



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Governmental Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types	8
Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type	12
Statement of Cash Flows - Proprietary Fund Type	13
Notes to the General Purpose Financial Statements	15
Schedule of Receipts and Expenditures of Federal Awards	39
Notes to the Schedule of Receipts and Expenditures of Federal Awards	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings	45
Schedule of Prior Audit Findings	49

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Honorable Mayor and City Council:

We have audited the accompanying general purpose financial statements of the City of Uhrichsville, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Uhrichsville, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

The accompanying general purpose financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 3 to the general purpose financial statements, the City has been declared to be in fiscal emergency by the Auditor of State which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2000 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 grants.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

October 4, 2000

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City of Uhrichsville, Ohio
Combined Balance Sheet
All Governmental Fund Types and Account Groups
December 31, 1999

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debit			
Assets			
Equity in Pooled Cash and Cash Equivalents	\$0	\$88,861	\$440,974
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Receivables:			
Taxes	356,653	37,794	0
Accounts	11,725	0	0
Accrued Interest	471	0	0
Interfund	0	0	1,793,847
Intergovernmental	58,982	15,953	0
Materials and Supplies			
Inventory	4,994	5,989	0
Fixed Assets	0	0	0
Other Debit			
Amount to be Provided from General Government Resources	0	0	0
<i>Total Assets and Other Debit</i>	<u>\$432,825</u>	<u>\$148,597</u>	<u>\$2,234,821</u>
 Liabilities, Fund Equity and Other Credits			
Liabilities			
Accounts Payable	\$9,866	\$1,903	\$5,410
Accrued Wages Payable	2,012	1,190	0
Compensated Absences Payable	4,764	2,892	0
Claims Payable	0	0	0
Interfund Payable	977,000	816,847	0
Intergovernmental Payable	10,140	2,544	0
Deferred Revenue	181,507	37,794	0
Police and Fire Pension	0	0	0
General Obligation Bonds Payable	0	0	0
<i>Total Liabilities</i>	<u>1,185,289</u>	<u>863,170</u>	<u>5,410</u>
Fund Equity and Other Credits			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balances (Deficit):			
Reserved for Encumbrances	894	261	1,010
Reserved for Inventory	4,994	5,989	0
Reserved for Interfund Receivable	0	0	1,793,847
Unreserved, Undesignated	(758,352)	(720,823)	434,554
<i>Total Fund Balances (Deficit)</i>	<u>(752,464)</u>	<u>(714,573)</u>	<u>2,229,411</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$432,825</u>	<u>\$148,597</u>	<u>\$2,234,821</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Internal Service			
\$0	\$0	\$0	\$529,835
47,695	0	0	47,695
0	0	0	394,447
0	0	0	11,725
0	0	0	471
0	0	0	1,793,847
0	0	0	74,935
0	0	0	10,983
0	1,330,416	0	1,330,416
0	0	558,479	558,479
<u>\$47,695</u>	<u>\$1,330,416</u>	<u>\$558,479</u>	<u>\$4,752,833</u>
\$0	\$0	\$0	\$17,179
0	0	0	3,202
0	0	128,926	136,582
16,124	0	0	16,124
0	0	0	1,793,847
0	0	47,369	60,053
0	0	0	219,301
0	0	349,684	349,684
0	0	32,500	32,500
16,124	0	558,479	2,628,472
0	1,330,416	0	1,330,416
31,571	0	0	31,571
0	0	0	2,165
0	0	0	10,983
0	0	0	1,793,847
0	0	0	(1,044,621)
31,571	1,330,416	0	2,124,361
<u>\$47,695</u>	<u>\$1,330,416</u>	<u>\$558,479</u>	<u>\$4,752,833</u>

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City of Uhrichsville, Ohio
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 1999*

