



Rea & associates *a brighter way*

City of Uhrichsville Tuscarawas County, Ohio

Audited Financial Statements

For the Year Ended
December 31, 2014



Dave Yost • Auditor of State

Members of Council
City of Uhrichsville
305 East Second Street
Uhrichsville, Ohio 44683

We have reviewed the Independent Auditor's Report of the City of Uhrichsville, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 26, 2016

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CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY, OHIO
For the Year Ended December 31, 2014
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July 26, 2016

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio, as of December 31, 2014, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 5—12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

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City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The discussion and analysis of the City of Uhrichsville's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position increased \$115,057 which represents a 2 percent increase from 2013. Net position of governmental activities increased \$68,302. Net position of business-type activities increased \$46,755.
- Total capital assets decreased \$389,602 in 2014. Capital assets of governmental activities decreased \$300,721 and capital assets of business-type activities decreased \$88,881.
- Outstanding debt decreased from \$6,408,834 to \$5,916,010 due to principal payments made during the year.

Using this Annual Financial Report

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

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2014 and how they affected the operations of the City as a whole.

Reporting the City of Uhrichsville as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In the case of the City of Uhrichsville, the general fund is by far the most significant fund. Business-type funds consist of the water park fund.

A question typically asked about the City's finances "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

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

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

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

Reporting the City of Uhrichsville's Most Significant Funds

Fund Financial Statements

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

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

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

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

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

The City of Uhrichsville as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 2,539,175	\$ 2,517,635	\$ 3,962	\$ 4,476	\$ 2,543,137	\$ 2,522,111
Capital Assets	7,895,191	8,195,912	3,736,294	3,825,175	11,631,485	12,021,087
<i>Total Assets</i>	<u>10,434,366</u>	<u>10,713,547</u>	<u>3,740,256</u>	<u>3,829,651</u>	<u>14,174,622</u>	<u>14,543,198</u>
Liabilities						
Long-Term Liabilities	2,316,548	2,677,992	3,768,421	3,902,902	6,084,969	6,580,894
Other Liabilities	143,378	122,282	24,577	26,246	167,955	148,528
<i>Total Liabilities</i>	<u>2,459,926</u>	<u>2,800,274</u>	<u>3,792,998</u>	<u>3,929,148</u>	<u>6,252,924</u>	<u>6,729,422</u>
Deferred Inflows of Resources	535,150	542,285	0	0	535,150	542,285
Net Position						
Net Investment in Capital Assets	6,007,965	5,958,206	(32,127)	(77,726)	5,975,838	5,880,480
Restricted	1,018,848	1,059,557	0	0	1,018,848	1,059,557
Unrestricted	412,477	353,225	(20,615)	(21,771)	391,862	331,454
<i>Total Net Position</i>	<u>\$ 7,439,290</u>	<u>\$ 7,370,988</u>	<u>\$ (52,742)</u>	<u>\$ (99,497)</u>	<u>\$ 7,386,548</u>	<u>\$ 7,271,491</u>

At year end, capital assets represented 82 percent of total assets. Capital assets include land, buildings and improvements, equipment and machinery, vehicles and infrastructure. Net investment in capital assets was \$5,975,838 at December 31, 2014, with \$6,07,965 in governmental activities and (\$32,127) in business-type activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$1,018,848 or 14 percent, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position of \$391,862 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 251,843	\$ 244,380	\$ 338,014	\$ 289,612	\$ 589,857	\$ 533,992
Operating Grants	506,179	250,534	0	0	506,179	250,534
Capital Grants	0	200,500	0	0	0	200,500
<i>General Revenues:</i>						
Property Taxes	566,832	545,907	0	0	566,832	545,907
Income Taxes	1,435,336	1,437,918	0	0	1,435,336	1,437,918
Grants and Entitlements	259,701	210,717	0	0	259,701	210,717
Unrestricted Contributions	0	0	0	3,000	0	3,000
Investment Earnings	3,417	4,081	0	0	3,417	4,081
Miscellaneous	55,157	18,651	3,500	3,025	58,657	21,676
<i>Total Revenues</i>	<u>3,078,465</u>	<u>2,912,688</u>	<u>341,514</u>	<u>295,637</u>	<u>3,419,979</u>	<u>3,208,325</u>
Program Expenses						
General Government	606,494	565,337	0	0	606,494	565,337
Security of Persons and Property	1,320,165	1,222,215	0	0	1,320,165	1,222,215
Public Health	189,026	198,464	0	0	189,026	198,464
Leisure Time Services	21,931	31,554	0	0	21,931	31,554
Community Development	191,830	226,442	0	0	191,830	226,442
Transportation	431,208	374,921	0	0	431,208	374,921
Interest and Fiscal Charges	57,667	67,193	0	0	57,667	67,193
<i>Enterprise Operations:</i>						
Water Park	0	0	486,601	479,021	486,601	479,021
<i>Total Program Expenses</i>	<u>2,818,321</u>	<u>2,686,126</u>	<u>486,601</u>	<u>479,021</u>	<u>3,304,922</u>	<u>3,165,147</u>
<i>Increase (Decrease) in Net Position</i>	260,144	226,562	(145,087)	(183,384)	115,057	43,178
Transfers	(191,842)	(203,158)	191,842	203,158	0	0
<i>Change in Net Position</i>	68,302	23,404	46,755	19,774	115,057	43,178
<i>Net Position Beginning of Year</i>	<u>7,370,988</u>	<u>7,347,584</u>	<u>(99,497)</u>	<u>(119,271)</u>	<u>7,271,491</u>	<u>7,228,313</u>
<i>Net Position End of Year</i>	<u>\$ 7,439,290</u>	<u>\$ 7,370,988</u>	<u>\$ (52,742)</u>	<u>\$ (99,497)</u>	<u>\$ 7,386,548</u>	<u>\$ 7,271,491</u>

Governmental Activities

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

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

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

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

There was a \$165,777 increase in total revenue during 2014. This is largely due to an increase in CDBG receipts and increased special assessment revenue. There was also a \$200,500 decrease in capital grants that was primarily caused by the OPWC grant received during 2013.

Police and fire represent the largest expense of the governmental activities. This expense of \$1,320,165 represents 47 percent of the total governmental activities expenses. The police and fire departments operate out of the General fund.

The City's Street Maintenance and Repair Department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling. These expenses totaled \$431,208, or 15 percent of total governmental activities expenses during 2014.

