3,455,000)	\$ 3,255,000	\$ 3,255,000
Unamortized Premium on Note	19,451	42,445	(40,674)	21,222	21,222
<i>Total Business-Type Activities</i>	\$ 3,474,451	\$ 3,297,445	\$ (3,495,674)	\$ 3,276,222	\$ 3,276,222

On June 20, 2019, the City issued a Recreational Facilities Improvement Note in the amount of \$3,255,000 to refund the improvement note previously used to finance the water park construction. The note matures in June 2020 and has an interest rate of 3.0 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 – Capital Leases Payable

In 2016, the City entered into a capitalized lease for the acquisition of a police cruiser. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of \$40,138, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$6,890 as of December 31, 2019, leaving a current book value of \$33,448. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the capital improvement fund.

In 2017, the City entered into a capitalized lease for the acquisition of a police cruiser. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of \$40,138, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$6,890 as of December 31, 2019, leaving a current book value of \$33,448. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the capital improvement fund.

In 2019, the City entered into capitalized lease agreements for the acquisition of a Chevrolet Silverado and a Chevrolet Tahoe. These leases meet the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

The Silverado acquired by the lease has been capitalized in the governmental activities in the amount of \$34,879, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$1,148 as of December 31, 2019, leaving a current book value of \$33,731. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the street fund.

The Tahoe acquired by the lease has been capitalized in the governmental activities in the amount of \$51,515, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$1,717 as of December 31, 2019, leaving a current book value of \$49,798. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the capital improvement fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2019:

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

		Governmental Activities	
			Capital Leases
Year ending December 31,	2020	\$	35,364
	2021		24,069
	2022		24,071
	2023		9,575
Minimum lease payments			93,079
Less: amount representing interest at the City's incremental borrowing rate of interest			(10,770)
Present value of net minimum lease payments		\$	82,309

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 Insurance Services Group, Inc. (York) 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 York. 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, 2018 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 and 2017 (the most recent available):

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	2018	2017
Assets	\$ 49,921,998	\$ 44,452,326
Liabilities	(14,676,199)	(13,004,011)
Net Position	\$ 35,245,799	\$ 31,448,315

At December 31, 2018 and 2017, respectively, the liabilities above include approximately \$13.0 million and \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million and \$11.3 million of unpaid claims to be billed. The Pool’s membership increased to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the City’s share of these unpaid claims collectible in future years is approximately \$62,407.

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.

Contributions to PEP

2018	69,933
2019	66,390

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.

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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 14 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability represent the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Plan Description – Ohio Public Employees Retirement System (OPERS)

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, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at three percent.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$55,105 for 2019. Of this amount, \$3,244 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-Employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$182,949 for 2019. Of this amount, \$13,652 is reported as an intergovernmental payable.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2019, the specific liability of the City was \$215,679 payable in semi-annual payments through the year 2035.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.002853%	0.035091%	
Prior Measurement Period	0.002821%	0.032692%	
Change in Proportion	<u>0.000032%</u>	<u>0.002399%</u>	
 Proportionate Share of the Net			
Pension Liability	\$ 781,379	\$ 2,864,353	\$ 3,645,732
Pension Expense	\$ 168,402	\$ 402,307	\$ 570,709

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 106,054	\$ 352,886	\$ 458,940
Differences between Expected and			
Actual Experience	36	117,685	117,721
Changes of Assumptions	68,021	75,938	143,959
Changes in Proportionate Share	4,839	133,380	138,219
City Contributions Subsequent			
to the Measurement Date	55,105	182,949	238,054
Total Deferred Outflows of Resources	<u>\$ 234,055</u>	<u>\$ 862,838</u>	<u>\$ 1,096,893</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 10,260	\$ 2,676	\$ 12,936
Changes in Proportionate Share	5,052	22,916	27,968
Total Deferred Inflows of Resources	<u>\$ 15,312</u>	<u>\$ 25,592</u>	<u>\$ 40,904</u>

\$238,054 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 68,535	\$ 192,891	\$ 261,426
2021	35,938	115,722	151,660
2022	9,840	138,824	148,664
2023	49,325	192,247	241,572
2024	0	14,613	14,613
	<u>\$ 163,638</u>	<u>\$ 654,297</u>	<u>\$ 817,935</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018 are presented below.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2018
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	
Measurement Date	7.20 percent
Prior Measurement Date	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	Target <u>Allocation</u>	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	<u>18.00</u>	<u>5.50</u>
Total	<u>100.00 %</u>	<u>5.95 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$ 1,154,324	\$ 781,379	\$ 471,458

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities,

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-U.S. Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income*	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds*	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: Assumptions are geometric.