	General	Special Revenue	Capital Projects	Debt Service	Totals (Memorandum Only)
Revenues					
Property and Other Taxes	\$170,584	\$34,710	\$60,397	\$0	\$265,691
Municipal Income Tax	1,034,431	0	0	0	1,034,431
Charges for Services	17,819	6,792	0	0	24,611
Fines, Licenses and Permits	50,456	2,626	0	0	53,082
Intergovernmental	288,789	570,565	8,481	0	867,835
Interest	16,758	0	0	0	16,758
Donations	0	21,955	0	0	21,955
Other	12,905	3,507	0	0	16,412
<i>Total Revenues</i>	<u>1,591,742</u>	<u>640,155</u>	<u>68,878</u>	<u>0</u>	<u>2,300,775</u>
Expenditures					
Current:					
General Government	516,335	344	0	0	516,679
Security of Persons and Property	675,524	56,130	0	0	731,654
Public Health and Welfare	4,678	0	0	0	4,678
Transportation	51,252	185,179	0	0	236,431
Community Environment	0	315,684	0	0	315,684
Leisure Time Activities	0	26,468	0	0	26,468
Capital Outlay	0	0	179,272	0	179,272
Debt Service:					
Principal Retirement	0	4,185	50,000	12,000	66,185
Interest and Fiscal Charges	0	14,995	3,264	1,538	19,797
<i>Total Expenditures</i>	<u>1,247,789</u>	<u>602,985</u>	<u>232,536</u>	<u>13,538</u>	<u>2,096,848</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	343,953	37,170	(163,658)	(13,538)	203,927
Other Financing Sources (Uses)					
Operating Transfers In	0	73,883	0	13,538	87,421
Operating Transfers Out	(73,883)	0	(13,538)	0	(87,421)
<i>Total Other Financing Sources (Uses)</i>	<u>(73,883)</u>	<u>73,883</u>	<u>(13,538)</u>	<u>13,538</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	270,070	111,053	(177,196)	0	203,927
<i>Fund Balances (Deficit) Beginning of Year</i>	(1,027,528)	(831,615)	2,406,607	0	547,464
Increase in Reserve for Inventory	4,994	5,989	0	0	10,983
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$752,464)</u>	<u>(\$714,573)</u>	<u>\$2,229,411</u>	<u>\$0</u>	<u>\$762,374</u>

See accompanying notes to the general purpose financial statements

City of Uhrichsville, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types
 For the Year Ended December 31, 1999*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Property and Other Taxes	\$164,486	\$170,584	\$6,098
Municipal Income Tax	900,667	921,875	21,208
Charges for Services	10,000	17,744	7,744
Licenses, Permits and Fees	23,350	37,053	13,703
Fines and Forfeitures	10,150	13,155	3,005
Intergovernmental	224,540	277,298	52,758
Interest	9,000	13,931	4,931
Donations	0	0	0
Other	42,101	13,197	(28,904)
<i>Total Revenues</i>	<u>1,384,294</u>	<u>1,464,837</u>	<u>80,543</u>
Expenditures			
Current:			
General Government	497,042	517,457	(20,415)
Security of Persons and Property	630,022	681,746	(51,724)
Public Health and Welfare	4,678	4,678	0
Transportation	55,398	52,419	2,979
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,187,140</u>	<u>1,256,300</u>	<u>(69,160)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	197,154	208,537	11,383
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	(73,883)	(73,883)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(73,883)</u>	<u>(73,883)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	123,271	134,654	11,383
<i>Fund Balances (Deficit) Beginning of Year</i>	(1,116,684)	(1,116,684)	0
Prior Year Encumbrances Appropriated	1,185	1,185	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$92,228)</u>	<u>(\$980,845)</u>	<u>\$11,383</u>

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$30,694	\$34,710	\$4,016	\$54,575	\$60,397	\$5,822
0	0	0	0	0	0
10,350	6,792	(3,558)	0	0	0
0	0	0	0	0	0
1,574	2,104	530	0	0	0
530,419	595,857	65,438	25,482	25,482	0
0	0	0	0	0	0
27,475	22,058	(5,417)	0	0	0
5,600	3,897	(1,703)	0	0	0
<u>606,112</u>	<u>665,418</u>	<u>59,306</u>	<u>80,057</u>	<u>85,879</u>	<u>5,822</u>
73,282	73,240	42	0	0	0
		0	0	0	0
199,629	199,042	587	0	0	0
315,736	315,684	52	0	0	0
25,755	25,725	30	0	0	0
0	0	0	181,384	177,693	3,691
0	0	0	50,000	50,000	0
0	0	0	3,264	3,264	0
<u>614,402</u>	<u>613,691</u>	<u>711</u>	<u>234,648</u>	<u>230,957</u>	<u>3,691</u>
(8,290)	51,727	60,017	(154,591)	(145,078)	9,513
69,723	73,883	4,160	0	0	0
0	0	0	(13,540)	(13,538)	2
<u>69,723</u>	<u>73,883</u>	<u>4,160</u>	<u>(13,540)</u>	<u>(13,538)</u>	<u>2</u>
61,433	125,610	64,177	(168,131)	(158,616)	9,515
(854,219)	(854,219)	0	2,385,607	2,385,607	0
0	0	0	4,000	4,000	0
<u>(\$792,786)</u>	<u>(\$728,609)</u>	<u>\$64,177</u>	<u>\$2,221,476</u>	<u>\$2,230,991</u>	<u>\$9,515</u>

