

**City of Uhrichsville**  
Tuscarawas County, Ohio

*Audited Financial Statements*

For the Year Ended  
December 31, 2016





# 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, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 4, 2018



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*December 31, 2016*  
*Table of Contents*

	<i>Page</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	20
Statement of Fund Net Position – Proprietary Fund .....	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund .....	22
Statement of Cash Flows – Proprietary Fund.....	23
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	24
Notes to the Basic Financial Statements .....	25

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*December 31, 2016*  
*Table of Contents (Continued)*

	<i>Page</i>
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability .....	67
Schedule of City Contributions .....	68
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	70
Schedule of Findings & Responses.....	72
Schedule of Prior Audit Findings .....	75

June 28, 2018

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, 2016, 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, 2016, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General 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, Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions* on pages 5–13, 67, and 68–69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

New Philadelphia, Ohio



*This page intentionally left blank*

*This page intentionally left blank*

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(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, 2016. 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 2016 are as follows:

- In total, net position increased \$385,683 which represents a 6 percent increase from 2015. Net position of governmental activities increased \$210,501. Net position of business-type activities increased \$175,182.
- Total capital assets decreased \$56,603 in 2016. Capital assets of governmental activities increased \$31,016 and capital assets of business-type activities decreased \$87,619.
- Outstanding debt decreased from \$5,890,002 to \$5,608,769 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 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 2016 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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

A question typically asked about the City's finances "How did we do financially during 2016?" 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.

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

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

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

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

***Fund Financial Statements***

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

**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.

**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 2016 compared to 2015:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$ 3,216,433	\$ 3,111,878	\$ 284,516	\$ 95,157	\$ 3,500,949	\$ 3,207,035
Net Pension Asset	0	5,035	0	0	0	5,035
Capital Assets	7,660,417	7,629,401	3,549,316	3,636,935	11,209,733	11,266,336
<i>Total Assets</i>	<u>10,876,850</u>	<u>10,746,314</u>	<u>3,833,832</u>	<u>3,732,092</u>	<u>14,710,682</u>	<u>14,478,406</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charges	0	0	0	105,660	0	105,660
Pension	661,217	276,453	0	0	661,217	276,453
<i>Total Deferred Outflows of Resources</i>	<u>661,217</u>	<u>276,453</u>	<u>0</u>	<u>105,660</u>	<u>661,217</u>	<u>382,113</u>
<b>Liabilities</b>						
Current and Other Liabilities	90,526	114,878	29,111	44,854	119,637	159,732
Long-Term Liabilities:						
Due within One Year	249,197	364,795	3,846,371	4,009,730	4,095,568	4,374,525
Due in More Than One Year:						
Net Pension Liability	2,520,529	2,049,517	0	0	2,520,529	2,049,517
Other Amounts	1,609,942	1,636,368	0	0	1,609,942	1,636,368
<i>Total Liabilities</i>	<u>4,470,194</u>	<u>4,165,558</u>	<u>3,875,482</u>	<u>4,054,584</u>	<u>8,345,676</u>	<u>8,220,142</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	493,843	555,989	0	0	493,843	555,989
Pension	69,334	7,025	0	0	69,334	7,025
<i>Total Deferred Inflows of Resources</i>	<u>563,177</u>	<u>563,014</u>	<u>0</u>	<u>0</u>	<u>563,177</u>	<u>563,014</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,141,625	6,000,473	(297,055)	(267,135)	5,844,570	5,733,338
Restricted	1,166,706	1,207,137	0	0	1,166,706	1,207,137
Unrestricted	(803,635)	(913,415)	255,405	50,303	(548,230)	(863,112)
<i>Total Net Position</i>	<u>\$ 6,504,696</u>	<u>\$ 6,294,195</u>	<u>\$ (41,650)</u>	<u>\$ (216,832)</u>	<u>\$ 6,463,046</u>	<u>\$ 6,077,363</u>

During 2015, the City adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27*, which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

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

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

At year end, capital assets represented 76 percent of total assets. Capital assets include, land, construction in progress, buildings and improvements, equipment and machinery, vehicles and infrastructure. Net investment in capital assets was \$5,844,750 at December 31, 2016, with \$6,141,625 in governmental activities and (\$297,055) 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.

The \$165,629 increase in long term liabilities and the \$279,104 increase in deferred outflows of resources were primarily caused by changes related to net pension liability and related accruals during 2016.

A portion of the City's net position, \$1,166,706 represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit of \$548,230.

Table 2 shows the changes in net position for fiscal year 2016 and 2015.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 253,721	\$ 273,214	\$ 483,144	\$ 409,179	\$ 736,865	\$ 682,393
Operating Grants	395,155	510,563	0	0	395,155	510,563
Capital Grants	0	9,336	0	0	0	9,336
<i>General Revenues:</i>						
Property Taxes	566,007	570,866	0	0	566,007	570,866
Income Taxes	1,786,540	1,961,999	0	0	1,786,540	1,961,999
Grants and Entitlements	204,955	241,340	0	0	204,955	241,340
Investment Earnings	1,721	3,421	0	0	1,721	3,421
Miscellaneous	59,311	26,876	7,295	5,183	66,606	32,059
<i>Total Revenues</i>	<u>3,267,410</u>	<u>3,597,615</u>	<u>490,439</u>	<u>414,362</u>	<u>3,757,849</u>	<u>4,011,977</u>
<b>Program Expenses</b>						
General Government	632,548	550,096	0	0	632,548	550,096
Security of Persons and Property	1,416,847	1,405,446	0	0	1,416,847	1,405,446
Public Health	244,122	211,348	0	0	244,122	211,348
Leisure Time Services	28,581	71,450	0	0	28,581	71,450
Community Development	34,029	268,389	0	0	34,029	268,389
Transportation	420,602	439,876	0	0	420,602	439,876
Interest and Fiscal Charges	35,180	43,164	0	0	35,180	43,164
Enterprise Operations:						
Water Park	0	0	560,257	578,452	560,257	578,452
<i>Total Program Expenses</i>	<u>2,811,909</u>	<u>2,989,769</u>	<u>560,257</u>	<u>578,452</u>	<u>3,372,166</u>	<u>3,568,221</u>
<i>Increase (Decrease) in Net Position</i>	455,501	607,846	(69,818)	(164,090)	385,683	443,756
Transfers	(245,000)	0	245,000	0	0	0
<i>Change in Net Position</i>	<u>\$ 210,501</u>	<u>\$ 607,846</u>	<u>\$ 175,182</u>	<u>\$ (164,090)</u>	<u>\$ 385,683</u>	<u>\$ 443,756</u>
<i>Net Position Beginning of Year</i>	<u>6,294,195</u>	<u>5,686,349</u>	<u>(216,832)</u>	<u>(52,742)</u>	<u>6,077,363</u>	<u>5,633,607</u>
<i>Net Position End of Year</i>	<u>\$ 6,504,696</u>	<u>\$ 6,294,195</u>	<u>\$ (41,650)</u>	<u>\$ (216,832)</u>	<u>\$ 6,463,046</u>	<u>\$ 6,077,363</u>

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

Operating grants decreased \$115,408 and community development expense decreased \$234,360 due to a decrease in CDBG program expenses.

**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.

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 \$330,205 decrease in total revenue during 2016. This is primarily due to a decrease income tax revenue based on timing of collections and a decrease in operating

Police and fire represent the largest expense of the governmental activities. This expense of \$1,416,847 represents 50 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 \$420,602, or 15 percent of total governmental activities expenses during 2016.

The City also levied a tax for the Trinity Twin City Hospital (public health services), receiving final collections in 2016, and maintains a park (leisure time activities) and maintains storm sewers (public health services) within the City. These areas had expenses of \$272,703 in 2016 equaling 10 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 2016, charges for services of \$483,144 accounted for 99 percent of the business type revenues. The total expenses for the water park were \$560,257. Due to a transfer in of \$245,000, net position increased \$175,182.



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

---

***The City's Funds***

***Governmental Funds***

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$3,450,149 and expenditures of \$3,065,365. The net change in fund balance for all governmental funds was an increase of \$373,792. 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 2016 was an increase of \$357,290. This is due to an increase in municipal income tax revenues due to increased collections in the available period.

The storm sewer assessment and capital improvement funds' net change in fund balance for fiscal year 2016 was a decrease of \$32,389 and an increase of \$23,370, respectively. These changes were due primarily to timing differences between revenues and debt payments on the related capital projects. The storm sewer assessment fund had an increase in OPWC loan proceeds for the Eastport Avenue project offset by corresponding capital outlay expenditures.

***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 \$255,405. The total increase in net position for this fund was \$175,182. This increase was due to a transfer in that was made late in 2016 to help pay the 2017 water park debt payment. 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 2016, 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 \$2,048,080, representing an increase of \$273,820 over the final budget estimate of \$1,774,260, which was primarily caused by an increase in income tax receipts throughout the year. The \$200,000 increase from original to final budget revenues was primarily caused by an increase in estimated income tax.

Final expenditure appropriations of \$1,750,628 were slightly higher than the actual expenditures of \$1,705,231. Final appropriations were increased by \$85,950 due to budget increases for severance payouts for police and fire department retirements.

There were no significant variances to discuss within other financing sources and uses.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of year 2016, the City had \$11,209,733 invested in capital assets. A total of \$7,660,417 of this was for governmental activities and \$3,549,316 being attributable to business-type activities. Table 3 shows fiscal year 2016 balances compared with 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,141,026	\$ 1,141,026	\$ 0	\$ 0	\$ 1,141,026	\$ 1,141,026
Construction in Progress	0	80,701	0	0	0	80,701
Buildings and Improvements	443,815	414,362	3,542,269	3,628,949	3,986,084	4,043,311
Equipment and Machinery	310,666	309,073	7,047	7,986	317,713	317,059
Vehicles	546,414	583,842	0	0	546,414	583,842
Infrastructure						
Roads	2,684,974	2,958,773	0	0	2,684,974	2,958,773
Storm Sewers	2,533,522	2,141,624	0	0	2,533,522	2,141,624
<b>Total</b>	<b>\$ 7,660,417</b>	<b>\$ 7,629,401</b>	<b>\$ 3,549,316</b>	<b>\$ 3,636,935</b>	<b>\$ 11,209,733</b>	<b>\$ 11,266,336</b>

The \$31,016 increase in capital assets of governmental activities was attributable to current year additions of equipment, building improvements, storm sewer additions, and a police cruiser exceeding current year depreciation. The \$87,619 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.

*This space intentionally left blank.*

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

**Debt**

The outstanding debt for the City as of December 31, 2016 was \$5,608,769. See Note 10 for additional details. Table 4 summarizes outstanding debt.

**Table 4**  
**Outstanding Debt, at December 31**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
South Water Street Loan - First National Bank	\$ 40,000	\$ 80,000	\$ 0	\$ 0	\$ 40,000	\$ 80,000
North Water Street Loan - State Infrastructure Bank	103,804	204,563	0	0	103,804	204,563
Newport Area South Sewer Improvement OPWC Loan	206,743	221,510	0	0	206,743	221,510
Newport Area South Sewer Improvement OWDA Loan	186,161	202,093	0	0	186,161	202,093
East 2nd Street Storm Sewer OPWC	66,500	71,250	0	0	66,500	71,250
East 2nd Street Storm Sewer OWDA	103,928	111,084	0	0	103,928	111,084
West Side Storm Sewer OWDA	346,122	360,162	0	0	346,122	360,162
West Side Storm Sewer OPWC	111,045	117,577	0	0	111,045	117,577
Eastport Avenue OWDA	273,432	79,562	0	0	273,432	79,562
Clay Museum	50,000	55,000	0	0	50,000	55,000
Police and Fire Pension	243,606	252,159	0	0	243,606	252,159
Note Payable	0	0	3,835,000	3,990,000	3,835,000	3,990,000
Unamortized Premium on Note	0	0	11,371	19,730	11,371	19,730
Capital Lease	31,057	125,312	0	0	31,057	125,312
<i>Total</i>	<u>\$ 1,762,398</u>	<u>\$ 1,880,272</u>	<u>\$ 3,846,371</u>	<u>\$ 4,009,730</u>	<u>\$ 5,608,769</u>	<u>\$ 5,890,002</u>

***Economic Factors***

During 2016, the City continued to monitor their monies very closely and ended the year in the black.

- The City finished Phase 1 of a Storm Sewer project for Eastport Avenue.
- Leased a new cruiser for the police department
- Re-financed the Water Park debt through the State of Ohio's OMAP program
- General fund Operating Levy was approved by voters. The Hospital Levy expired in 2015 and final revenues were collected in 2016.
- The City equipped and upgraded a used ambulance purchased from the Bolivar Fire Department for \$1.00. It is in service. The old ambulance was given to the street department to use as an extra truck to haul and store tools.
- A grant was received to provide upgrades to the City and Service Department buildings.

***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, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 1,427,069	\$ 284,516	\$ 1,711,585
Accounts Receivable	41,643	0	41,643
Intergovernmental Receivable	221,140	0	221,140
Taxes Receivable	551,710	0	551,710
Income Taxes Receivable	820,777	0	820,777
Special Assessments Receivable	57,309	0	57,309
Loans Receivable	46,987	0	46,987
Prepaid Items	31,831	0	31,831
Materials and Supplies Inventory	17,967	0	17,967
Non-Depreciable Capital Assets	1,141,026	0	1,141,026
Depreciable Capital Assets, Net	6,519,391	3,549,316	10,068,707
<i>Total Assets</i>	<u>10,876,850</u>	<u>3,833,832</u>	<u>14,710,682</u>
<b>Deferred Outflow of Resources</b>			
Pension	661,217	0	661,217
<i>Total Deferred Outflow of Resources</i>	<u>661,217</u>	<u>0</u>	<u>661,217</u>
<b>Liabilities</b>			
Accounts Payable	51,371	211	51,582
Accrued Wages	16,166	0	16,166
Intergovernmental Payable	22,989	137	23,126
Accrued Interest Payable	0	28,763	28,763
Long-Term Liabilities:			
Due Within One Year	249,197	3,846,371	4,095,568
Due in More Than One Year			
Net Pension Liability (See Note 13)	2,520,529	0	2,520,529
Other Amounts Due in More Than One Year	1,609,942	0	1,609,942
<i>Total Liabilities</i>	<u>4,470,194</u>	<u>3,875,482</u>	<u>8,345,676</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for the Next Year	493,843	0	493,843
Pension	69,334	0	69,334
<i>Total Deferred Inflows of Resources</i>	<u>563,177</u>	<u>0</u>	<u>563,177</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,141,625	(297,055)	5,844,570
Restricted For:			
Capital Outlay	883,693	0	883,693
Other Purposes	283,013	0	283,013
Unrestricted	(803,635)	255,405	(548,230)
<i>Total Net Position</i>	<u>\$ 6,504,696</u>	<u>\$ (41,650)</u>	<u>\$ 6,463,046</u>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	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
<b>Governmental Activities</b>						
General Government	\$ 632,548	\$ 82,884	\$ 48,968	\$ (500,696)	\$ 0	\$ (500,696)
Security of Persons and Property	1,416,847	31,427	46,363	(1,339,057)	0	(1,339,057)
Public Health	244,122	139,410	0	(104,712)	0	(104,712)
Leisure Time Services	28,581	0	3,708	(24,873)	0	(24,873)
Community Development	34,029	0	37,401	3,372	0	3,372
Transportation	420,602	0	258,715	(161,887)	0	(161,887)
Interest and Fiscal Charges	35,180	0	0	(35,180)	0	(35,180)
<i>Total Governmental Activities</i>	<u>2,811,909</u>	<u>253,721</u>	<u>395,155</u>	<u>(2,163,033)</u>	<u>0</u>	<u>(2,163,033)</u>
<b>Business-Type Activities</b>						
Water Park	560,257	483,144	0	0	(77,113)	(77,113)
<i>Total Primary Government</i>	<u>\$ 3,372,166</u>	<u>\$ 736,865</u>	<u>\$ 395,155</u>	<u>(2,163,033)</u>	<u>(77,113)</u>	<u>(2,240,146)</u>
<b>General Revenues:</b>						
Property Taxes Levied for:						
General Purposes				242,222	0	242,222
Capital Projects				109,908	0	109,908
Hospital				82,995	0	82,995
Parks and Recreation				23,764	0	23,764
Ambulance				73,814	0	73,814
Police and Fire Pension				33,304	0	33,304
Income Taxes Levied for:						
General Purposes				1,403,709	0	1,403,709
Capital Projects				382,831	0	382,831
Grants and Entitlements not Restricted						
to Specific Programs				204,955	0	204,955
Investment Earnings				1,721	0	1,721
Miscellaneous				59,311	7,295	66,606
<i>Total General Revenues</i>				<u>2,618,534</u>	<u>7,295</u>	<u>2,625,829</u>
Transfers				(245,000)	245,000	0
<i>Change in Net Position</i>				210,501	175,182	385,683
<i>Net Position Beginning of Year</i>				<u>6,294,195</u>	<u>(216,832)</u>	<u>6,077,363</u>
<i>Net Position End of Year</i>				<u>\$ 6,504,696</u>	<u>\$ (41,650)</u>	<u>\$ 6,463,046</u>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2016*

	General Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 602,754	\$ 327,210	\$ 130,884	\$ 366,221	\$ 1,427,069
Accounts Receivable	41,643	0	0	0	41,643
Intergovernmental Receivable	79,628	0	0	141,512	221,140
Taxes Receivable	280,949	0	0	270,761	551,710
Income Taxes Receivable	644,896	0	175,881	0	820,777
Special Assessments Receivable	0	57,309	0	0	57,309
Loans Receivable	0	0	46,987	0	46,987
Prepaid Items	31,831	0	0	0	31,831
Materials and Supplies Inventory	10,236	0	0	7,731	17,967
<i>Total Assets</i>	<u>\$ 1,691,937</u>	<u>\$ 384,519</u>	<u>\$ 353,752</u>	<u>\$ 786,225</u>	<u>\$ 3,216,433</u>
<b>Liabilities</b>					
Accounts Payable	\$ 25,171	\$ 0	\$ 1,359	\$ 24,841	\$ 51,371
Accrued Wages	13,708	0	0	2,458	16,166
Intergovernmental Payable	20,274	0	0	2,715	22,989
<i>Total Liabilities</i>	<u>59,153</u>	<u>0</u>	<u>1,359</u>	<u>30,014</u>	<u>90,526</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	251,353	0	0	242,490	493,843
Unavailable Revenue	552,522	57,309	115,810	130,478	856,119
<i>Total Deferred Inflows of Resources</i>	<u>803,875</u>	<u>57,309</u>	<u>115,810</u>	<u>372,968</u>	<u>1,349,962</u>
<b>Fund Balances</b>					
Nonspendable	42,067	0	0	7,731	49,798
Restricted	0	327,210	236,583	332,715	896,508
Committed	0	0	0	42,797	42,797
Assigned	190,674	0	0	0	190,674
Unassigned	596,168	0	0	0	596,168
<i>Total Fund Balances</i>	<u>828,909</u>	<u>327,210</u>	<u>236,583</u>	<u>383,243</u>	<u>1,775,945</u>
<i>Total Liabilities, Deferred Inflows of of Resources and Fund Balances</i>	<u>\$ 1,691,937</u>	<u>\$ 384,519</u>	<u>\$ 353,752</u>	<u>\$ 786,225</u>	<u>\$ 3,216,433</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, 2016*

<b>Total Governmental Fund Balances</b>		\$ 1,775,945
 <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.		7,660,417
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	\$ 57,867	
Income Taxes	540,445	
Intergovernmental	158,855	
Accounts receivable	41,643	
Special Assessments	57,309	856,119
The net pension liability is not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	661,217	
Deferred Inflows - Pension	(69,334)	
Net Pension Liability	(2,520,529)	(1,928,646)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Loans Payable	(90,000)	
OPWC Loans	(384,288)	
State Infrastructure Bank Loan	(103,804)	
OWDA Loans	(909,643)	
Police and Fire Pension Liability	(243,606)	
Capital Leases	(31,057)	
Compensated Absences	(96,741)	(1,859,139)
 <i>Net Position of Governmental Activities</i>		 <u>\$ 6,504,696</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, 2016*