* Levered 2x

** Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 3,764,994	\$ 2,864,353	\$ 2,111,737

Note 15 – Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary 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 member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution 2019.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement 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 Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 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).

Beginning January 1, 2019, OP&F changed its retiree health care model and the self-insured health care plan is no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$4,318 for 2019. Of this amount, \$321 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.003008%	0.035091%	
Prior Measurement Period	0.002976%	0.032692%	
Change in Proportion	<u>0.000032%</u>	<u>0.002399%</u>	
Proportionate Share of the Net			
OPEB Liability	\$ 392,172	\$ 319,558	\$ 711,730
OPEB Expense	\$ 33,258	\$ (1,553,313)	\$ (1,520,055)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	\$ 17,979	\$ 10,818	\$ 28,797
Differences between Expected and			
Actual Experience	132	0	132
Changes of Assumptions	12,644	165,642	178,286
Changes in Proportionate Share	2,368	120,608	122,976
City Contributions Subsequent			
to the Measurement Date	<u>0</u>	<u>4,318</u>	<u>4,318</u>
Total Deferred Outflows of Resources	<u>\$ 33,123</u>	<u>\$ 301,386</u>	<u>\$ 334,509</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 1,064	\$ 8,562	\$ 9,626
Changes of Assumptions	0	88,468	88,468
Changes in Proportionate Share	<u>3,763</u>	<u>0</u>	<u>3,763</u>
Total Deferred Inflows of Resources	<u>\$ 4,827</u>	<u>\$ 97,030</u>	<u>\$ 101,857</u>

\$4,318 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 11,777	\$ 34,175	\$ 45,952
2021	4,464	34,175	38,639
2022	2,997	34,176	37,173
2023	9,058	37,448	46,506
2024	0	32,289	32,289
Thereafter	<u>0</u>	<u>27,775</u>	<u>27,775</u>
	<u>\$ 28,296</u>	<u>\$ 200,038</u>	<u>\$ 228,334</u>

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.50 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Prior Measurement Date	7.50 percent, initial, 3.25 percent ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trusts	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 501,734	\$ 392,172	\$ 305,041

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 376,963	\$ 392,172	\$ 409,690

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Investment Rate of Return	
Current Measurement Date	8.00 percent
Prior Measurement Date	8.00 percent
Single Discount Rate:	
Current Measurement Date	4.66 percent
Prior Measurement Date	3.24 percent
Municipal Bond Rate	
Current Measurement Date	4.13 percent
Prior Measurement Date	3.16 percent
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lessor of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-U.S. Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income*	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

Note: Assumptions are geometric.

* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 389,308	\$ 319,558	\$ 261,008

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 \$13,500. 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 \$27,000. 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.

B. Health Insurance

The City provides medical/surgical benefits and prescription drug coverage to employees through Aultcare. Dental insurance is provided by the City for employees through Delta Dental. 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 the Standard Life Insurance Company.

Note 17 – Contingencies

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, 2019.

Note 18 – Jointly Governed Organizations

A. 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 Gnadenhutten. 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 2019, no monies were contributed by the City.

B. Uhrichsville-Dennison-Mill Union Cemetery (Cemetery)

The Cemetery is a jointly governed organization organized under Ohio Revised Code Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Township each appoint one member to the board. The continued existence of the Cemetery is not dependent on the City's participation. The Cemetery provides burial services and the upkeep of the grounds at the cemetery. During 2019, no monies were contributed by the City.

C. 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

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 2019, no monies were contributed by the City.

D. Joint Economic Development District (JEDD)

(JEDD) is a not for profit community improvement Corporation formed under Chapter 715.72 through 715.83 of the Ohio Revised Code. The JEDD was formed in 2013 and was designated as the economic development agent for the City of Uhrichsville and Rush Township. The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the Township, the City and the District served. The JEDD is administered by a Board of locally appointed officials and local business leaders.

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 2019, no monies were received from the City.