The City also levies a tax for the Trinity Twin City Hospital (public health services) and maintains a park (leisure time activities) within the City. These areas had expenses of \$210,957 in 2014 equaling 8 percent of the total governmental services expenses.

Business-Type Activities

Business-type activities are limited to the water park operations. The revenues are generated primarily from charges for services. In 2014, charges for services of \$338,014 accounted for 99 percent of the business type revenues. The total expenses for the water park were \$486,601, thus leaving a decrease in net position of \$145,087 for the business-type activities before transfers.

The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 15. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$3,004,924 and expenditures of \$2,881,824. The net change in fund balance for all other governmental funds was a decrease of \$68,743. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

The general fund's net change in fund balance for fiscal year 2014 was a decrease of \$38,336. This is due to a slight increase in salaries and fringe benefits throughout the City offset slightly by an increase in municipal income tax revenues.

The fund balance of the street fund decreased \$22,945 as expenses outpaced revenues.

The storm sewer assessment and capital improvement funds' net change in fund balance for fiscal year 2014 were decreases of \$10,593 and \$100,623, respectively. These changes were due primarily to timing differences between revenues and debt payments on the related capital projects. An additional factor contributing to the decrease in the capital improvement fund is the transfer of money to the Water Park fund for a portion of the general obligation bond debt payments.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Proprietary Fund

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

Unrestricted net position of the water park fund at the end of the year amounted to a deficit of \$20,615. The total growth in net position for this fund was \$46,755. Revenues and expenses in this fund increased in 2014. Activity in this fund can fluctuate from year to year due to various factors, the primary one being weather.

General Fund Budgeting Highlights

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

During the course of 2014, the City amended its general fund budget several times. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the general fund, the actual budget basis revenue was \$1,668,343, representing a decrease of \$47,357 over the final budget estimate of \$1,715,700. The \$215,000 increase from original to final budget revenues was primarily caused by an increase in income tax receipts throughout the year.

Final expenditure appropriations of \$1,724,020 were \$9,050 lower than the actual expenditures of \$1,733,070. The \$164,799 increase from original to final appropriations was primarily caused by an increase in audit, utilities and employee salary and benefit expenses.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2014, the City had \$11,631,485 invested in capital assets. A total of \$7,895,191 of this was for governmental activities and \$3,736,294 being attributable to business-type activities. Table 3 shows fiscal year 2014 balances compared with 2013.

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(Unaudited)

Table 3
Capital Assets at December 31
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,143,850	\$ 1,143,850	\$ 0	\$ 0	\$ 1,143,850	\$ 1,143,850
Buildings and Improvements	429,799	441,872	3,725,112	3,812,287	4,154,911	4,254,159
Equipment and Machinery	398,727	421,630	11,182	12,888	409,909	434,518
Vehicles	662,025	774,494	0	0	662,025	774,494
Infrastructure						
Roads	3,043,661	2,285,516	0	0	3,043,661	2,285,516
Storm Sewers	2,217,129	3,128,550	0	0	2,217,129	3,128,550
<i>Total</i>	<i>\$ 7,895,191</i>	<i>\$ 8,195,912</i>	<i>\$ 3,736,294</i>	<i>\$ 3,825,175</i>	<i>\$ 11,631,485</i>	<i>\$ 12,021,087</i>

The \$300,721 decrease in capital assets of governmental activities was attributable to current year depreciation and disposals exceeding purchases. The \$88,881 decrease in capital assets of business-type activities is due to current year depreciation exceeding additional purchases. See Note 9 for additional information about the capital assets of the City.

Debt

The outstanding debt for the City as of December 31, 2014 was \$5,916,010. See Note 10 for additional details. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
South Water Street Loan - First National Bank	\$ 120,000	\$ 160,000	\$ 0	\$ 0	\$ 120,000	\$ 160,000
South Water Street Loan - State Infrastructure Bank	302,366	397,299	0	0	302,366	397,299
Newport Area South Sewer Improvement OPWC Loan	236,277	258,428	0	0	236,277	258,428
Newport Area South Sewer Improvement OWDA Loan	217,867	233,484	0	0	217,867	233,484
East 2nd Street Storm Sewer OPWC	76,000	83,125	0	0	76,000	83,125
East 2nd Street Storm Sewer OWDA	118,169	125,184	0	0	118,169	125,184
West Side Storm Sewer OWDA	381,775	403,173	0	0	381,775	403,173
West Side Storm Sewer OPWC	124,109	130,641	0	0	124,109	130,641
Clay Museum	60,000	65,000	0	0	60,000	65,000
Police and Fire Pension	260,363	268,225	0	0	260,363	268,225
Water Park Building General Obligation Bond	0	0	3,690,000	3,820,000	3,690,000	3,820,000
Unamortized Premium on Bond	0	0	78,421	82,902	78,421	82,902
Capital Lease	250,663	381,373	0	0	250,663	381,373
<i>Total</i>	<i>\$ 2,147,589</i>	<i>\$ 2,505,932</i>	<i>\$ 3,768,421</i>	<i>\$ 3,902,902</i>	<i>\$ 5,916,010</i>	<i>\$ 6,408,834</i>

City of Uhrichsville
Tuscarawas County, Ohio
Management's Discussion and Analysis
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(Unaudited)

Economic Factors

During 2014, the City continued to monitor their monies very closely and ended the year in the black. There were no major projects due to a lack of finances. The City was able to complete the West Side Storm Sewer project in the prior year. A Dura Patcher was purchased from the County Engineer to assist with street patching.

The City had to borrow \$80,000 from the storm sewer assessment fund in order to pay the debt payment due on the Water Park. This will be repaid by June 2015. The Mayor and finance committee started looking into re-financing the Water Park Bond to see if any money could be saved on payments.

The City entered into a contract with Kimble Companies that includes trash hauling and a recycling program for the residents. The City will receive a rebate from Kimble Companies every three months and it will be based on the number of active Uhrichsville customers.

A 0.25 percent income tax increase was put on the ballot during 2014 but it was defeated. The park levy was renewed by the residents.

Contacting the City's Finance Department

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

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 756,661	\$ 3,962	\$ 760,623
Accounts Receivable	19,012	0	19,012
Intergovernmental Receivable	248,133	0	248,133
Taxes Receivable	597,624	0	597,624
Income Taxes Receivable	783,571	0	783,571
Special Assessments Receivable	42,918	0	42,918
Loans Receivable	51,184	0	51,184
Prepaid Items	30,838	0	30,838
Materials and Supplies Inventory	9,234	0	9,234
Non-Depreciable Capital Assets	1,143,850	0	1,143,850
Depreciable Capital Assets, Net	6,751,341	3,736,294	10,487,635
<i>Total Assets</i>	<u>10,434,366</u>	<u>3,740,256</u>	<u>14,174,622</u>
Liabilities			
Accounts Payable	74,261	1,116	75,377
Accrued Wages	25,122	0	25,122
Intergovernmental Payable	37,499	9,027	46,526
Accrued Interest Payable	6,496	14,434	20,930
Long-Term Liabilities:			
Due Within One Year	354,745	135,000	489,745
Due in More Than One Year	1,961,803	3,633,421	5,595,224
<i>Total Liabilities</i>	<u>2,459,926</u>	<u>3,792,998</u>	<u>6,252,924</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	535,150	0	535,150
Net Position			
Net Investment in Capital Assets	6,007,965	(32,127)	5,975,838
Restricted For:			
Capital Outlay	680,646	0	680,646
Other Purposes	338,202	0	338,202
Unrestricted	412,477	(20,615)	391,862
<i>Total Net Position</i>	<u>\$ 7,439,290</u>	<u>\$ (52,742)</u>	<u>\$ 7,386,548</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Activities
For the Year Ended December 31, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 606,494	\$ 81,293	\$ 0	\$ (525,201)	\$ 0	\$ (525,201)
Security of Persons and Property	1,320,165	21,919	25,666	(1,272,580)	0	(1,272,580)
Public Health	189,026	148,631	45	(40,350)	0	(40,350)
Leisure Time Services	21,931	0	3,835	(18,096)	0	(18,096)
Community Development	191,830	0	199,690	7,860	0	7,860
Transportation	431,208	0	276,943	(154,265)	0	(154,265)
Interest and Fiscal Charges	57,667	0	0	(57,667)	0	(57,667)
<i>Total Governmental Activities</i>	<u>2,818,321</u>	<u>251,843</u>	<u>506,179</u>	<u>(2,060,299)</u>	<u>0</u>	<u>(2,060,299)</u>
Business-Type Activities						
Water Park	486,601	338,014	0	0	(148,587)	(148,587)
<i>Total Primary Government</i>	<u>\$ 3,304,922</u>	<u>\$ 589,857</u>	<u>\$ 506,179</u>	<u>(2,060,299)</u>	<u>(148,587)</u>	<u>(2,208,886)</u>

General Revenues:

Property Taxes Levied for:

General Purposes	258,303	0	258,303
Capital Projects	95,526	0	95,526
Hospital	94,245	0	94,245
Parks and Recreation	23,870	0	23,870
Ambulance	65,219	0	65,219
Police and Fire Pension	29,669	0	29,669
Income Taxes Levied for:			
General Purposes	1,127,764	0	1,127,764
Capital Projects	307,572	0	307,572
Grants and Entitlements not Restricted			
to Specific Programs	259,701	0	259,701
Investment Earnings	3,417	0	3,417
Miscellaneous	55,157	3,500	58,657

<i>Total General Revenues</i>	<u>2,320,443</u>	<u>3,500</u>	<u>2,323,943</u>
Transfers	(191,842)	191,842	0
<i>Change in Net Position</i>	68,302	46,755	115,057
<i>Net Position Beginning of Year</i>	<u>7,370,988</u>	<u>(99,497)</u>	<u>7,271,491</u>
<i>Net Position End of Year</i>	<u>\$ 7,439,290</u>	<u>\$ (52,742)</u>	<u>\$ 7,386,548</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Street Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 69,380	\$ 10,390	\$ 295,656	\$ 6,981	\$ 374,254	\$ 756,661
Accounts Receivable	18,882	0	0	0	130	19,012
Intergovernmental Receivable	82,226	142,589	0	0	23,318	248,133
Taxes Receivable	273,970	0	0	0	323,654	597,624
Income Taxes Receivable	615,662	0	0	167,909	0	783,571
Special Assessments Receivable	0	0	42,918	0	0	42,918
Loans Receivable	0	0	0	51,184	0	51,184
Interfund Receivable	0	0	80,000	0	0	80,000
Prepaid Items	30,838	0	0	0	0	30,838
Materials and Supplies Inventory	7,256	1,978	0	0	0	9,234
<i>Total Assets</i>	<u>\$ 1,098,214</u>	<u>\$ 154,957</u>	<u>\$ 418,574</u>	<u>\$ 226,074</u>	<u>\$ 721,356</u>	<u>\$ 2,619,175</u>
Liabilities						
Accounts Payable	\$ 26,364	\$ 553	\$ 0	\$ 0	\$ 47,344	\$ 74,261
Accrued Wages	20,952	4,170	0	0	0	25,122
Intergovernmental Payable	33,493	3,622	0	0	384	37,499
Interfund Payable	0	0	0	80,000	0	80,000
<i>Total Liabilities</i>	<u>80,809</u>	<u>8,345</u>	<u>0</u>	<u>80,000</u>	<u>47,728</u>	<u>216,882</u>
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	245,414	0	0	0	289,736	535,150
Unavailable Revenue	552,910	90,499	42,918	127,071	57,236	870,634
<i>Total Deferred Inflows of Resources</i>	<u>798,324</u>	<u>90,499</u>	<u>42,918</u>	<u>127,071</u>	<u>346,972</u>	<u>1,405,784</u>
Fund Balances						
Nonspendable	38,094	1,978	0	0	0	40,072
Restricted	0	54,135	375,656	19,003	279,242	728,036
Committed	0	0	0	0	47,414	47,414
Assigned	40,994	0	0	0	0	40,994
Unassigned	139,993	0	0	0	0	139,993
<i>Total Fund Balances</i>	<u>219,081</u>	<u>56,113</u>	<u>375,656</u>	<u>19,003</u>	<u>326,656</u>	<u>996,509</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 1,098,214</u>	<u>\$ 154,957</u>	<u>\$ 418,574</u>	<u>\$ 226,074</u>	<u>\$ 721,356</u>	<u>\$ 2,619,175</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014