(continued)

City of Uhrichsville, Ohio
*Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types (continued)
 For the Year Ended December 31, 1999*

	Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Taxes	\$0	\$0	\$0
Municipal Income Tax	0	0	0
Charges for Services	0	0	0
Licenses, Permits and Fees	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	0	0	0
Interest	0	0	0
Donations	0	0	0
Other	0	0	0
<i>Total Revenues</i>	0	0	0
Expenditures			
Current:			
General Government:			
Security of Persons and Property	0	0	0
Human Services	0	0	0
Transportation	0	0	0
Community Environment	0	0	0
Leisure Time Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	7,973	12,000	(4,027)
Interest and Fiscal Charges	1,538	1,538	0
<i>Total Expenditures</i>	9,511	13,538	(4,027)
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,511)	(13,538)	(4,027)
Other Financing Sources (Uses)			
Operating Transfers In	13,899	13,538	(361)
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	13,899	13,538	(361)
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	4,388	0	(4,388)
<i>Fund Balances (Deficit) Beginning of Year</i>	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Balances (Deficit) End of Year</i>	\$4,388	\$0	(\$4,388)

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$249,755	\$265,691	\$15,936
900,667	921,875	21,208
20,350	24,536	4,186
23,350	37,053	13,703
11,724	15,259	3,535
780,441	898,637	118,196
9,000	13,931	4,931
27,475	22,058	(5,417)
47,701	17,094	(30,607)
<u>2,070,463</u>	<u>2,216,134</u>	<u>145,671</u>
497,042	517,457	(20,415)
703,304	754,986	(51,682)
4,678	4,678	0
255,027	251,461	3,566
315,736	315,684	52
25,755	25,725	30
181,384	177,693	3,691
57,973	62,000	(4,027)
4,802	4,802	0
<u>2,045,701</u>	<u>2,114,486</u>	<u>(68,785)</u>
24,762	101,648	76,886
83,622	87,421	3,799
<u>(87,423)</u>	<u>(87,421)</u>	<u>2</u>
<u>(3,801)</u>	<u>0</u>	<u>3,801</u>
20,961	101,648	80,687
414,704	414,704	0
5,185	5,185	0
<u>\$440,850</u>	<u>\$521,537</u>	<u>\$80,687</u>

City of Uhrichsville, Ohio
*Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Year Ended December 31, 1999*

	<u>Self Insurance</u>
Operating Revenues	
Charges for Services	\$189,022
Operating Expenses	
Contractual Services	41,376
Claims	127,321
Other	255
<i>Total Operating Expenses</i>	<u>168,952</u>
<i>Net Income</i>	20,070
<i>Retained Earnings</i>	
<i>Beginning of Year (Restated - Note 3)</i>	<u>11,501</u>
<i>Retained Earnings End of Year</i>	<u>\$31,571</u>

See accompanying notes to the general purpose financial statements

City of Uhrichsville, Ohio
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 1999

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<u>Self Insurance</u>
 Cash Flows from Operating Activities	
Cash Received from Quasi-External Transactions With Other Funds	\$189,022
Cash Payments for Goods and Services	(41,631)
Cash Payments for Claims	<u>(138,131)</u>
<i>Net Cash Provided by Operating Activities</i>	<u>9,260</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>38,435</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$47,695</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$20,070
 Adjustments	
Decrease in Claims Payable	<u>(10,810)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$9,260</u></u>

See accompanying notes to the general purpose financial statements

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City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

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 5,600. 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 and complies with all State laws regulating City government. The decision making process is directed by an elected City Council (Council) and Mayor.

On August 6, 1998, the Auditor of State's office declared the City of Uhrichsville to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Mayor of the City, Council President, three financial consultants from various corporations and/or organizations and two representatives from the State of Ohio. This Commission was required to adopt a financial recovery plan for the City, and the plan must be updated annually.

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 parks 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.

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 is associated with the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Union Mill Cemetery, and the Twin City Water and Sewer District, which are defined as jointly governed organizations and with the Health Benefits Plan, a claims serving pool. These organizations are presented in Notes 15 and 16 to the general purpose financial statements.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not contradict or conflict with GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the governmental fund type, proprietary fund type and account group categories.

Governmental Fund Types Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are the City's governmental fund types:

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

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds These funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Proprietary Fund Type Proprietary funds are used to account for the City's ongoing activities which are similar to those often found in the private sector. The following is the City's proprietary fund type:

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

Account Groups To make a clear distinction between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is used to account for all fixed assets of the City.

General Long-term Obligations Account Group This account group accounts for all unmatured long-term indebtedness of the City.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is reflected as retained earnings. Proprietary operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made. The basis of accounting and reporting treatment applied to a fund is determined by its measurement focus.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year end.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, State levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance), fines and forfeiture and income tax withheld by employers.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminate and which are not intended to finance the current period obligations, have been recorded as deferred revenue.

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. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable.

C. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restrictions that appropriations cannot exceed estimated resources, as certified. All of the City's funds are legally required to be budgeted and appropriated. Budgetary information for the self insurance internal service fund is not reported because it is not included in the entity for which the "appropriated budget" is adopted, and the City does not maintain budgetary financial records. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget During the first Council meeting in July, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized property taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the city auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year, several supplemental appropriations measures were passed. None, however, were significant in amount. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditure Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. The appropriations set by Council must remain fixed unless amended by Council ordinance.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the object level within each department. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is not reappropriated.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

D. Cash and Cash Equivalents

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

The general fund and the street construction, maintenance and repair special revenue fund had a negative cash balance at December 31, 1999. The capital improvements capital projects fund previously made advances to these funds to eliminate the negative cash balances. The general fund and the street construction, maintenance and repair special revenue fund have interfund payables of \$977,000 and \$816,847, respectively. The capital improvements capital projects fund has a corresponding interfund receivable of \$1,793,847 on the combined balance sheet.

During 1999, investments were limited to a non-negotiable certificate of deposit which is a nonparticipating investment contract and is reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. The general fund did not have a positive cash balance during 1999; the general fund did not earn any interest. Therefore, the \$16,758 credited to the general fund during 1999 was earned by other City funds.

The City has a segregated bank account for monies held separate from the City's central bank account. This interest bearing depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the City treasury. The internal service fund's segregated cash represents amounts segregated for payment of claims.

For presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, and not purchased from the pool, are considered to be cash equivalents.

E. Inventory

Inventory is stated at cost on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the funds when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental fund which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated.

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

H. Interfund Assets and Liabilities

Interfund loans are classified as "interfund receivables/payables" on the combined balance sheet.

I. 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 accumulated unused vacation time when earned for all eligible 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 benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Bonds are recognized as a liability of the general long-term obligations account group until due.

K. Interfund Transactions

During the normal course of operations, the City has transactions between funds. Quasi-external transactions are accounted for as revenues and expenditures. Transactions that constitute reimbursement to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund, and as reduction of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditures, including amounts legally segregated for future use. Fund balances are reserved for encumbrances, inventory and long-term interfund receivables.

M. 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.

N. Totals (Memorandum Only) Columns

Totals columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 3 - Accountability and Legal Compliance

A. Fund Deficits

At December 31, 1999, the following funds had deficit fund balances:

Fund	Fund Balance
General	\$752,464
Street Construction, Maintenance and Repair Special Revenue Fund	804,811

The general fund and the street construction, maintenance and repair special revenue fund concluded 1999 with a deficit fund balances of \$979,725 and \$816,847, respectively. The City was placed in a state of fiscal emergency by the Auditor of State in 1998. A financial planning and supervision commission is in place to oversee all fiscal decisions and activities of the City. The deficits in the general fund and the street construction, maintenance and repair special revenue fund are a result of the City's current financial difficulty. The City is analyzing fund operations to determine appropriate steps to alleviate the deficits.

B. Legal Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations, contrary to Ohio Revised Code Section 5705.41(B):

Fund/Program/Activity	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
City Building			
Contractual Services	\$211,927	\$232,927	\$21,000
Police Department			
Personal Services	311,029	313,852	2,823
Materials and Supplies	25,826	34,358	8,532
Fire Department			
Personal Services	277,889	319,090	41,201
Contractual Services	0	180	180
Bond Retirement Debt Service Fund			
Debt Service			
Principal Retirement	7,973	12,000	4,027

In addition, the City did not formally adopt appropriations for the internal service fund, nor submit appropriations to the Tuscarawas County Auditor, contrary to Ohio Revised Code Section 5705.38.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

The fiscal officer did not always certify that the required amount to meet certain obligations had been lawfully appropriated, contrary to Ohio Revised Code Section 5705.41 (D).

The following fund had appropriations in excess of estimated revenues and carryover balances, contrary to Ohio Revised Code Section 5705.39:

Fund	Carryover Balances	Estimated Revenues	Appropriations	Excess
Special Revenue: CHIPS/CHIS	\$14,763	\$300,000	\$315,736	\$973

The City had negative cash balances in the following funds indicating that revenues from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

General Fund	\$977,000
Street Construction, Maintenance and Repair Special Revenue Fund	\$816,847

Note 4 - Restatement of Fund Equity

The activity of the health benefits plan internal service fund was not previously reported on the City's books, causing the December 31, 1998 retained earnings to be understated by \$11,501.

Note 5 - Budgetary Basis of Accounting

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues Over (Under) Expenditures All Governmental Fund Types			
	General	Special Revenue	Capital Projects
GAAP Basis	\$270,070	\$111,053	(\$177,196)
Net Adjustment for Revenue Accruals	(126,905)	25,263	17,001
Net Adjustment for Expenditure Accruals	(7,391)	(10,083)	5,409
Encumbrances	(1,120)	(623)	(3,830)
Budget Basis	\$134,654	\$125,610	(\$158,616)

Net Income/Excess of Revenues Over (Under) Expenses Proprietary Fund Type	
	Internal Service
GAAP Basis	\$20,070
Revenue Accruals	(189,022)
Expense Accruals	168,952
Budget Basis	\$0

Note 6 - Deposits and Investments

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

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

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits 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 deposits 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 city auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies reported 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds 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; and
6. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Investments may only be made through specified dealers and institutions. Payments for investments may be made 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the City's deposits was \$577,530 and the bank balance was \$607,168. Of the bank balance, \$227,899 was covered by federal depository insurance, and \$379,269 was uncollateralized and uninsured. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

Note 7 - Receivables

Receivables at December 31, 1999, consisted of taxes, accounts (billings for user charged services), accrued interest, intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A. Property Tax

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 1999 for real and public utility property taxes represent collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 real property taxes are levied after October 1, 1999 on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. 1999 real property taxes are collected in and intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are at twenty-five percent of true value.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

The full tax rate for all City operations for the year ended December 31, 1999, was \$8.48 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Estate	\$39,224,700
Public Utility Property	3,042,480
Tangible Personal	4,934,680
Total Assessed Value	<u>\$47,201,860</u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Uhrichsville. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which became measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

B. 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 1.75 percent 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. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the general fund and the capital improvements capital projects fund. By new City ordinance for 1999, all income tax proceeds will be credited to the general fund.

The City's income tax of 1.75 percent income tax is comprised of 1 percent credited to the general fund and .75 percent credited to the general fund for a period of six years. After which according to voter approval, the .75 percent will revert to an equal distribution between the general fund and capital improvements capital projects fund.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables is as follows:

General Fund:	
Local Government	\$36,987
Estate Tax	11,788
Local Government Revenue Assistance	4,001
Other	<u>6,206</u>
Total General Fund	<u>58,982</u>
Special Revenue Funds:	
Street Construction, Maintenance and Repair	14,426
Fire Uniform and Equipment	1,347
Police Uniform and Equipment	100
Alcohol Enforcement	<u>80</u>
Total Special Revenue Funds	<u>15,953</u>
Grand Total	<u><u>\$74,935</u></u>

Note 8 - Fixed Assets

A summary of changes in general fixed assets during 1999 follows:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1999</u>
Land and Improvements	\$46,358	\$0	\$0	\$46,358
Buildings	217,931	0	0	217,931
Machinery and Equipment	504,244	8,615	0	512,859
Vehicles	<u>532,762</u>	<u>20,506</u>	<u>0</u>	<u>553,268</u>
Total	<u><u>\$1,301,295</u></u>	<u><u>\$29,121</u></u>	<u><u>\$0</u></u>	<u><u>\$1,330,416</u></u>

Note 9 - Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 1999, were as follows:

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

	Outstanding 01/01/99	Additions	(Reductions)	Outstanding 12/31/99
Compensated Absences Payable	\$148,036	\$0	\$9,152	\$128,926
Intergovernmental Payable	39,484	47,369	39,484	47,369
Police and Fire Pension	353,869	0	4,185	349,684
General Obligations Bonds Payable	94,500	0	62,000	32,500
<i>Total General Long-Term Obligations</i>	<u>\$635,889</u>	<u>\$47,369</u>	<u>\$119,800</u>	<u>\$558,479</u>

Compensated absences reported in the “compensated absences payable” account will be paid from the fund from which the employees’ salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. The police and fire pension liability will be paid from taxes received in the fire pension and police pension special revenue funds. General obligation bonds will be repaid from property tax revenues that were received into the capital improvements capital projects fund.