Note 20 – Public Entity Risk Pools

A. 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.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

B. 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 – 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	Street Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	Fire Truck Levy Fund	Nonmajor Governmental Funds	Total
Nonspendable for:							
Materials and Supplies Inventory	\$ 14,712	\$ 26,330	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,042
Prepaid Items	56,093	0	0	0	0	0	56,093
Total Nonspendable	<u>70,805</u>	<u>26,330</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>97,135</u>
Restricted for:							
Capital Outlay	0	0	256,630	294,236	295,090	0	845,956
Street	0	298,753	0	0	0	17,495	316,248
Community Development	0	0	0	0	0	66,846	66,846
Parks and Recreation	0	0	0	0	0	46,556	46,556
Ambulance Services	0	0	0	0	0	139,596	139,596
Police and Fire Pension	0	0	0	0	0	8,992	8,992
Other Purposes	0	0	0	0	0	55,025	55,025
Total Restricted	<u>0</u>	<u>298,753</u>	<u>256,630</u>	<u>294,236</u>	<u>295,090</u>	<u>334,510</u>	<u>1,479,219</u>
Committed for:							
Police and Fire Uniforms and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,891</u>	<u>49,891</u>
Assigned:							
Subsequent Year Appropriations	<u>335,981</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>335,981</u>
Unassigned	<u>289,953</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>289,953</u>
Total Fund Balance	<u>\$ 696,739</u>	<u>\$ 325,083</u>	<u>\$ 256,630</u>	<u>\$ 294,236</u>	<u>\$ 295,090</u>	<u>\$ 384,401</u>	<u>\$ 2,252,179</u>

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 22 – Interfund Transfers

The general fund transferred \$10,000 to the motor vehicle permissive tax fund to support operations. The capital improvement fund transferred \$300,000 to the water park fund for debt payments.

Note 23 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. As a direct result of COVID-19, the City has announced its water park will remain closed for the 2020 season.

Historically, the City annually refinances the Water Park debt into a recreational facilities improvement note in June each year. The City issued a recreational facilities improvement note on June 18, 2020 to refinance \$2,955,000 of Water Park debt. The note was issued with an interest rate of 1.5% and matures on June 17, 2021.

In April 2020, voters approved a 2.85 mill levy that will be used to fund City emergency medical services and a 2 mill levy for the purchase of fire trucks and fire equipment.

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City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Six Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.002853%	0.002821%	0.002920%	0.002583%
City's Proportionate Share of the Net Pension Liability	\$ 781,379	\$ 442,553	\$ 663,019	\$ 447,408
City's Covered Payroll	\$ 385,357	\$ 372,793	\$ 377,433	\$ 340,300
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.77%	118.71%	175.67%	131.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.035091%	0.032692%	0.032297%	0.032226%
City's Proportionate Share of the Net Pension Liability	\$ 2,864,353	\$ 2,006,469	\$ 2,045,682	\$ 2,073,121
City's Covered Payroll	\$ 778,858	\$ 712,042	\$ 693,250	\$ 650,321
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	367.76%	281.79%	295.09%	318.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

	<u>2015</u>	<u>2014</u>
	0.002590%	0.002590%
\$	312,383	\$ 305,327
\$	317,450	\$ 241,531
	98.40%	126.41%
	86.45%	86.36%
	0.033533%	0.033533%
\$	1,737,134	\$ 1,633,148
\$	667,957	\$ 745,448
	260.07%	219.08%
	72.20%	73.00%

See accompanying notes to the required supplementary information.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 55,105	\$ 53,950	\$ 48,463	\$ 45,292
Contributions in Relation to the Contractually Required Contribution	<u>(55,105)</u>	<u>(53,950)</u>	<u>(48,463)</u>	<u>(45,292)</u>
	385357			
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 393,607	\$ 385,357	\$ 372,793	\$ 377,433
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 182,949	\$ 165,669	\$ 151,161	\$ 146,992
Contributions in Relation to the Contractually Required Contribution	<u>(182,949)</u>	<u>(165,669)</u>	<u>(151,161)</u>	<u>(146,992)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 863,628	\$ 778,858	\$ 712,042	\$ 693,250
Contributions as a Percentage of Covered Payroll	21.18%	21.27%	21.23%	21.20%

(n/a) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 40,836	\$ 38,094	\$ 31,399	n/a	n/a	n/a
<u>(40,836)</u>	<u>(38,094)</u>	<u>(31,399)</u>	n/a	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a	n/a
\$ 340,300	\$ 317,450	\$ 241,531	n/a	n/a	n/a
12.00%	12.00%	13.00%	n/a	n/a	n/a
\$ 138,254	\$ 140,332	\$ 133,078	\$ 126,697	\$ 109,611	\$ 102,390
<u>(138,254)</u>	<u>(140,332)</u>	<u>(133,078)</u>	<u>(126,697)</u>	<u>(109,611)</u>	<u>(102,390)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 650,321	\$ 667,957	\$ 745,448	\$ 865,130	\$ 729,994	\$ 689,101
21.26%	21.01%	17.85%	14.64%	15.02%	14.86%

See accompanying notes to the required supplementary information.