Total Governmental Fund Balances		\$ 996,509
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,895,191
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Property Taxes	\$ 62,474	
Income Taxes	592,992	
Intergovernmental	172,250	
Special Assessments	42,918	870,634
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(6,496)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Loans Payable	(180,000)	
OPWC Loans	(436,386)	
ODOT Loan	(302,366)	
OWDA Loans	(717,811)	
Police and Fire Pension Liability	(260,363)	
Capital Leases	(250,663)	
Compensated Absences	(168,959)	(2,316,548)
 <i>Net Position of Governmental Activities</i>		 <u><u>\$ 7,439,290</u></u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Street Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 262,985	\$ 0	\$ 0	\$ 0	\$ 309,756	\$ 572,741
Income Taxes	1,072,824	0	0	292,590	0	1,365,414
Special Assessments	0	0	143,208	0	0	143,208
Charges for Services	18,163	0	0	0	3,323	21,486
Licenses, Fees and Permits	53,538	0	0	0	0	53,538
Fines and Forfeitures	18,739	0	0	0	433	19,172
Intergovernmental	236,484	223,474	0	0	304,376	764,334
Interest	1,364	0	0	2,053	0	3,417
Rent	2,349	0	0	0	0	2,349
Contributions and Donations	0	0	0	0	14,370	14,370
Other	34,451	7,380	0	1,289	1,775	44,895
<i>Total Revenues</i>	<u>1,700,897</u>	<u>230,854</u>	<u>143,208</u>	<u>295,932</u>	<u>634,033</u>	<u>3,004,924</u>
Expenditures						
Current:						
General Government	588,523	0	753	0	0	589,276
Security of Persons and Property	1,110,659	0	0	0	120,753	1,231,412
Public Health	1,993	0	7,512	0	111,134	120,639
Leisure Time Services	0	0	0	0	20,529	20,529
Community Development	0	0	0	0	191,830	191,830
Transportation	0	255,349	0	7,646	44,500	307,495
Capital Outlay	1,853	0	0	0	0	1,853
Debt Service:						
Principal Retirement	21,030	0	132,434	134,933	69,946	358,343
Interest and Fiscal Charges	13,175	0	13,102	23,976	10,195	60,448
<i>Total Expenditures</i>	<u>1,737,233</u>	<u>255,349</u>	<u>153,801</u>	<u>166,555</u>	<u>568,887</u>	<u>2,881,825</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(36,336)</u>	<u>(24,495)</u>	<u>(10,593)</u>	<u>129,377</u>	<u>65,146</u>	<u>123,099</u>
Other Financing Sources (Uses)						
Transfers In	0	2,000	0	0	40,000	42,000
Transfers Out	(2,000)	0	0	(230,000)	(1,842)	(233,842)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>	<u>(230,000)</u>	<u>38,158</u>	<u>(191,842)</u>
<i>Net Change in Fund Balance</i>	<u>(38,336)</u>	<u>(22,495)</u>	<u>(10,593)</u>	<u>(100,623)</u>	<u>103,304</u>	<u>(68,743)</u>
<i>Fund Balance Beginning of Year</i>	<u>257,417</u>	<u>78,608</u>	<u>386,249</u>	<u>119,626</u>	<u>223,352</u>	<u>1,065,252</u>
<i>Fund Balance End of Year</i>	<u>\$ 219,081</u>	<u>\$ 56,113</u>	<u>\$ 375,656</u>	<u>\$ 19,003</u>	<u>\$ 326,656</u>	<u>\$ 996,509</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$	(68,743)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

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

Capital Asset Additions	\$ 30,844	
Current Year Depreciation	(299,046)	(268,202)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(32,519)

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

Property Taxes	(10,326)	
Income Taxes	69,921	
Special Assessments	5,423	
Intergovernmental	8,523	73,541

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

Loans Payable	45,000	
OPWC Loans	35,808	
OWDA Loans	44,030	
ODOT Loan	94,933	
Police and Fire Pension Principal	7,863	
Capital Lease	130,709	358,343

In the statement of activities, interest is accrued on outstanding bonds, and the deferred charges on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when the bonds are issued.

Accrued Interest Payable		2,781
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Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		3,101

Change in Net Position of Governmental Activities

\$ 68,302

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 242,700	\$ 276,591	\$ 262,985	\$ (13,606)
Income Taxes	965,000	1,099,178	1,041,184	(57,994)
Charges for Services	20,000	22,636	20,452	(2,184)
Licenses, Fees and Permits	53,000	59,810	52,846	(6,964)
Fines and Forfeitures	17,000	19,546	19,758	212
Intergovernmental	194,600	225,040	236,202	11,162
Interest	2,000	2,176	1,364	(812)
Rent	2,300	2,586	2,223	(363)
Other	4,100	8,137	31,329	23,192
<i>Total Revenues</i>	<u>1,500,700</u>	<u>1,715,700</u>	<u>1,668,343</u>	<u>(47,357)</u>
Expenditures				
Current:				
General Government	521,601	593,403	597,994	(4,591)
Security of Persons and Property	1,000,914	1,094,303	1,098,878	(4,575)
Public Health	2,097	2,099	1,993	106
Debt Service:				
Principal Retirement	13,537	12,880	21,030	(8,150)
Interest and Fiscal Charges	21,072	21,335	13,175	8,160
<i>Total Expenditures</i>	<u>1,559,221</u>	<u>1,724,020</u>	<u>1,733,070</u>	<u>(9,050)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(58,521)</u>	<u>(8,320)</u>	<u>(64,727)</u>	<u>(56,407)</u>
Other Financing (Uses)				
Transfers Out	0	(2,000)	(2,000)	0
<i>Net Change in Fund Balance</i>	(58,521)	(10,320)	(66,727)	(56,407)
<i>Fund Balance Beginning of Year</i>	<u>136,107</u>	<u>136,107</u>	<u>136,107</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 77,586</u>	<u>\$ 125,787</u>	<u>\$ 69,380</u>	<u>\$ (56,407)</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 209,936	\$ 9,936
Other	0	0	7,380	7,380
<i>Total Revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>217,316</u>	<u>17,316</u>
Expenditures				
Current:				
Transportation	257,400	305,800	255,496	50,304
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(57,400)</u>	<u>(105,800)</u>	<u>(38,180)</u>	<u>67,620</u>
Other Financing Sources (Uses)				
Transfers In	0	0	2,000	2,000
<i>Net Change in Fund Balance</i>	(57,400)	(105,800)	(36,180)	69,620
<i>Fund Balance Beginning of Year</i>	<u>46,570</u>	<u>46,570</u>	<u>46,570</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (10,830)</u>	<u>\$ (59,230)</u>	<u>\$ 10,390</u>	<u>\$ 69,620</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Fund
December 31, 2014

	Water Park
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 3,962
<i>Non-Current Assets:</i>	
Depreciable Capital Assets, Net	3,736,294
<i>Total Assets</i>	3,740,256
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	1,116
Intergovernmental Payable	9,027
Accrued Interest Payable	14,434
General Obligation Bonds Payable	135,000
<i>Total Current Liabilities</i>	159,577
<i>Long-Term Liabilities:</i>	
General Obligation Bonds Payable - Net of Current Portion	3,633,421
<i>Total Liabilities</i>	3,792,998
Net Position	
Net Investment in Capital Assets	(32,127)
Unrestricted	(20,615)
<i>Total Net Position</i>	\$ (52,742)

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2014

	Water Park
Operating Revenues	
Charges for Services	\$ 327,939
Rent	10,075
Other	3,500
<i>Total Operating Revenues</i>	341,514
Operating Expenses	
Personal Services	93,463
Fringe Benefits	9,298
Contractual Services	89,383
Materials and Supplies	32,197
Depreciation	88,881
<i>Total Operating Expenses</i>	313,222
<i>Operating Income</i>	28,292
Non-Operating (Expense)	
Interest and Fiscal Charges	(173,379)
Transfers In	191,842
<i>Change in Net Position</i>	46,755
<i>Net Position Beginning of Year</i>	(99,497)
<i>Net Position End of Year</i>	\$ (52,742)

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2014

	Water Park
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 327,939
Cash Received from Rent	10,075
Cash Received from Other Operating Receipts	3,500
Cash Payments to Suppliers for Goods and Services	(31,848)
Cash Payments to Employees for Services and Benefits	(104,356)
Cash Payments for Contractual Services	(89,383)
	115,927
<i>Net Cash Provided by Operating Activities</i>	
Cash Flows from Capital and Related Financing Activities	
Transfers In	191,842
Principal Payments on Debt	(130,000)
Interest Payments on Debt	(178,283)
	(116,441)
<i>Net Cash Used for Capital and Related Financing Activities</i>	
<i>Net Decrease in Cash and Investments</i> (514)	
<i>Cash and Investments Beginning of Year</i> 4,476	
<i>Cash and Investments End of Year</i> <u><u>\$ 3,962</u></u>	
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 28,292
Adjustments:	
Depreciation	88,881
Increase (Decrease) in Liabilities:	
Accounts Payable	349
Intergovernmental Payable	(1,595)
	115,927
<i>Net Cash Provided by Operating Activities</i> <u><u>\$ 115,927</u></u>	

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Statement of Fiduciary Net Position
Agency Fund
December 31, 2014

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>34</u>
Liabilities	
Undistributed Monies	\$ <u>34</u>

See accompanying notes to the basic financial statements.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

Note 1 – Description of the City and Reporting Entity

The City of Uhrichsville (the “City”) is located in Tuscarawas County, Ohio, approximately 40 miles southeast of the City of Canton and has a population of approximately 5,401. The City was incorporated as a Village on August 13, 1866, and began operating as a City on February 21, 1921. The City is a home rule municipal corporation regulated by Article XVIII of the Ohio Constitution and by Title 7 of the Ohio Revised Code. The City operates as a statutory city with the decision making process being directed by an elected eight member City Council and Mayor.

Reporting Entity

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

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

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council and a Joint Economic Development District, which are defined as jointly governed organizations, the Twin City Water and Sewer District, which is defined as a joint venture, the Public Entities Pool of Ohio, which is a risk sharing pool and the Ohio Municipal League Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Uhrichsville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described below.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary and fiduciary.

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

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

Street Fund The street special revenue fund is used to account for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The three types of trust funds are used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has one agency fund which is used to account for monies held for individuals and organizations for income taxes.

C. Measurement Focus

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

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

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

The agency fund is not reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

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

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

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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of assets by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the City that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2014, are recorded as deferred inflows of resources in governmental funds.

On governmental fund financial statements receivables that will not be collected within the available period have been reported as a deferred inflow of resources.

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

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

E. Cash and Investments

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

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Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost. During 2014, investments were limited to certificates of deposit.

Under existing Ohio statutes, the City has, by resolution, identified the general fund and the water park enterprise fund to receive an allocation of interest. Interest revenue credited to the general fund during 2014 amounted to \$1,364, which includes \$1,188 assigned from other City funds.

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

F. Inventory

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

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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Description	Estimated Lives
Buildings and Improvements	50 years
Equipment and Machinery	5-25 years
Infrastructure	40 years
Vehicles	15 years

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

H. Compensated Absences

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

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

I. Accrued Liabilities and Long-term Obligations

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

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

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J. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2014, net position restricted by enabling legislation was \$1,018,848.

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

K. Fund Balance

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

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

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

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

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

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

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

L. Operating Revenues and Expenses

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

M. Internal Activity

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

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

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N. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. The straight-line method of amortization is not materially different from the effective-interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

P. 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.

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the original and final amended certificate of estimated resources in effect at the time the original and final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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Note 3 – Changes in Accounting Principles

For the fiscal year ended December 31, 2014, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the City.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the City.

Note 4 – Budgetary Basis of Accounting

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

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed, or assigned fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance
General and Major Special Revenue Funds

	General Fund	Street Fund
GAAP Basis	\$ (38,336)	\$ (22,495)
Net Adjustment for Revenue Accruals	(32,554)	(13,538)
Net Adjustment for Expenditure Accruals	6,016	(147)
Funds Budgeted Elsewhere*	(1,853)	0
Budget Basis	\$ (66,727)	\$ (36,180)

* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the clay museum fund.

Note 5 – Deposits and Investments

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

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

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

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

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

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

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1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus); and
7. Commercial paper and bankers' acceptances if training requirements have been met.

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

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

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

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

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According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2014, the City and public depositories complied with the provisions of these statutes.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$760,657 and the bank balance was \$796,531. Of the bank balance \$500,301 was covered by Federal depository insurance and \$296,230 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the deposits were held by the pledging institutions trust departments and all statutory requirements for the deposit of the money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 6 – Receivables

Receivables at December 31, 2014, consisted primarily of taxes, accounts (billings for user charged services), special assessments, loans, interfund and intergovernmental receivables arising from grants, entitlements and shared revenues. The loan receivable is a land installment contract in which the City will receive monthly payments over the next twenty years. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes and loans, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 7 – Property Tax

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of the 2013 taxes.

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2014 real property taxes were levied after October 1, 2014 on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2014, was \$12.40 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 51,794,690
Public Utilities - Real	54,380
Public Utilities - Personal	2,494,580
Total Assessed Value	\$ 54,343,650

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 8 – Income Tax

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

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

The City's income tax of 1.75 percent is comprised of 1 percent credited to the general fund and 0.75 percent equally distributed between the general fund and capital improvement fund.

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Note 9 – Capital Assets

A summary of changes in capital assets during 2014 follows:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$1,143,850	\$ 0	\$ 0	\$1,143,850
 <i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	596,941	0	0	596,941
Equipment and Machinery	873,470	30,844	(20,900)	883,414
Vehicles	1,619,255	0	(50,179)	1,569,076
Infrastructure:				
Storm Sewers	2,536,614	0	0	2,536,614
Roads	3,594,438	0	0	3,594,438
<i>Total Capital Assets, Being Depreciated</i>	<u>9,220,718</u>	<u>30,844</u>	<u>(71,079)</u>	<u>9,180,483</u>
 <i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(155,069)	(12,073)	0	(167,142)
Equipment and Machinery	(451,840)	(52,405)	19,558	(484,687)
Vehicles	(844,761)	(81,292)	19,002	(907,051)
Infrastructure:				
Storm Sewers	(251,099)	(68,386)	0	(319,485)
Roads	(465,887)	(84,890)	0	(550,777)
<i>Total Accumulated Depreciation</i>	<u>(2,168,656)</u>	<u>(299,046)</u>	<u>38,560</u>	<u>(2,429,142)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>7,052,062</u>	<u>(268,202)</u>	<u>(32,519)</u>	<u>6,751,341</u>
 <i>Total Governmental Activity Capital Assets, Net</i>	 <u>\$8,195,912</u>	 <u>\$(268,202)</u>	 <u>\$ (32,519)</u>	 <u>\$7,895,191</u>
	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Business-Type Activities:				
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	\$4,289,427	\$ 0	\$ 0	\$4,289,427
Equipment and Machinery	44,719	0	0	44,719
<i>Total Capital Assets, Being Depreciated</i>	<u>4,334,146</u>	<u>0</u>	<u>0</u>	<u>4,334,146</u>
 <i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(477,140)	(87,175)	0	(564,315)
Equipment and Machinery	(31,831)	(1,706)	0	(33,537)
<i>Total Accumulated Depreciation</i>	<u>(508,971)</u>	<u>(88,881)</u>	<u>0</u>	<u>(597,852)</u>
 <i>Total Business-Type Capital Assets, Net</i>	 <u>\$3,825,175</u>	 <u>\$(88,881)</u>	 <u>\$ 0</u>	 <u>\$3,736,294</u>

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Depreciation expense was charged to governmental functions as follows:

General Government	\$ 15,365
Security of Persons and Property	79,433
Transportation	134,459
Public Health Services	68,386
Leisure Time Services	1,403
Total Depreciation Expense	<u>\$ 299,046</u>

Note 10 – Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 2014, were as follows:

	Balance 12/31/2013	Additions	(Reductions)	Balance 12/31/2014	Due in One Year
Governmental Activities:					
South Water Street Loan	\$ 160,000	\$ 0	\$ (40,000)	\$ 120,000	\$ 40,000
State Infrastructure Bank Loan	397,299	0	(94,933)	302,366	97,803
Newport Area Storm Sewer OPWC Loan	258,428	0	(22,151)	236,277	14,767
Newport Area Storm Sewer OWDA Loan	233,484	0	(15,617)	217,867	15,744
East 2nd Street Storm Sewer OPWC Loan	83,125	0	(7,125)	76,000	4,750
East 2nd Street Storm Sewer OWDA Loan	125,184	0	(7,015)	118,169	7,085
West Side Storm Sewer OWDA Loan	403,173	0	(21,398)	381,775	21,292
West Side Storm Sewer OPWC Loan	130,641	0	(6,532)	124,109	6,532
Clay Museum Loan	65,000	0	(5,000)	60,000	5,000
Police and Fire Pension	268,226	0	(7,863)	260,363	8,200
Compensated Absences	172,060	5,844	(8,945)	168,959	8,220
Capital Leases	381,372	0	(130,709)	250,663	125,352
<i>Total Governmental Activities</i>	<u>\$ 2,677,992</u>	<u>\$ 5,844</u>	<u>\$ (367,288)</u>	<u>\$2,316,548</u>	<u>\$ 354,745</u>
Business-Type Activities:					
Water Park General Obligation Bonds:					
Term Bonds	\$ 3,820,000	\$ 0	\$ (130,000)	\$3,690,000	\$ 135,000
Unamortized Premium on Bonds	82,902	0	(4,481)	78,421	0
<i>Total Business-Type Activities</i>	<u>\$ 3,902,902</u>	<u>\$ 0</u>	<u>\$ (134,481)</u>	<u>\$3,768,421</u>	<u>\$ 135,000</u>

On April 26, 2007, the City issued general obligation bonds in the amount of \$4,500,000 for the construction of a new water park. The bond has a varying interest rate of 3.8 to 4.75 percent and will be paid from the water park enterprise fund with user charges to the extent monies are available. Additional monies will be transferred in from the capital improvement fund as needed. The bonds will be paid through 2032.

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2011, the City was awarded a loan from OWDA in the amount of \$466,612 for the West Side storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2033. This loan will be paid from the storm sewer assessment fund. As of December 31, 2014, only \$424,349 has been drawn down. This loan is not fully disbursed and no amortization schedule is available. Therefore, it has been excluded from the schedule below.

In 2011, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$158,091 for the East Second Street area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2030. This loan will be paid from the storm sewer assessment fund.

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

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

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

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

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2014, are as follows:

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	Governmental Activities					
	South Water Street Loan		State Infrastructure Bank Loan		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	
2015	\$ 40,000	\$ 6,558	\$ 97,803	\$ 8,342	\$ 26,049	
2016	40,000	4,384	100,760	5,387	26,049	
2017	40,000	2,186	103,803	2,341	26,049	
2018	0	0	0	0	26,049	
2019	0	0	0	0	26,049	
2020-2024	0	0	0	0	130,247	
2025-2029	0	0	0	0	130,247	
2030-2034	0	0	0	0	45,647	
Totals	\$ 120,000	\$ 13,128	\$ 302,366	\$ 16,070	\$ 436,386	

	Governmental Activities					
	OWDA Loans		Clay Museum Loan		Police and Fire Pension	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 22,829	\$ 3,303	\$ 5,000	\$ 3,900	\$ 8,200	\$ 10,980
2016	23,088	3,074	5,000	3,575	8,553	10,627
2017	23,320	2,843	5,000	3,250	8,920	10,260
2018	23,554	2,609	5,000	2,925	9,304	9,876
2019	23,790	2,373	5,000	2,600	9,703	9,476
2020-2024	122,577	11,457	25,000	8,125	55,136	40,763
2025-2029	92,773	2,241	10,000	1,300	68,038	27,444
2030-2034	4,105	21	0	0	123,962	12,357
2035	0	0	0	0	38,547	182
Total	\$ 336,036	\$ 27,921	\$ 60,000	\$ 25,675	\$ 330,363	\$ 131,965

	Governmental Activities		Business-Type Activities		Grand Total	
	Total		Water Park Term Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 199,882	\$ 33,083	\$ 135,000	\$ 173,212	\$ 334,882	\$ 206,295
2016	203,449	27,047	140,000	167,813	343,449	194,860
2017	207,092	20,880	145,000	162,212	352,092	183,092
2018	63,907	15,410	155,000	155,326	218,907	170,736
2019	64,542	14,449	160,000	147,963	224,542	162,412
2020-2024	332,960	60,345	930,000	617,738	1,262,960	678,083
2025-2029	301,058	30,985	1,175,000	374,063	1,476,058	405,048
2030-2034	173,714	12,378	850,000	81,938	1,023,714	94,316
2035	38,545	182	0	0	38,545	182
Totals	\$ 1,585,149	\$ 214,759	\$ 3,690,000	\$ 1,880,265	\$ 5,275,149	\$ 2,095,024

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Note 11 – Capital Leases Payable

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

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

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

The backhoe and street sweeper acquired by leases in the amount of \$59,278 and \$175,269 have been capitalized in the governmental activities which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded and is reduced for each required principal payment. These leases will be paid from the storm sewer assessment fund.

In 2013, the City entered into a capitalized lease for the acquisition of a police cruiser. This lease meets the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of \$35,966, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014:

			Governmental Activities	
			<u>Capital Leases</u>	
Year ending December 31,	2015	\$	136,628	
	2016		128,759	
	2017		<u>2,298</u>	
Minimum lease payments			267,685	
Less: amount representing interest at the City's incremental borrowing rate of interest			<u>(17,022)</u>	
Present value of net minimum lease payments		\$	<u>250,663</u>	

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Note 12 – Risk Management

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains Insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP’s financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	2013	2014
Assets	\$ 34,411,883	\$ 35,402,177
Liabilities	(12,760,194)	(12,363,257)
Retained Earnings	\$ 21,651,689	\$ 23,038,920

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool’s membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the City’s share of these unpaid claims collectible in future years is approximately \$50,000.

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

Contributions to PEP

2012	\$ 54,249
2013	54,153
2014	52,865

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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing sixty days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

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

Note 13 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

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Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2014, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 13.0 percent, respectively.

The City's 2014 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2.0 percent during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2014.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012, were \$45,285, \$35,643, and \$49,415, respectively. For 2014, 85 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. There were no contributions made to the Member-Directed Plan for 2014.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$71,260 and \$88,593 for the year ended December 31, 2014, \$61,963 and \$71,115 for the year ended December 31, 2013, and \$63,866 and \$62,828 for the year ended December 31, 2012, respectively. 90 percent for police and firefighters has been contributed for 2014. The full amount has been contributed for 2013 and 2012.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2014, the unfunded liability of the City was \$260,363, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

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Note 14 – Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the 2013 stand-alone financial report referred to below.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

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OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$7,548, \$2,742 and \$14,119, respectively. For 2014, 85 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

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

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contribution allocated to health care was 0.5 percent of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$1,875 and \$1,885 for the year ended December 31, 2014, \$10,020 and \$9,273 for the year ended December 31, 2013, and \$22,108 and \$17,670 for the year ended December 31, 2012. 90 percent has been contributed for police and firefighters for 2014. The full amount has been contributed for 2013 and 2012.

Note 15 – Other Employee Benefits

A. Compensated Absences

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

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Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

Employees earn sick leave at a rate of 4.6 hours per eighty hours of service. Unused sick leave accumulates without limit. Upon retirement or death, street employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of 45 days. Street employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 90 days. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one day's pay for every four days of accumulated sick leave, not to exceed payment of 1,080 hours. Firefighters with more than ten years of service can be paid one day's pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours. Police employees with five years of service but less than ten years of service can be paid one-third of the outstanding sick leave accumulation up to a maximum payment of 60 days. Police employees with more than ten years of service can be paid on-half of the outstanding sick leave accumulation up to a maximum payment of 120 days.

B. Health Insurance

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

C. Life and Accidental Death and Dismemberment Insurance

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

Note 16 – Contingencies

A. Litigation

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

B. Grants

The City received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2014.

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

Note 17 – Jointly Governed Organizations

A. Community Improvement Corporation of Tuscarawas County (Corporation)

The sole purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial and civic development of the area. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenuhthen. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2014, no monies were contributed by the City.

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

The Cemetery is a jointly governed organization organized under Ohio Revised Code Section 759.27, and is directed by an appointed three-member board. Uhrichsville, Dennison and Union Township each appoint one member to the board. The continued existence of the Cemetery is not dependent on the City's participation. The Cemetery provides burial services and the upkeep of the grounds at the cemetery. During 2014, no monies were contributed by the City.

C. Tuscarawas County Tax Incentive Review Council (TCTIRC)

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

The City does not retain an on-going financial interest or an ongoing financial responsibility with this organization. During 2014, no monies were contributed by the City.

D. Joint Economic Development District (JEDD)

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

Note 18 – Joint Venture

Twin City Water and Sewer District (District)

The District is a joint venture organized under Ohio Revised Code Section 6119.01, and is established to supply water and to provide for the collection, treatment and disposal of waste water within the Uhrichsville-Dennison district, or beyond with additional fees. The cities of Uhrichsville and Dennison each appoint two of the five District's board members. The fifth board member is appointed by the other four board members. Continued existence of the District is dependent on the City's continued participation; however, the City does not have an equity interest in the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. During 2014, no monies were received from the City.

Note 19 – Public Entity Risk Pools

A. Risk Sharing Pool

The Public Entities Pool of Ohio (the Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors. Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to the annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

B. Insurance Purchasing Pool

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

Note 20 – Interfund Transfers

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2014, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Capital Improvement Fund	Other Governmental Funds	
Street Fund	\$ 2,000	\$ 0	\$ 0	\$ 2,000
Other Governmental	0	40,000	0	40,000
Water Park Fund	0	190,000	1,842	191,842
Grand Total	\$ 2,000	\$ 230,000	\$ 1,842	\$ 233,842

The general fund transferred \$2,000 to the street fund to support operations. The capital improvement fund transferred \$190,000 to the water park fund and \$40,000 to the bond retirement fund for debt payments. The bond retirement fund transferred \$1,842 to the water park fund for debt payments.

B. Interfund Balances

	Interfund Receivable	Interfund Payable
Governmental Funds		
Storm Sewer Assessment Fund	\$ 80,000	\$ 0
Capital Improvement Fund	0	80,000
Totals	\$ 80,000	\$ 80,000

Interfund balances for the year ended December 31, 2014, consisted of the following amounts and represent reimbursable expenses/expenditures. This advance was made to assist with debt payments. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

Note 21 – Fund Balance

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

City of Uhrichsville
Tuscarawas County, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2014

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

	General Fund	Street Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:						
Inventory	\$ 7,256	\$ 1,978	\$ 0	\$ 0	\$ 0	\$ 9,234
Prepays	30,838	0	0	0	0	30,838
Total Nonspendable	<u>38,094</u>	<u>1,978</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,072</u>
Restricted for:						
Capital Outlay	0	0	375,656	19,003	104,214	498,873
Street	0	54,135	0	0	0	54,135
Other Purposes	0	0	0	0	175,028	175,028
Total Restricted	<u>0</u>	<u>54,135</u>	<u>375,656</u>	<u>19,003</u>	<u>279,242</u>	<u>728,036</u>
Committed for:						
Police and Fire						
Uniforms and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>47,414</u>	<u>47,414</u>
Assigned:						
Subsequent Year Appropriations	<u>40,994</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,994</u>
Unassigned	<u>139,993</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>139,993</u>
Total Fund Balance	<u>\$ 219,081</u>	<u>\$ 56,113</u>	<u>\$ 375,656</u>	<u>\$ 19,003</u>	<u>\$ 326,656</u>	<u>\$ 996,509</u>

Note 22 – Subsequent Event

The City entered into a financing agreement on July 8, 2015 to refund the Water Park debt into a recreational facilities improvement note in the amount of \$3,990,000.

July 26, 2016

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville, Tuscarawas County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 26, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings*, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying *Schedule of Findings* to be a material weakness: 2014-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying *Schedule of Findings* to be a significant deficiency: 2014-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings* as item 2014-002.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings*. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Rea & Associates, Inc.

New Philadelphia, Ohio

City of Uhrichsville
Tuscarawas County, Ohio
Schedule of Findings
December 31, 2014

Finding Number: 2014-001

Material Weakness – Internal Controls over Financial Reporting

Criteria: The City’s management is responsible for designing and implementing internal controls over financial reporting as well as maintaining an internal control structure over daily operations. This includes having proper policies and procedures in place to reduce the risk of fraud or error. Preparation of the financial statements in accordance with the applicable framework is the responsibility of management.

Condition: There were material audit adjustments and reclassifications made to the financial statements presented for audit. Misstatements identified during the audit and posted to the financial statements presented for audit include:

- An unrecorded payable in the amount of \$47,173;
- A misclassification of \$14,000 for Donations receipted as Charges for Services;
- A misclassification of permissive tax revenues recorded in the Street Fund of \$44,500 where the related revenue and expenditures were reclassified to the Permissive Tax Fund;
- An intergovernmental receipt was received in 2014 but posted in 2015; and
- Community Block Development Grant income of \$199,690 was misclassified as Capital Grants on the Statement of Activities.

Cause: The design of internal controls does not include provisions for departments to review actual transactions to the general ledger.

Effect: The financial statements presented for audit contained material misstatements.

Recommendation: To ensure the City’s financial statements and notes to the financial statements are complete and accurate, the City should adopt policies and procedures, including a final review of the statements and notes by the City Auditor to identify and correct errors and omissions. We further recommend management implement procedures to ensure receipts and disbursements are posted to the proper funds and received if anticipated.

Management’s Response: Procedures are in place to facilitate accurate preparation of the financial statements.

Finding Number: 2014-002

Material Noncompliance

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

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

City of Uhrichsville
Tuscarawas County, Ohio
Schedule of Findings
December 31, 2014

Finding Number: 2014-002 (Continued)

Condition/Cause: During 2014, the City recorded state highway motor vehicle license tax monies in the Street Fund.

Effect: Although these monies may be used for the maintenance of streets, the City should have established special funds to record these monies in order to properly account for the activity related to these intergovernmental receipts.

Recommendation: The City should establish a State Highway Fund in order to comply with Ohio Revised Code Section 5705.10(C). This will help the City to properly account for the receipts and expenditures associated with these monies.

Management's Response: State Highway Fund is awaiting a written opinion from the Law Director.

Finding Number: 2014-003

Significant Deficiency - Purchasing Policies and Procedures

Criteria: The purchasing policies and procedures adopted by the City regarding the purchasing of goods and services include preparing a requisition for purchased goods or services, receipting and providing evidence the goods were received in acceptable condition or services were satisfactorily rendered, and obtaining proper authorization of the invoice for payment.

Condition: While obtaining an understanding of the disbursement process we noted the procedures were not consistently followed by all departments. During our walkthrough procedures we identified multiple payments made without the required evidence that goods or services were received and no authorization of the invoice for payment.

Cause: The City has acceptable verbal authorization for payment of invoices; however, no formal documentation is retained in accordance with the purchasing policy.

Effect: The lack of segregation of duties and lack of accountability for purchasing approval places the City at risk for opportunity to commit fraud, misappropriation of goods or services, and the risk of misstatement of the financial statements due to error and/or fraud.

Recommendation: We recommend the City ensure all City personnel are aware of the City's purchasing policies and procedures. This will allow management to improve enforcement of a uniform policy. We further recommend management review the purchasing process to identify and develop procedures to minimize risks relating to segregation of duties conflicts.

Management's Response: The purchasing process will be reviewed and all personnel will be advised of policies and procedures.

City of Uhrichsville
Tuscarawas County, Ohio
Schedule of Prior Audit Findings
December 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Corrected, Significantly Different Corrective Action Taken or Finding No Longer Valid Explain
2013-001	Material Weakness – Water Park Receipts and Consumable Inventory	Yes	Corrected
2013-002	Material Weakness – Financial Reporting	No	Repeated as Finding 2014-001
2013-003	Material Noncompliance	Yes	Corrected
2013-004	Material Noncompliance	No	Partially Corrected; Repeated as Finding 2014-002
2013-005	Material Noncompliance	No	Reduced to a management letter comment

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Dave Yost • Auditor of State

CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 6, 2016