The City's overall legal debt margin was \$4,215,667 at December 31, 1999. The unvoted legal debt margin was \$47,202. Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 1999, are as follows:

Year	Police and Fire Pension	General Obligation Bonds
2000	\$19,180	\$13,928
2001	19,180	13,140
2002	19,180	8,711
2003	19,180	0
2004	19,180	0
2005-2009	95,898	0
2010-2014	95,898	0
2015-2019	95,898	0
2020-2024	95,898	0
2025-2029	95,898	0
2030-2034	95,898	0
2035	8,731	0
Total Principal and Interest	680,019	35,779
Less: Interest	330,335	(3,279)
Total Principal Outstanding	<u>\$349,684</u>	<u>\$32,500</u>

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 10 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City pays an annual premium of \$30,410 to the Municipal Insurance Alliance, Gulf Insurance Group, for the following:

Coverage	Limit
Property	\$1,129,600
Crime/Bonds	
Theft	20,000
Employee Dishonesty	100,000
Liability	
General Aggregate	2,000,000
Products/Completed Operations	2,000,000
Personal/Advertising Injury	2,000,000
Each Occurrence	2,000,000
Fire Damage	50,000
Medical Expense	10,000
Bodily Injury by Accident	1,000,000
Bodily Injury by Disease	1,000,000
Bodily Injury Aggregate	1,000,000
Employees Benefits Aggregate	2,000,000
Employees Benefits Each Employee	2,000,000
Public Officials Aggregate	2,000,000
Public Officials Each Wrongful Act	2,000,000
Vehicles	
Liability	2,000,000
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Electronic Data Processing	30,000

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.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

The City provides life insurance and accidental death and dismemberment insurance to all eligible full-time union firefighters of \$22,000 and \$18,000, respectively, to all eligible full-time union police employees of \$20,000 and \$20,000, respectively, and to all eligible full-time non-union employees of \$20,000 and \$20,000, respectively, through CU Life Insurance Company of America.

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. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the OML. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the OML. 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.

Medical coverage is provided on a self-insured basis through the Health Benefits Plan (Plan), a claims servicing pool (See Note 16). The Plan provides a major medical plan with a \$100 single and \$200 family deductible. The City purchases stop-loss coverage of \$15,000 per employee per year and an aggregate annual limit of \$1,000,000. A third party administrator, Medical Benefits Administrators, Inc., located in Newark, Ohio, reviews and pays all claims.

The claims liability of \$16,124 reported in the internal service fund at December 31, 1999, was estimated by the third party administrator and is based on the requirements of GASB Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Financial information relating to the fund's claims liability in 1998 and 1999 includes:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1998	\$13,829	\$48,321	\$35,216	\$26,934
1999	26,934	127,321	138,131	16,124

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 11 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$24,014, \$24,080, and \$21,609, respectively. The full amount has been contributed for 1998 and 1997. 72.70 percent has been contributed for 1999 with the remainder being reported as a liability in the general long-term obligations account group.

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple employer public employee retirement system administered by the PFDPF's Board of Trustees. PFDPF 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 by Chapter 742 of the Ohio Revised Code. PFDPF issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.5 percent for police and 17 percent for firefighters. For 1999 the City contributions were 13 percent for police and 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the PFDPF for police and firefighters were \$31,721 and \$38,847 for the year ended December 31, 1999, \$32,538 and \$38,683 for the year ended December 31, 1998, \$30,188 and \$36,361 for 1997. The full amount has been contributed for 1998 and 1997. 70.16 percent and 69.95 percent, respectively, have been contributed for 1999 with the remainder being reported as a liability in the general long-term obligations account group.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

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, 1999, the unfunded liability of the City was \$349,684 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

C. Social Security System

As of December 31, 1999, four of the Council members have elected Social Security. The Council's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 and 1998 employer contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care. For 1997, the percent used to fund health care was 5.11 percent.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$10,787.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (PFDPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7 percent of covered payroll was applied to the postemployment health care program during 1999. For 1998 the percent used to fund healthcare was 6.5 percent. This allocation will be raised to 7.25 percent in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 1999 that were used to fund postemployment benefits were \$15,861 for police and \$14,429 for fire. The PFDPF's total health care expenses for the year ended December 31, 1998, (the latest information available) were \$78,596,790, which was net of member contributions of \$5,331,515. The number of PFDPF participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components 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. An employee of the City is not entitled to carry forward any vacation time or personal leave. For non-union employees and union firefighters, credit is given, and may be used for vacation time earned during the preceding calendar year. For union police employees, credit is given, and may be used for vacation earned during preceding year, based on the employee's anniversary date.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Employees earn sick leave at a rate of 4.6 days per eighty hours of service. Unused sick leave shall accumulate without limit. Upon retirement or death, non-union employees and police employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulated up to 45 days. Non-union employees and police employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulated up to 90 days. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulated up to 135 days. Firefighters with more than ten years of service can be paid one-half of the outstanding sick leave accumulated up to 270 days. As of December 31, 1999, the total liability for unpaid compensated absences \$136,582.

B. Life and Accidental Death and Dismemberment Insurance

The City provides life insurance and accidental death and dismemberment insurance to all eligible full-time employees.

Note 14 - Contingencies

A. Litigation

The City is not a party to legal proceedings.

B. 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, 1999.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

Note 15 - Jointly Governed Organizations

A. Community Improvement Corporation of Tuscarawas County (Corporation)

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 self-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 1999, no monies were received from the City.

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

The Cemetery is a jointly governed organization organized under Ohio Revised Code, Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Mill Union Township each appoint one member to the board. The Cemetery provides burial services, operations and maintenance of the cemetery. During 1999, no monies were received from the City.

C. Twin City Water and Sewer District (District)

The District is a jointly governed organization organized under Ohio Revised Code, Section 6119.01, and is established to supply water to and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. The City appoints two of the five District's board members. During 1999, no monies were received from the City.

Note 16 - Claims Servicing Pool

For 1999, the City participated in the Health Benefits Plan (Plan), a claims servicing pool. The Plan is intended to achieve lower medical benefits rates for eligible employees and their dependents. The premium experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its premium to the Medical Benefits Administrators, Inc. (MBA) based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to the City of Uhrichsville, the Twin City Water and Sewer District and the Uhrichsville-Dennison-Mill Union Cemetery, which meet the Plan's selection criteria. MBA provides administrative, cost control and actuarial services to the Plan. The City pays an annual fee to MBA to cover the costs of administering the program. All participating members retain their risk and MBA acts as the claims servicing agent.

City of Uhrichsville, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 1999

The City may withdraw from the Plan, provided written notice is given to MBA thirty days prior to such action. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal.

Note 17 - Interfund

Interfund balances at December 31, 1999, consisted of the following individual fund receivables and payables, and also are identified in Note 2.

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$0	\$977,000
Special Revenue Fund:		
Street Construction,		
Maintenance and Repair	0	816,847
Capital Projects Fund:		
Capital Improvements	1,793,847	0
Total	<u>\$1,793,847</u>	<u>\$1,793,847</u>

Note 18 - Subsequent Event

On July 27, 2000, Mayor Linda Warner submitted her resignation effective September 3, 2000. On September 12, 2000, the Uhrichsville Democratic Central Committee appointed James Myers for the Mayor's term of office effective September 25, 2000, until the next City General Election.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Housing and Urban Development				
Passed Through the State Department of Development:				
Community Development Block Grant Community Housing Improvement Program	A-C-98-188-1	14.228	\$332,525	\$314,929
Federal Emergency Management Agency				
Passed Through the Ohio Department of Public Safety:				
Public Assistance Grant	1227-DR-157-78176	83.544	4,674	4,674
U.S Department of Justice				
Direct:				
Public Safety and Community Policing Grant		16.710	28,150	28,150
Total			<u>\$365,349</u>	<u>\$347,753</u>

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

Notes to the Schedule of Receipts and Expenditures of Federal Awards
For the Year Ended December 31, 1999

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B--ACCOUNTING METHOD FOR EXPENDITURES

Monies are commingled with local funds for the Community Development Block Grant. It is assumed federal monies are expended first.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Honorable Mayor and City Council:

We have audited the general purpose financial statements of the City of Uhrichsville, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 4, 2000. Our report also included an explanatory paragraph identifying the conditions that raise substantial doubt about the City's ability to continue as a going concern. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-21279-001 through 1999-21279-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated October 4, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-21279-004.

City of Uhrichsville
Tuscarawas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated October 4, 2000.

This report is intended for the information and use of management, City Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 4, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Uhrichsville, Tuscarawas County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

City of Uhrichsville
Tuscarawas County
Report of Independent Accountants on Compliance with Requirements
Applicable to Each Major Federal Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, City Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 4, 2000

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant Community Housing Improvement Program CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Noncompliance

FINDING NUMBER 1999-21279-001

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

- a) Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, the City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- b) If the amount involved is less than \$1,000, the City Auditor may authorize payment through a Then and Now Certificate without affirmation of the City Council, if such expenditure is otherwise valid.

The City Auditor did not certify the availability of funds for 68% of transactions tested in 1999. Neither of the two exceptions noted above were utilized. Prior to entering purchase commitments, the City Auditor should either certify that funds are available for expenditure or use the exceptions noted above, as applicable.

FINDING NUMBER 1999-21279-002

Ohio Rev. Code Section 5705.10 states in part, that money paid into any fund shall be used only for the purpose for which such fund is established. The City had the following cash fund deficits at December 31, 1999:

General Fund	(\$977,000)
Special Revenue	
Street Construction, Maintenance and Repair Fund	(\$816,847)

A negative cash fund balance indicates money from another fund was used to pay for the obligations of these funds. In cooperation with the City's Financial Planning and Supervision Commission, the City should continue implementing recommendations from the City's 1998 Performance Audit to help reduce the City's cash fund deficits.

FINDING NUMBER 1999-21279-003

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

Twelve percent of disbursement transactions tested throughout the year were not within the object level of control which is the City's legal level of appropriation control at the time of commitment.

In addition, object level expenditures had expenditures plus encumbrances which exceeded appropriations in the following funds:

Fund/Program/Activity	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
City Building			
Contractual Services	\$211,927	\$232,927	(\$21,000)
Police Department			
Materials and Supplies	25,826	34,358	(8,532)
Fire Department			
Personal Services	277,889	319,090	(41,201)
Bond Retirement Debt Service Fund			
Debt Service			
Principal Retirement	7,973	12,000	(4,027)

Furthermore, the City did not formally adopt appropriations for the Internal Service Fund nor submit the appropriations to the Tuscarawas County Budget Commission, contrary to Ohio Rev. Code Section 5705.38. As a result, the City made expenditures which were not legally appropriated. The City Auditor should monitor expenditures compared with the City's appropriations authority to avoid overspending.

Reportable Condition

FINDING NUMBER 1999-21279-004

In April 2000, the City adopted a fixed asset policy to account for the land and improvements, buildings, machinery and equipment and vehicles; however, throughout 1999, the City did not account for fixed assets. As of December 31, 1999, the City did compile a Fixed Asset Master Listing for reporting purposes. We noted the following issues with respect to the City's fixed assets:

1. Serial/VIN numbers for equipment were not included in the Fixed Asset Master Listing.
2. Asset identification tag numbers were not attached to the equipment or listed in the Fixed Asset Master Listing.
3. The location of equipment within the Street, Fire, and Police departments was not identified on the Fixed Asset Master Listing.
4. Acquisition dates for the Police department's equipment were not reflected on the Fixed Asset Master Listing.
5. Two fire trucks were initially valued at the acquisition cost of the chassis only, while another fire truck properly included the chassis and all the required equipment to make the truck fully operational.
6. The Fixed Asset Master Listing for the Street Department initially included present values for the acquisition costs rather than the historical cost of the equipment or the estimated historical cost.
7. The City was unable to document the acquisition date and cost of any of the donated equipment.
8. The City did not initially include the office equipment and computer hardware from the City Auditor, Income Tax Administrator, or the Mayor's offices on the Fixed Asset Master Listing.

These conditions initially resulted in the understatement of fixed assets.

To help improve accountability over the City's fixed assets:

1. The Fixed Asset Master Listing should include serial/VIN numbers and asset identification tag numbers should be attached to the equipment.
2. The Fixed Asset Master Listing should also include the location within the department where the equipment is located.
3. The Police department should identify all its equipment over \$500 and maintain a record of any additions or deletions throughout the year so the City can accurately report its fixed assets.
4. When acquisition dates and costs are unavailable, the City should estimate the historical cost of the equipment based on the present value indexed back to consumer price index.
5. When determining the acquisition cost, the City should include all the costs incurred in making the vehicle or equipment operational.
6. When donated equipment is received by the City, the estimated historical cost of the equipment and the donation date should be documented.
7. The City should consider performing a physical inventory of all fixed assets to ensure that all land and improvements, buildings, machinery and equipment and vehicles are included in the Fixed Asset Master Listing.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-21279-011	Ohio Department of Development Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook Section A(3) f Grant funds were not disbursed within fifteen days and balances on hand exceeded \$5,000.	Yes	Municipal Services Corporation (third party administrator) has implemented a worksheet for each project which allows the City to issue the checks to appropriate parties as soon as the drawdowns are received.
1998-21279-012	Thirty-three percent of the drawdowns were disbursed outside the fifteen days. Cash balances related to drawdowns were greater than \$5,000 at the time of final disbursement.	Yes	Municipal Services Corporation (third party administrator) has implemented a worksheet for each project which allows the City to issue the checks to appropriate parties as soon as the drawdowns are received.



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Telephone 614-466-4514
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CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 14, 2000**