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City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Last Three Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
City's Proportion of the Net OPEB Liability	0.003008%	0.002976%	0.003081%
City's Proportionate Share of the Net OPEB Liability	\$ 392,172	\$ 323,117	\$ 311,191
City's Covered Payroll	\$ 385,357	\$ 372,793	\$ 377,433
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	101.77%	86.67%	82.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
City's Proportion of the Net OPEB Liability	0.035091%	0.032692%	0.032297%
City's Proportionate Share of the Net OPEB Liability	\$ 319,558	\$ 1,852,294	\$ 1,533,066
City's Covered Payroll	\$ 778,858	\$ 712,042	\$ 693,250
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.03%	260.14%	221.14%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

City of Uhrichsville
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	\$ 0	\$ 0	\$ 3,728	\$ 7,549
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(3,728)</u>	<u>(7,549)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll (1)	\$ 393,607	\$ 385,357	\$ 372,793	\$ 377,433
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	\$ 4,318	\$ 3,894	\$ 3,560	\$ 3,466
Contributions in Relation to the Contractually Required Contribution	<u>(4,318)</u>	<u>(4,318)</u>	<u>(3,560)</u>	<u>(3,466)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Payroll	\$ 863,628	\$ 778,858	\$ 712,042	\$ 693,250
Contributions as a Percentage of Covered Payroll	0.50%	0.60%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
\$	3,252	\$ 3,760	\$ 19,293	\$ 39,778	\$ 49,274	\$ 46,515
	<u>(3,252)</u>	<u>(3,760)</u>	<u>(19,293)</u>	<u>(39,778)</u>	<u>(49,274)</u>	<u>(46,515)</u>
\$	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$	650,321	\$ 667,957	\$ 745,448	\$ 865,130	\$ 729,994	\$ 689,101
	0.50%	0.60%	2.59%	4.60%	6.75%	6.75%

See accompanying notes to the required supplementary information.

City of Uhrichsville
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

Note 1 - Net Pension Liability

Changes in Assumptions – OPERS

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Note 2 - Net OPEB Liability

Changes in Assumptions - OPERS

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

For calendar year 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F

For calendar year 2019, the discount rate increased from 3.24 percent to 4.66 percent and the municipal bond rate from 3.16 percent to 4.13 percent.

For calendar year 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

June 22, 2020

To the Members of Council
City of Uhrichsville
Tuscarawas County, Ohio
305 E. Second Street, P.O. Box 288
Uhrichsville, OH 44683

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2020, in which we noted the City restated the beginning fiduciary net position balance to account for the implementation of GASB Statement No. 84, Fiduciary Activities. In addition, we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *Schedule of Findings and Responses* as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying *Schedule of Findings & Responses*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hea & Associates, Inc.

New Philadelphia, Ohio

City of Uhrichsville
Tuscarawas County, Ohio
Schedule of Findings & Responses
December 31, 2019

Finding: 2019 – 001

Significant Deficiency – Internal Control – Payroll

Criteria: Payroll is the largest expense incurred by the City. The City’s management is responsible for designing, implementing and maintaining sound internal controls over the payroll process to ensure that payroll is for actual time worked and to ensure that payroll is paid from the fund for which the work was performed.

Condition: During our review of internal controls over the payroll process and payroll testing we noted the following issues;

- Inconsistent supervisory approval of timecards and leave requests.
- Lack of segregation of duties in the payroll process. The City Auditor processes payroll with very little oversight or monitoring. We did not note anything improper in our testing but lack of proper monitoring controls increases risk for errors or improper payments.
- We noted the City does not have any sick and vacation leave policies that detail when, or if, balances will be paid out as well as when balances can be rolled over into the subsequent year. The City operates in accordance with negotiated agreements but there can be confusion in regards to employees not covered by a negotiated agreement.

Cause: The factors that resulted in the control failures were a lack of oversight and authorization over the payroll process.

Effect: This could cause inaccurate reporting of time to go undetected which could lead to errors in the payroll process.

Recommendation: We recommend the City re-evaluate the design, implementation and maintenance of internal controls over the payroll process. Internal controls should be sufficient to ensure that payroll expenses are for actual time work and evidence is maintained to support supervisory approval.

Management’s Response: The payroll process will be revised to address deficiencies. Management will be informed of the importance of internal controls and their role in the process. We will continue to work on developing the necessary policies.

City of Uhrichsville
Tuscarawas County, Ohio
Summary Schedule of Prior Audit Findings
December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Internal Controls over Financial Reporting	Partially Corrected	Immaterial revenue reclassification adjustments identified, issue downgraded to management letter comment.
2018-002	Significant Deficiency – Internal Control - Payroll	Repeated as Finding Number 2019-001	None

OHIO AUDITOR OF STATE KEITH FABER



CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/4/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov