

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

*December 31, 2010*



**Rea & Associates, Inc.**

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*





# Dave Yost • Auditor of State

City Council  
City of Uhrichsville  
305 East 2nd St.  
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, 2010 through December 31, 2010. 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 "Dave Yost".

Dave Yost  
Auditor of State

August 16, 2011

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**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY**

**DECEMBER 31, 2010**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

June 29, 2011

Mayor and Members of Council  
City of Uhrichsville  
305 East 2nd St.  
Uhrichsville, OH 44683

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 29, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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The discussion and analysis for the City of Uhrichsville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2010. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the basic financial statements and the notes to the basic financial statements.

**Financial Highlights**

Financial highlights for 2010 are as follows:

- The City was able to give its police, fire, and street departments their annual raises, which ranged from three to four percent.
- The City purchased one new police cruiser.
- The East 2<sup>nd</sup> Street storm sewer project was underway, with State and Federal monies providing much of the funding.
- The City received grants and loans from various State agencies to improve streets.

**Using this Annual Financial Report**

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

The Statement of Net Assets and Statement of Activities provide information from a summary perspective. These statements show the results of the operations for the year 2010 and how they affected the City of Uhrichsville's financial condition. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in total in one column.

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

***Statement of Net Assets and the Statement of Activities***

This financial view of the City as a whole considers all transactions and answers the question of how the City of Uhrichsville performed financially during 2010. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status. These statements include all non-fiduciary assets and all liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid for expenses.



**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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

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

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

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

***Fund Financial Statements***

The presentation of the City's major funds begins on page 14. Fund financial reports give detailed information of activities within these funds. The City currently has several funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's major funds: the general fund, the storm sewer fund, the capital improvement fund, and the water park fund.

***Governmental Funds***

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

***Proprietary Fund***

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

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

**The City of Uhrichsville as a Whole**

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2010 as they compare to 2009.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	Restated 2009	2010	2009	2010	Restated 2009
<b>Assets</b>						
Current and Other Assets	\$2,596,343	\$3,068,813	\$142,099	\$150,558	\$2,738,442	\$3,219,371
Capital Assets, Net	7,879,938	7,108,144	4,099,957	4,240,270	11,979,895	11,348,414
<i>Total Assets</i>	<u>10,476,281</u>	<u>10,176,957</u>	<u>4,242,056</u>	<u>4,390,828</u>	<u>14,718,337</u>	<u>14,567,785</u>
<b>Liabilities</b>						
Current Liabilities	866,897	582,508	16,536	17,503	883,433	600,011
Long-Term Liabilities:						
Due Within One Year	249,823	130,585	115,000	110,000	364,823	240,585
Due in More Than One Year	2,259,428	2,269,445	4,161,345	4,280,826	6,420,773	6,550,271
<i>Total Liabilities</i>	<u>3,376,148</u>	<u>2,982,538</u>	<u>4,292,881</u>	<u>4,408,329</u>	<u>7,669,029</u>	<u>7,390,867</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	5,871,432	5,192,884	(80,043)	(49,730)	5,791,389	5,143,154
Restricted for:						
Capital Projects	507,153	744,624	0	0	507,153	744,624
Other Purposes	338,598	479,998	0	0	338,598	479,998
Unrestricted	382,950	776,913	29,218	32,229	412,168	809,142
<i>Total Net Assets (Deficit)</i>	<u>\$7,100,133</u>	<u>\$7,194,419</u>	<u>(\$50,825)</u>	<u>(\$17,501)</u>	<u>\$7,049,308</u>	<u>\$7,176,918</u>

Total assets increased in 2010. The increase in total assets is reflected primarily in capital assets, due to additions to infrastructure. Long-term liabilities remained consistent, as the City incurred debt to build, acquire, and improve capital assets, offset by the annual debt service payments.

Table 2 shows the changes in net assets for the year ended December 31, 2010. Revenue and expense comparisons can be made between the years 2010 and 2009.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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

	Governmental Activities		Business-Type Activity		Total	
	2010	Restated 2009	2010	2009	2010	Restated 2009
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services and						
Operating Assessments	\$252,115	\$282,894	\$388,979	\$310,728	\$641,094	\$593,622
Operating Grants and Contributions	304,491	273,690	0	0	304,491	273,690
Capital Grants and Contributions	572,165	199,900	0	0	572,165	199,900
<b>Total Program Revenues</b>	<b>1,128,771</b>	<b>756,484</b>	<b>388,979</b>	<b>310,728</b>	<b>1,517,750</b>	<b>1,067,212</b>
<b>General Revenues:</b>						
Property Taxes	464,964	446,264	0	0	464,964	446,264
Income Taxes	1,091,542	1,178,605	0	0	1,091,542	1,178,605
Grants and Entitlements	367,601	312,853	0	0	367,601	312,853
Investment Earnings	9,020	15,566	0	4,770	9,020	20,336
Miscellaneous	50,230	16,379	2,698	2,316	52,928	18,695
<b>Total General Revenues</b>	<b>1,983,357</b>	<b>1,969,667</b>	<b>2,698</b>	<b>7,086</b>	<b>1,986,055</b>	<b>1,976,753</b>
<b>Total Revenues</b>	<b>3,112,128</b>	<b>2,726,151</b>	<b>391,677</b>	<b>317,814</b>	<b>3,503,805</b>	<b>3,043,965</b>
<b>Program Expenses</b>						
General Government	642,390	649,280	0	0	642,390	649,280
Security of Persons and Property	1,456,335	1,422,667	0	0	1,456,335	1,422,667
Transportation	447,185	503,082	0	0	447,185	503,082
Public Health Services	188,880	210,674	0	0	188,880	210,674
Community Development	189,927	328,793	0	0	189,927	328,793
Leisure Time Activities	16,292	16,487	0	0	16,292	16,487
Interest and Fiscal Charges	83,917	116,340	0	0	83,917	116,340
Water Park	0	0	606,489	486,123	606,489	486,123
<b>Total Program Expenses</b>	<b>3,024,926</b>	<b>3,247,323</b>	<b>606,489</b>	<b>486,123</b>	<b>3,631,415</b>	<b>3,733,446</b>
Transfers	(181,488)	0	181,488	0	0	0
<b>Change in Net Assets</b>	<b>(94,286)</b>	<b>(521,172)</b>	<b>(33,324)</b>	<b>(168,309)</b>	<b>(127,610)</b>	<b>(689,481)</b>
Net Assets (Deficit) Beginning of Year - Restated	7,194,419	7,715,591	(17,501)	150,808	7,176,918	7,866,399
<b>Net Assets (Deficit) End of Year</b>	<b>\$7,100,133</b>	<b>\$7,194,419</b>	<b>(\$50,825)</b>	<b>(\$17,501)</b>	<b>\$7,049,308</b>	<b>\$7,176,918</b>

**Governmental Activities**

Several revenue sources fund governmental activities with the City of Uhrichsville's municipal income tax being the largest contributor. The income tax rate for the City is 1.75 percent. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1.75 percent of income. The tax amount is credited to the general fund and capital improvement capital projects fund. On a full accrual basis, the City received income tax revenues of \$1,091,542 in 2010. This was a decrease from 2009, due to lower collections during 2009 due to a declining economy.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

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Security of persons and property represents the largest expense of the governmental activities. The police department is a full time, 24 hours a day, 365 days a year department with seven officers and a full time Chief. The fire department is also full time and includes five officers and a full time Chief. This expense increased from 2009 to 2010, due to increases in salaries and benefits.

General Government expenses consist of all elected officials and their appointed staff. Also included are the associated benefits for these employees along with various other costs of running the City operations. This expense decreased slightly from 2009.

The Street Maintenance and Repair and Traffic Department employs three workers and one foreman who provide the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping, and alley profiling. The transportation expense decreased, due to fewer road projects.

Public Health Services decreased over the prior year, due to less maintenance and improvement of the City's storm sewers.

Community Development decreased significantly from the prior year, as the hazard mitigation program ended in 2009.

#### **The City's Funds**

##### ***Governmental Funds***

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$3,287,306 and expenditures of \$4,396,856 excluding other financing sources and uses, respectively. The City's general fund reflected a decrease in fund balance of \$315,188 as general fund money was transferred to support the operations of other funds. The storm sewer fund had a decrease in fund balance, due to payables related to a storm sewer project. The capital improvement fund had a decrease in fund balance, primarily due to transferring money to another fund.

##### ***Business-Type Fund***

As mentioned earlier, the City's lone business-type activity is the water park fund. Net assets of this fund decreased in 2010, as operating revenues did not keep pace with operating expenses. Interest expense also decreased net assets in 2010. This fund received a transfer from the general fund to help offset a portion of the deficit. Management is evaluating various options to help alleviate the deficit in this fund.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

**General Fund Budgeting Highlights**

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The budget is adopted at the fund, function, and object level. Any budgetary modifications at that level may only be made by Council action. Actual revenues were only slightly less than the final budgeted revenues. The general fund final appropriations were higher than the original appropriations due to a revision of forecasted expenditures. Actual expenditures were slightly less than the final budget.

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

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

**Capital Assets**

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

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Land	\$1,143,850	\$1,143,850	\$0	\$0	\$1,143,850	\$1,143,850
Construction in Progress	16,885	120,401	0	0	16,885	120,401
Buildings and Improvements	424,044	435,580	4,072,836	4,203,598	4,496,880	4,639,178
Equipment	556,958	621,119	27,121	36,672	584,079	657,791
Vehicles	637,658	728,628	0	0	637,658	728,628
Infrastructure						
Storm Sewers	1,709,866	810,859	0	0	1,709,866	810,859
Roads	3,390,677	3,247,707	0	0	3,390,677	3,247,707
<b>Totals</b>	<b>\$7,879,938</b>	<b>\$7,108,144</b>	<b>\$4,099,957</b>	<b>\$4,240,270</b>	<b>\$11,979,895</b>	<b>\$11,348,414</b>

Total capital assets for the City of Uhrichsville increased from 2009. The most significant increase was in infrastructure due to the City improving both roads and storm sewers. State and Federal funds and loans, along with City funds, provided for work on the East 2<sup>nd</sup> Street, 12<sup>th</sup> and Uhrich Streets, and South Water Street projects. For more information about the City's capital assets, see Note 8 in the basic financial statements.

**City of Uhrichsville, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*Unaudited*

**Debt**

As of December 31, 2010, the City of Uhrichsville had the following in outstanding debt:

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

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
South Water Street Loan - First National Bank	\$280,000	\$320,000	\$0	\$0	\$280,000	\$320,000
South Water Street Loan - State Infrastructure Bank	665,714	536,204	0	0	665,714	536,204
Newport Area Storm Sewer Improvement OPWC Loan	295,347	295,347	0	0	295,347	295,347
Newport Area Storm Sewer Improvement OWDA Loan	278,590	293,874	0	0	278,590	293,874
East 2nd Street Storm Sewer OPWC Loan	77,360	0	0	0	77,360	0
Water Park Building General Obligation Bond	0	0	4,180,000	4,290,000	4,180,000	4,290,000
Unamortized Premium on Bond	0	0	96,345	100,826	96,345	100,826
Police and Fire Pension	289,924	296,569	0	0	289,924	296,569
Capital Lease	411,495	469,835	0	0	411,495	469,835
<b>Totals</b>	<b>\$2,298,430</b>	<b>\$2,211,829</b>	<b>\$4,276,345</b>	<b>\$4,390,826</b>	<b>\$6,574,775</b>	<b>\$6,602,655</b>

During 2010, the City received an additional \$213,783 in State Infrastructure Bank Loans to pay for the South Water Street road project and issued \$77,360 in OPWC loans to pay for the East 2<sup>nd</sup> Street storm sewer improvement project. The City pays installments on the accrued liability incurred when the State of Ohio established the Statewide pension system for police and firefighters in 1967.

The City's overall legal debt margin was \$5,732,043, as of December 31, 2010. A thorough discussion of the debt can be found in Note 9 in the notes to the basic financial statements.

**Current Financial Related Issues**

In February of 2010, the City started work on the East 2<sup>nd</sup> Street storm sewer improvement project. Of the cost of the project, the City is responsible for approximately \$102,000, with the remainder of the cost being supplemented with American Recovery and Reinvestment Act stimulus money, an Ohio Public Works Commission grant, an Ohio Public Works Commission loan, and an Ohio Water Development Authority loan. The majority of the project was completed in 2010, with final inspections being done in 2011.

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

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

**City of Uhrichsville, Ohio**  
*Statement of Net Assets*  
December 31, 2010

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,304,836	\$45,754	\$1,350,590
Cash and Cash Equivalents:			
With Fiscal Agents	3,580	0	3,580
Materials and Supplies Inventory	12,864	0	12,864
Accrued Interest Receivable	467	0	467
Accounts Receivable	12,721	0	12,721
Intergovernmental Receivable	297,926	0	297,926
Income Tax Receivable	361,236	0	361,236
Property Taxes Receivable	602,713	0	602,713
Deferred Charges	0	96,345	96,345
Nondepreciable Capital Assets	1,160,735	0	1,160,735
Depreciable Capital Assets, Net	6,719,203	4,099,957	10,819,160
<i>Total Assets</i>	<u>10,476,281</u>	<u>4,242,056</u>	<u>14,718,337</u>
<b>Liabilities</b>			
Accounts Payable	36,798	529	37,327
Accrued Wages	16,698	0	16,698
Contracts Payable	162,835	0	162,835
Retainage Payable	27,882	0	27,882
Intergovernmental Payable	73,229	0	73,229
Accrued Interest Payable	10,266	16,007	26,273
Deferred Revenue	539,189	0	539,189
Long-Term Liabilities:			
Due Within One Year	249,823	115,000	364,823
Due In More Than One Year	2,259,428	4,161,345	6,420,773
<i>Total Liabilities</i>	<u>3,376,148</u>	<u>4,292,881</u>	<u>7,669,029</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,871,432	(80,043)	5,791,389
Restricted for:			
Capital Projects	507,153	0	507,153
Parks	37,845	0	37,845
Safety Uniforms and Equipment	44,224	0	44,224
Streets	110,528	0	110,528
Ambulance Levy	101,636	0	101,636
Other Purposes	44,365	0	44,365
Unrestricted	382,950	29,218	412,168
<i>Total Net Assets</i>	<u>\$7,100,133</u>	<u>(\$50,825)</u>	<u>\$7,049,308</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$642,390	\$24,081	\$0	\$0
Security of Persons and Property	1,456,335	92,121	28,889	18,173
Transportation	447,185	0	241,393	553,992
Public Health Services	188,880	135,913	5,758	0
Community Development	189,927	0	19,940	0
Leisure Time Activities	16,292	0	8,511	0
Interest and Fiscal Charges	83,917	0	0	0
<i>Total Governmental Activities</i>	3,024,926	252,115	304,491	572,165
<b>Business-Type Activity:</b>				
Water Park	606,489	388,979	0	0
<i>Total</i>	\$3,631,415	\$641,094	\$304,491	\$572,165

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

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Assets

*Net Assets (Deficit) Beginning of  
Year - Restated (See Note 3)*

*Net Assets (Deficit) End of Year*

See accompanying notes to the basic financial statements



<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>in Net Assets</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
(\$618,309)	\$0	(\$618,309)
(1,317,152)	0	(1,317,152)
348,200	0	348,200
(47,209)	0	(47,209)
(169,987)	0	(169,987)
(7,781)	0	(7,781)
(83,917)	0	(83,917)
(1,896,155)	0	(1,896,155)
0	(217,510)	(217,510)
(1,896,155)	(217,510)	(2,113,665)
247,508	0	247,508
97,309	0	97,309
23,613	0	23,613
57,438	0	57,438
28,060	0	28,060
11,036	0	11,036
857,613	0	857,613
233,929	0	233,929
367,601	0	367,601
9,020	0	9,020
50,230	2,698	52,928
1,983,357	2,698	1,986,055
(181,488)	181,488	0
1,801,869	184,186	1,986,055
(94,286)	(33,324)	(127,610)
7,194,419	(17,501)	7,176,918
<u>\$7,100,133</u>	<u>(\$50,825)</u>	<u>\$7,049,308</u>

**City of Uhrichsville, Ohio**  
*Balance Sheet*  
**Governmental Funds**  
*December 31, 2010*

	<u>General</u>	<u>Storm Sewer</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$485,902	\$332,843	\$243,692	\$242,399
With Fiscal Agents	0	3,580	0	0
Materials and Supplies Inventory	9,383	0	0	3,481
Accrued Interest Receivable	467	0	0	0
Accounts Receivable	12,715	0	6	0
Intergovernmental Receivable	158,032	0	0	139,894
Income Taxes Receivable	283,828	0	77,408	0
Property Taxes Receivable	276,098	0	0	326,615
<i>Total Assets</i>	<u>\$1,226,425</u>	<u>\$336,423</u>	<u>\$321,106</u>	<u>\$712,389</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$20,361	\$0	\$0	\$16,437
Accrued Wages	15,009	0	0	1,689
Contracts Payable	0	162,835	0	0
Retainage Payable	0	27,882	0	0
Intergovernmental Payable	25,690	0	0	47,539
Deferred Revenue	514,824	0	40,883	405,809
<i>Total Liabilities</i>	<u>575,884</u>	<u>190,717</u>	<u>40,883</u>	<u>471,474</u>
<b>Fund Balances</b>				
Unreserved:				
Undesignated, Reported in:				
General Fund	650,541	0	0	0
Special Revenue Funds	0	0	0	211,610
Capital Projects Funds	0	145,706	280,223	29,305
<i>Total Fund Balances</i>	<u>650,541</u>	<u>145,706</u>	<u>280,223</u>	<u>240,915</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,226,425</u>	<u>\$336,423</u>	<u>\$321,106</u>	<u>\$712,389</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2010*

	<b>Total Governmental Fund Balances</b>	<b>\$1,317,385</b>
<b>Total Governmental Funds</b>	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$1,304,836	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,879,938
3,580		
12,864	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
467	Property Taxes	\$63,524
12,721	Income Taxes	190,787
297,926	Grants	<u>168,016</u>
361,236	Total	422,327
<u>602,713</u>		
<u>\$2,596,343</u>	Accrued interest payable is note due and payable in the current period and therefore is not reported in the funds.	(10,266)
	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$36,798	Loans Payable	(1,597,011)
16,698	Police and Fire Pension	(289,924)
162,835	Capital Leases	(411,495)
27,882	Compensated Absences	<u>(210,821)</u>
73,229	Total	<u>(2,509,251)</u>
<u>961,516</u>		
<u>1,278,958</u>	<i>Net Assets of Governmental Activities</i>	<u><u>\$7,100,133</u></u>
650,541		
211,610		
<u>455,234</u>		
<u>1,317,385</u>		
<u><u>\$2,596,343</u></u>		

**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Storm Sewer	Capital Improvement	Other Governmental Funds
<b>Revenues</b>				
Property Taxes	\$248,395	\$0	\$0	\$199,579
Income Taxes	921,735	0	251,383	0
Charges for Services	21,979	0	0	19,030
Licenses and Permits	53,517	0	0	0
Fines and Forfeitures	11,918	0	0	7,656
Intergovernmental	358,014	516,133	57,950	443,361
Special Assessments	0	135,913	0	0
Rentals	2,102	0	0	0
Interest	9,020	0	0	0
Other	27,826	0	6	1,789
<b>Total Revenues</b>	<b>1,654,506</b>	<b>652,046</b>	<b>309,339</b>	<b>671,415</b>
<b>Expenditures</b>				
Current:				
General Government	620,240	0	0	0
Security of Persons and Property	1,172,603	0	0	114,741
Transportation	0	0	0	335,281
Public Health Services	1,036	0	0	104,906
Community Development	0	0	0	189,927
Leisure Time Activities	0	0	0	15,537
Capital Outlay	0	815,367	320,545	0
Debt Service:				
Principal Retirement	0	436,417	167,472	21,786
Interest and Fiscal Charges	0	7,332	61,131	12,535
<b>Total Expenditures</b>	<b>1,793,879</b>	<b>1,259,116</b>	<b>549,148</b>	<b>794,713</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(139,373)</b>	<b>(607,070)</b>	<b>(239,809)</b>	<b>(123,298)</b>
<b>Other Financing Sources (Uses)</b>				
Loans Issued	0	498,493	213,783	0
Transfers In	15,673	0	0	110,000
Transfers Out	(191,488)	0	(100,000)	(15,673)
<b>Total Other Financing Sources (Uses)</b>	<b>(175,815)</b>	<b>498,493</b>	<b>113,783</b>	<b>94,327</b>
<b>Net Change in Fund Balances</b>	<b>(315,188)</b>	<b>(108,577)</b>	<b>(126,026)</b>	<b>(28,971)</b>
<b>Fund Balance Beginning of Year</b>	<b>965,729</b>	<b>254,283</b>	<b>406,249</b>	<b>269,886</b>
<b>Fund Balances End of Year</b>	<b>\$650,541</b>	<b>\$145,706</b>	<b>\$280,223</b>	<b>\$240,915</b>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2010*

<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">Total</td></tr> <tr><td style="text-align: center;">Governmental</td></tr> <tr><td style="text-align: center;">Funds</td></tr> <tr><td style="text-align: center;">\$447,974</td></tr> <tr><td style="text-align: center;">1,173,118</td></tr> <tr><td style="text-align: center;">41,009</td></tr> <tr><td style="text-align: center;">53,517</td></tr> <tr><td style="text-align: center;">19,574</td></tr> <tr><td style="text-align: center;">1,375,458</td></tr> <tr><td style="text-align: center;">135,913</td></tr> <tr><td style="text-align: center;">2,102</td></tr> <tr><td style="text-align: center;">9,020</td></tr> <tr><td style="text-align: center;">29,621</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">3,287,306</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">620,240</td></tr> <tr><td style="text-align: center;">1,287,344</td></tr> <tr><td style="text-align: center;">335,281</td></tr> <tr><td style="text-align: center;">105,942</td></tr> <tr><td style="text-align: center;">189,927</td></tr> <tr><td style="text-align: center;">15,537</td></tr> <tr><td style="text-align: center;">1,135,912</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">625,675</td></tr> <tr><td style="text-align: center;">80,998</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">4,396,856</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">(1,109,550)</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">712,276</td></tr> <tr><td style="text-align: center;">125,673</td></tr> <tr><td style="text-align: center;">(307,161)</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">530,788</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">(578,762)</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;">1,896,147</td></tr> <tr><td style="text-align: center;"><hr/></td></tr> <tr><td style="text-align: center;"><u>\$1,317,385</u></td></tr> </table>	Total	Governmental	Funds	\$447,974	1,173,118	41,009	53,517	19,574	1,375,458	135,913	2,102	9,020	29,621	<hr/>	3,287,306	<hr/>	620,240	1,287,344	335,281	105,942	189,927	15,537	1,135,912	<hr/>	625,675	80,998	<hr/>	4,396,856	<hr/>	(1,109,550)	<hr/>	712,276	125,673	(307,161)	<hr/>	530,788	<hr/>	(578,762)	<hr/>	1,896,147	<hr/>	<u>\$1,317,385</u>	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: left;"><b>Net Change in Fund Balances - Total Governmental Funds</b></td><td style="text-align: right;">(\$578,762)</td></tr> <tr><td colspan="2"> </td></tr> <tr><td colspan="2"><i>Amounts reported for governmental activities in the statement of activities are different because</i></td></tr> <tr><td colspan="2"> </td></tr> <tr><td colspan="2">Governmental funds report capital outlay as an expenditure. 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**City of Uhrichsville, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**General Fund**  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$299,507	\$314,600	\$248,395	(\$66,205)
Income Taxes	899,261	960,000	902,745	(57,255)
Charges for Services	21,894	18,000	21,979	3,979
Licenses and Permits	51,762	51,700	51,963	263
Fines and Forfeitures	11,872	20,200	11,918	(8,282)
Intergovernmental	301,347	279,856	354,787	74,931
Rentals	2,405	2,500	2,414	(86)
Interest	30,351	10,000	12,977	2,977
Other	27,844	5,000	27,952	22,952
<i>Total Revenues</i>	<u>1,646,243</u>	<u>1,661,856</u>	<u>1,635,130</u>	<u>(26,726)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	594,309	620,454	617,293	3,161
Security of Persons and Property	1,075,951	1,175,758	1,175,753	5
Public Health Services	1,700	1,040	1,036	4
<i>Total Expenditures</i>	<u>1,671,960</u>	<u>1,797,252</u>	<u>1,794,082</u>	<u>3,170</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(25,717)</u>	<u>(135,396)</u>	<u>(158,952)</u>	<u>(23,556)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	15,673	15,673
Transfers Out	0	(191,488)	(191,488)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(191,488)</u>	<u>(175,815)</u>	<u>15,673</u>
<i>Net Change in Fund Balance</i>	<u>(25,717)</u>	<u>(326,884)</u>	<u>(334,767)</u>	<u>(7,883)</u>
<i>Fund Balance Beginning of Year</i>	<u>816,367</u>	<u>816,367</u>	<u>816,367</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$790,650</u>	<u>\$489,483</u>	<u>\$481,600</u>	<u>(\$7,883)</u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Fund Net Assets*  
*Enterprise Fund*  
*December 31, 2010*

	Water Park
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$45,754
<i>Non-Current Assets:</i>	
Deferred Charges	96,345
Depreciable Capital Assets, Net	4,099,957
<i>Total Non-Current Assets</i>	4,196,302
<b>Total Assets</b>	4,242,056
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	529
Accrued Interest Payable	16,007
Water Park Bond Payable	115,000
<i>Total Current Liabilities</i>	131,536
<i>Long-Term Liabilities:</i>	
Water Park Bond Payable (net of current portion)	4,161,345
<i>Total Liabilities</i>	4,292,881
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(80,043)
Unrestricted	29,218
<i>Total Net Assets (Deficit)</i>	(\$50,825)

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Enterprise Fund  
For the Year Ended December 31, 2010*

	Water Park
<b>Operating Revenues</b>	
Charges for Services	\$386,154
Rentals	2,825
Other	2,698
<i>Total Operating Revenues</i>	391,677
<b>Operating Expenses</b>	
Personal Services	116,160
Fringe Benefits	21,871
Purchased Services	132,024
Depreciation	140,313
<i>Total Operating Expenses</i>	410,368
<i>Operating Loss</i>	(18,691)
<b>Non-Operating Expenses</b>	
Interest and Fiscal Charges	(196,121)
<i>Loss Before Transfers</i>	(214,812)
Transfers In	181,488
<i>Change in Net Assets</i>	(33,324)
<i>Net Assets (Deficit) Beginning of Year</i>	(17,501)
<i>Net Assets (Deficit) End of Year</i>	(\$50,825)

See accompanying notes to the basic financial statements



**City of Uhrichsville, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2010

	Water Park
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$388,979
Other Cash Receipts	2,698
Cash Payments to Employees for Services	(116,160)
Cash Payments for Employee Benefits	(21,871)
Cash Payments for Goods and Services	(132,624)
<i>Net Cash Provided by Operating Activities</i>	121,022
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers In	181,488
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on Water Park Bond	(110,000)
Interest Paid on Water Park Bond	(196,488)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(306,488)
<i>Net Decrease in Cash and Cash Equivalents</i>	(3,978)
<i>Cash and Cash Equivalents Beginning of Year</i>	49,732
<i>Cash and Cash Equivalents End of Year</i>	\$45,754
	(continued)
See accompanying notes to the basic financial statements	

**City of Uhrichsville, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
*For the Year Ended December 31, 2010*

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	<u>Water Park</u>
<b>Reconciliation of Operating Loss to Cash Provided by Operating Activities</b>	
Operating Loss	(\$18,691)
Adjustments:	
Depreciation	140,313
Decrease in Accounts Payable	<u>(600)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$121,022</u></u>

See accompanying notes to the basic financial statements

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

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

*Reporting Entity*

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

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

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council, which are defined as jointly governed organizations, the Twin City Water and Sewer District, which is defined as a joint venture, the Public Entities Pool of Ohio, which is a shared risk pool, and the Ohio Municipal League Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

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

The financial statements of the City of Uhrichsville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activity unless these pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the City's accounting policies are described below.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. These statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

***Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are all classified as either governmental or proprietary.

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

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

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

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City's only proprietary fund is an enterprise fund:

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund.

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

**Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**Basis of Accounting**

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

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents". The City had no investments during the year or at year end.

Under existing Ohio statutes, the City has, by resolution, identified the general fund and the water park enterprise fund to receive an allocation of interest. Interest revenue credited to the general fund during 2010 amounted to \$9,020, which includes \$5,775 assigned from other City funds.

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

***Inventory***

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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***Capital Assets***

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

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

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

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

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

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused sick leave benefits time when earned for all employees with more than one year of service.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary funds financial statements.

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

***Net Assets***

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

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

***Internal Activity***

Transfers between governmental activities are eliminated on the government wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

***Bond Issuance Costs***

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

As permitted by State Statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets.



**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

***Bond Premium***

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

***Extraordinary and Special Items***

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

***Estimates***

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

***Budgetary Process***

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

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.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 3 – Change in Accounting Principles and Restatement of Net Assets**

***Change in Accounting Principles***

For 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets”. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City’s financial statements.

***Restatement of Net Assets***

During 2010, it was determined that the City’s intergovernmental receivables were overstated by \$155,052 in 2009 due to the ending of the hazard mitigation grant program, for which the City was not notified until 2010. This restatement decreased net assets of governmental activities, from \$7,349,471 to \$7,194,419.

**Note 4 – Accountability**

The police pension and fire pension special revenue funds and the water park enterprise fund had deficit fund balances at December 31, 2010, of \$17,735, \$21,448, and \$50,825 respectively. The deficit fund balances are due to the recognition of accrued liabilities. The general fund is liable for any deficit balance and provides transfers when cash is required, not when accruals occur.

**Note 5 – Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

Net Change in Fund Balance General Fund	
	<u>General</u>
GAAP Basis	(\$315,188)
Net Adjustment for Revenue Accruals	(19,376)
Net Adjustment for Expenditure Accruals	<u>(203)</u>
Budget Basis	<u><u>(\$334,767)</u></u>

### **Note 6 – Deposits and Investments**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$1,354,170 and the bank balance was \$1,341,634. Of the bank balance \$615,714 was covered by Federal depository insurance and \$725,920 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the deposits were held by the pledging institutions trust departments and all statutory requirements for the deposit of the money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 7 – Receivables**

Receivables at December 31, 2010, consisted primarily of taxes, accounts (billings for user charged services), accrued interest and intergovernmental receivables arising from grants, entitlements, and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

***Property Tax***

Property taxes include amounts levied against all real and public utility personal property located in the County. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2010, was \$9.90 per \$1,000 of assessed valuation.

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate Property	\$52,370,240
Public Utility Property	2,130,970
Tangible Personal Property	89,680
Total Assessed Value	\$54,590,890

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Uhrichsville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which became measurable as of December 31, 2010, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

***Income Tax***

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

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

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

***Intergovernmental Receivable***

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	
Local Government	\$137,607
Gas Tax	58,500
Homestead and Rollback	42,401
Cents Per Gallon	28,374
Motor Vehicle Distribution	18,265
Permissive	11,729
Other	1,050
<i>Total Governmental Activities</i>	<b>\$297,926</b>

**City of Uhrichsville, Ohio**  
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**Note 8 – Capital Assets**

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$1,143,850	\$0	\$0	\$1,143,850
Construction in Progress	120,401	341,873	(445,389)	16,885
<i>Total Capital Assets not being depreciated</i>	1,264,251	341,873	(445,389)	1,160,735
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	546,052	0	(819)	545,233
Equipment and Machinery	962,575	1,965	(35,234)	929,306
Vehicles	1,511,622	18,497	(43,536)	1,486,583
Infrastructure:				
Storm Sewers	853,729	953,614	0	1,807,343
Roads	3,395,588	198,850	0	3,594,438
<i>Total Capital Assets being depreciated</i>	7,269,566	1,172,926	(79,589)	8,362,903
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(110,472)	(11,184)	467	(121,189)
Equipment and Machinery	(341,456)	(62,853)	31,961	(372,348)
Vehicles	(782,994)	(85,572)	19,641	(848,925)
Infrastructure:				
Storm Sewers	(42,870)	(54,607)	0	(97,477)
Roads	(147,881)	(55,880)	0	(203,761)
<i>Total Accumulated Depreciation</i>	(1,425,673)	(270,096) *	52,069	(1,643,700)
<i>Total Capital Assets being Depreciated, net</i>	5,843,893	902,830	(27,520)	6,719,203
<i>Governmental Activities Capital Assets, Net</i>	\$7,108,144	\$1,244,703	(\$472,909)	\$7,879,938

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

General Government	\$20,813
Security of Persons and Property	142,929
Transportation	72,983
Public Health Services	33,103
Leisure Time Activities	268
<b>Total Depreciation Expense</b>	<b>\$270,096</b>

**City of Uhrichsville, Ohio**  
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	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
<b>Business-Type Activities</b>				
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	\$4,288,451	\$0	\$0	\$4,288,451
Equipment and Machinery	41,750	0	0	41,750
<i>Total Capital Assets being depreciated</i>	<u>4,330,201</u>	<u>0</u>	<u>0</u>	<u>4,330,201</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(84,853)	(130,762)	0	(215,615)
Equipment and Machinery	(5,078)	(9,551)	0	(14,629)
<i>Total Accumulated Depreciation</i>	<u>(89,931)</u>	<u>(140,313)</u>	<u>0</u>	<u>(230,244)</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$4,240,270</u>	<u>(\$140,313)</u>	<u>\$0</u>	<u>\$4,099,957</u>

**Note 9 – Long-Term Obligations**

Changes in long-term obligations of the City during the year ended December 31, 2010, were as follows:

	Outstanding 1/1/2010	Additions	Deletions	Outstanding 12/31/2010	Due Within One Year
<b>Governmental Activities</b>					
South Water Street Loan	\$320,000	\$0	(\$40,000)	\$280,000	\$40,000
State Infrastructure Bank Loan	536,204	213,783	(84,273)	665,714	86,821
Newport Area Storm Sewer OPWC Loan	295,347	0	0	295,347	14,768
Newport Area Storm Sewer OWDA Loan	293,874	0	(15,284)	278,590	15,505
East 2nd Street Storm Sewer OPWC Loan	0	77,360	0	77,360	4,750
East 2nd Street Storm Sewer OWDA Loan	0	421,133	(421,133)	0	0
Police and Fire Pension	296,569	0	(6,645)	289,924	6,930
Compensated Absences	188,201	22,620	0	210,821	20,002
Capital Lease	469,835	0	(58,340)	411,495	61,047
<i>Total Governmental Activities</i>	<u>\$2,400,030</u>	<u>\$734,896</u>	<u>(\$625,675)</u>	<u>\$2,509,251</u>	<u>\$249,823</u>
<b>Business-Type Activity</b>					
<i>Water Park General Obligation Bonds:</i>					
Serial Bonds	\$110,000	\$0	(\$110,000)	\$0	\$0
Term Bonds	4,180,000	0	0	4,180,000	115,000
Unamortized Premium on Bond	100,826	0	(4,481)	96,345	0
<i>Total Business-Type Activity</i>	<u>\$4,390,826</u>	<u>\$0</u>	<u>(\$114,481)</u>	<u>\$4,276,345</u>	<u>\$115,000</u>

**Water Park Bonds**

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

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



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

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

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

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

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

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

Year	Principal Amount
2023	\$195,000
2024	205,000
2025	215,000

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

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

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

During 2007, the City entered into a loan agreement for a construction project on South Water Street. The loan has an interest rate of 5.39 percent and will be paid from the capital improvements fund. In 2010, the City finalized a State Infrastructure Bank loan with the Ohio Department of Transportation. The total amount borrowed was \$749,987 at an interest rate of 3 percent. The loan will be fully repaid in 2017. In

**City of Uhrichsville, Ohio**  
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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.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$329,990 for the Newport area storm sewer improvement project with an interest rate of 1 percent. A no interest line of credit has been established with OPWC in the amount of \$95,000 for the East 2<sup>nd</sup> Street storm sewer improvement project. These loans have not been finalized and therefore repayment schedules are not included in the schedule of debt requirements.

The City was awarded a loan from OWDA (combined with American Recovery and Reinvestment Act (ARRA) grant) to finance the East 2<sup>nd</sup> Street storm sewer project. The total amount of the loan is \$603,782. During 2010, the only activity was \$421,133 of ARRA loan forgiveness.

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

The City's overall legal debt margin was \$5,732,043 at December 31, 2010. The unvoted legal debt margin was \$3,002,499.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2010, are as follows:

Year	Governmental Activities					
	South Water Street Loan		State Infrastructure Bank Loan		Newport Area Storm Sewer OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$40,000	\$15,302	\$86,821	\$19,325	\$14,768	\$0
2012	40,000	13,151	89,445	16,701	14,768	0
2013	40,000	10,930	92,149	13,998	14,768	0
2014	40,000	8,744	94,934	11,213	14,768	0
2015	40,000	6,558	97,803	8,342	14,768	0
2016-2020	80,000	6,570	204,562	7,728	73,840	0
2021-2025	0	0	0	0	73,840	0
2026-2030	0	0	0	0	73,827	0
	<u>\$280,000</u>	<u>\$61,255</u>	<u>\$665,714</u>	<u>\$77,307</u>	<u>\$295,347</u>	<u>\$0</u>

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
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Year	Governmental Activities		Business-Type Activities	
	Police and Fire Pension		Water Park Term Bonds	
	Principal	Interest	Principal	Interest
2011	\$6,930	\$12,250	\$115,000	\$192,087
2012	7,229	11,951	120,000	187,717
2013	7,539	11,641	125,000	183,158
2014	7,863	11,317	130,000	178,283
2015	8,200	10,980	135,000	173,212
2016-2020	46,599	49,301	770,000	773,675
2021-2025	57,503	38,397	975,000	573,563
2026-2030	70,960	24,940	1,230,000	318,250
2031-2035	77,101	8,351	580,000	41,562
	<u>\$289,924</u>	<u>\$179,128</u>	<u>\$4,180,000</u>	<u>\$2,621,507</u>

**Note 10 – Capital Lease Payable**

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

The fire truck acquired by the lease has been capitalized in the governmental activities in the amount of \$499,835, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded and is reduced for each required principal payment. The City has recorded depreciation on the fire truck of \$49,934, leaving a book value at December 31, 2010 of \$449,851.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010:

		Governmental Activities Capital Lease
Year Ending December 31:	2011	\$80,141
	2012	80,141
	2013	80,141
	2014	80,141
	2015-2016	<u>160,282</u>
Minimum lease payments		480,846
Less: Amount representing interest at the City's incremental borrowing rate of interest		<u>(69,351)</u>
Present value of minimum lease payments		<u>\$411,495</u>

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
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## **Note 11 – Risk Management**

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

### Casualty Insurance

For casualty coverages through December 31, 2005, PEP retained the first \$250,000 of each loss, and reinsured loss amounts over \$250,000 with American Public Entities Excess Pool (“APEEP”), in an amount not to exceed \$1,750,000 per claim and \$10,000,000 in aggregate per year. PEP pays a percentage if its contribution to APEEP.

Effective January 1, 2006, PEP retains the first \$350,000 of each loss, and reinsures loss amounts over \$350,000 with APEEP, in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. PEP pays a percentage if its contribution to APEEP.

In losses exhaust PEP’s retained earning, APEEP provides “excess of funds available” coverage up to \$5,000,000 per year, subject to a certificate year aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

### Property Insurance

Property coverage is also offered by the PEP, up to a per occurrence loss limitation of \$600,000,000. APEEP began administering a non risk-sharing property program for its members effective April 1, 1997. Automobile Physical Damage and Property are insured through the Property Program. Specific losses in excess of \$100,000 were reinsured with The Travelers Indemnity Company (“Travelers”), from April 1, 1997 through December 31, 2004.

Effective January 1, 2005 APEEP began administering a risk sharing program, in which Travelers reinsured property specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. Effective January 1, 2007, the terms changed, with Travelers reinsuring property specific losses in excess of \$300,000, up to \$600,000,000 per occurrence. Terms changed again, effective January 1, 2008, with Travelers now reinsuring property specific losses in excess of \$500,000 up to \$600,000,000.

From January 1, 2005 through December 31, 2008, APEEP reinsured members for specific property losses in excess of \$100,000 up to \$250,000 (\$300,000 effective 1/1/07 and \$500,000 effective 1/1/08) per occurrence, subject to an annual aggregate loss payment. Effective January 1, 2009, APEEP reinsured members for specific property losses in excess of \$150,000 up to \$500,000.

Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members’ Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

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

**City of Uhrichsville, Ohio**  
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Financial Position

The Pool's Financial Statements (audited by other accountants) conform to generally accepted accounting principles, and report the following (with 2009 being the latest available information):

	2009	2008
Assets	\$36,374,898	\$35,769,535
Liabilities	15,256,862	15,310,206
Retained Earnings	\$21,118,036	\$20,459,329

At December 31, 2009, casualty coverage liabilities noted above include approximately \$13.7 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$13.7 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$110,000. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

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

Contributions to PEP	
2008	\$49,464
2009	52,784
2010	47,312

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

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

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

**City of Uhrichsville, Ohio**  
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**Note 12 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$37,030, \$25,121, and \$31,652, respectively. For 2010, 93.01 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. There were no contributions made to the Member-Directed Plan for 2010.

**City of Uhrichsville, Ohio**  
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***Ohio Police and Fire Pension Fund***

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters pension were \$46,693 and \$55,697 for the year ended December 31, 2010, \$41,663 and \$54,905 for the year ended December 31, 2009, and \$38,572 and \$59,129 for the year ended December 31, 2008, respectively. 72.31 percent for police and 69.61 percent for firefighters has been contributed for 2010, with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2010, the unfunded liability of the City was \$289,924, payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

***Social Security System***

As of December 31, 2010, two of the Council members and the Mayor have elected to be covered by Social Security rather than OPERS. The employee's liability is 6.2 percent of wages paid.

**Note 13 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

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

**City of Uhrichsville, Ohio**  
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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$21,089, \$18,164, and \$31,652, respectively. For 2010, 93.08 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.



**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$24,720 and \$21,795 for the year ended December 31, 2010. \$22,057 and \$21,485 for the year ended December 31, 2009, and \$20,420 and \$23,138 for the year ended December 31, 2008. 72.31 percent has been contributed for police and 69.61 percent has been contributed for firefighters for 2010, with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

**Note 14 – Other Employee Benefits**

***Compensated Absences***

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

Employees earn sick leave at a rate of 4.6 hours per eighty hours of service. Unused sick leave accumulates without limit. Upon retirement or death, street employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of 45 days. Street employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 90 days. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one day's pay for every four days of accumulated sick leave, not to exceed payment of 1,080 hours. Firefighters with more than ten years of service can be paid one day's pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours. Police employees with five years of service but less than ten years of service can be paid one-fourth 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 one-half of the outstanding sick leave accumulation up to a maximum payment of 120 days.

***Health Insurance***

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

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

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 15 – Contingencies**

***Litigation***

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

***Grants***

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

**Note 16 – Jointly Governed Organizations**

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

The sole purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial and civic development of the area. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenuhthen. 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 2010, no monies were contributed by the City.

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

The Cemetery is a jointly governed organization organized under Ohio Revised Code Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Township each appoint one member to the board. The continued existence of the Cemetery is not dependent on the City's participation. The Cemetery provides burial services and the upkeep of the grounds at the cemetery. During 2010, no monies were contributed by the City.

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

TCTIRC was created as a regional council of governments pursuant to State statutes. TCTIRC has 48 participants, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 16 members appointed by township trustees, 1 member from the County Auditor's Office and 10 members appointed by boards of education located within the County. The TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. The body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative body that approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent upon the City's continued participation and no measurable equity interest exists. The City does not retain an ongoing financial interest or an ongoing financial responsibility with this organization. During 2010, no monies were contributed by the City.

**Note 17 – Joint Venture**

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

The District is a joint venture organized under Ohio Revised Code Section 6119.01, and is established to supply water and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. The cities of Uhrichsville and Dennison each appoint two of the five District's board members. The fifth board member is appointed by the other four board members. Continued existence of the District is dependent on the City's continued participation; however, the City does not have an equity interest in the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. During 2010, no monies were received from the City.

**Note 18 – Public Entity Risk Pools**

***Risk Sharing Pool***

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

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

***Insurance Purchasing Pool***

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

**City of Uhrichsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

**Note 19 – Interfund Transfers**

*Interfund Transfers*

Interfund transfers for the year ended December 31, 2010, consisted of the following:

<b>Transfer To</b>	<b>Transfer From</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	
General Fund	\$0	\$0	\$15,673	\$15,673
Other Governmental Funds	10,000	100,000	0	110,000
Water Park Fund	181,488	0	0	181,488
<b>Grand Total</b>	<b>\$191,488</b>	<b>\$100,000</b>	<b>\$15,673</b>	<b>\$307,161</b>

The transfers from general fund are to support the operations of other funds. The transfer from the capital improvement fund to the street fund was to pay for capital projects in that fund. The transfer from the police fund to the general fund was for the purpose of closing the DARE grant Fund.

**Note 20 – Contractual Commitments**

The City had a contractual commitment outstanding of \$725,962 at December 31, 2010, with Central Allied Corporation for the East 2<sup>nd</sup> Street storm sewer project.



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

June 29, 2011

Mayor and Members of Council  
City of Uhrichsville  
305 East 2<sup>nd</sup> St.  
Uhrichsville, OH 44683

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness as finding 2010-001.

**Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the City in a separate letter dated June 29, 2011.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the City's response and, accordingly, we express no opinion on it.

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

*Rea & Associates, Inc.*

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No

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

<b>Finding Number</b>	<b>2010-001</b>
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**Criteria:**

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

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

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

**Condition Found:**

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



**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2010 (continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**Material Weakness (continued)**

<b>Finding Number</b>	<b>2010-001 (continued)</b>
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**Effect:**

The City, which relies on a contracted service provider to compile the financial statements, had GAAP audit adjustments to the original Generally Accepted Accounting Principles (GAAP) financial statements which were presented for audit. These GAAP adjustments were related to construction in progress, depreciable, and non-depreciable capital assets, and the implementation of the City's new asset system.

**Recommendations:**

We recommend the City consider modifying the existing control procedures over the financial reporting process to include an independent review of the capital asset balances, financial statements and the related journal entries. We also recommend increasing the communication between the City and the contracted service provider to ensure all information needed is properly requested and accurately provided. The review should be conducted by City personnel that are knowledgeable of generally accepted accounting principles. Additionally, the City Auditor and the contracted service provider should review the adjustments and reclassifications identified during the current audit and ensure that similar errors are not reported on financial statements in subsequent years.

**City's Response:**

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

**CITY OF UHRICHSVILLE  
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2009-001	SAS 115 – Audit Adjustments	No	Not Corrected – Repeated as Finding 2010-001
2009-002	Capital Asset Listing and Impairment Policy	No	Partially Corrected – Moved to Management Letter



# Dave Yost • Auditor of State

CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 30, 2011