	General Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 242,030	\$ 0	\$ 0	\$ 346,282	\$ 588,312
Income Taxes	1,570,892	0	428,426	0	1,999,318
Special Assessments	0	135,175	0	0	135,175
Charges for Services	3,477	0	0	7,550	11,027
Licenses, Fees and Permits	39,880	0	0	0	39,880
Fines and Forfeitures	13,031	0	0	384	13,415
Intergovernmental	200,027	0	0	335,300	535,327
Interest	3,035	0	1,721	0	4,756
Rent	1,134	0	0	0	1,134
Contributions and Donations	0	0	41,135	24,394	65,529
Other	5,850	0	42,722	7,704	56,276
<i>Total Revenues</i>	<u>2,079,356</u>	<u>135,175</u>	<u>514,004</u>	<u>721,614</u>	<u>3,450,149</u>
<b>Expenditures</b>					
Current:					
General Government	573,846	571	0	0	574,417
Security of Persons and Property	1,081,554	0	0	175,148	1,256,702
Public Health	1,932	60,375	0	110,233	172,540
Leisure Time Services	0	0	0	27,374	27,374
Community Development	0	0	0	34,029	34,029
Transportation	1,071	0	0	287,873	288,944
Capital Outlay	0	193,055	91,104	40,138	324,297
Debt Service:					
Principal Retirement	22,439	100,434	141,127	87,882	351,882
Interest and Fiscal Charges	11,224	6,999	13,403	3,554	35,180
<i>Total Expenditures</i>	<u>1,692,066</u>	<u>361,434</u>	<u>245,634</u>	<u>766,231</u>	<u>3,065,365</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>387,290</u>	<u>(226,259)</u>	<u>268,370</u>	<u>(44,617)</u>	<u>384,784</u>
<b>Other Financing Sources (Uses)</b>					
Inception of Capital Lease	0	0	0	40,138	40,138
Proceeds from OWDA Loans	0	193,870	0	0	193,870
Transfers In	0	0	0	30,000	30,000
Transfers Out	(30,000)	0	(245,000)	0	(275,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>193,870</u>	<u>(245,000)</u>	<u>70,138</u>	<u>(10,992)</u>
<i>Net Change in Fund Balance</i>	357,290	(32,389)	23,370	25,521	373,792
<i>Fund Balance Beginning of Year</i>	471,619	359,599	213,213	357,722	1,402,153
<i>Fund Balance End of Year</i>	<u>\$ 828,909</u>	<u>\$ 327,210</u>	<u>\$ 236,583</u>	<u>\$ 383,243</u>	<u>\$ 1,775,945</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, 2016*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	373,792
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 317,096	
Current Year Depreciation	<u>(286,080)</u>	31,016
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(7,732)	
Income Taxes	(212,778)	
Special Assessments	4,235	
Licenses, Fees and Permits	21,627	
Charges for Services	20,016	
Intergovernmental	<u>(8,107)</u>	(182,739)
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	26,049	
OWDA Loans	37,128	
State Infrastructure Bank Loan	100,759	
Police and Fire Pension	8,553	
Capital Lease	<u>134,393</u>	351,882
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
OWDA Loans		(193,870)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		192,284
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(345,876)
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(40,138)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		<u>24,150</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>210,501</u></u>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 267,551	\$ 291,186	\$ 242,030	\$ (49,156)
Income Taxes	1,000,000	1,148,521	1,520,916	372,395
Charges for Services	20,000	20,973	9,965	(11,008)
Licenses, Fees and Permits	53,000	58,023	51,433	(6,590)
Fines and Forfeitures	17,000	18,273	13,031	(5,242)
Intergovernmental	205,449	225,046	200,686	(24,360)
Interest	2,000	2,296	3,035	739
Rent	2,300	2,411	1,134	(1,277)
Other	6,960	7,531	5,850	(1,681)
<i>Total Revenues</i>	<u>1,574,260</u>	<u>1,774,260</u>	<u>2,048,080</u>	<u>273,820</u>
<b>Expenditures</b>				
Current:				
General Government	571,643	592,593	575,442	17,151
Security of Persons and Property	1,056,974	1,121,974	1,094,194	27,780
Public Health	2,000	2,000	1,932	68
Debt Service:				
Principal Retirement	22,837	22,837	22,439	398
Interest and Fiscal Charges	11,224	11,224	11,224	0
<i>Total Expenditures</i>	<u>1,664,678</u>	<u>1,750,628</u>	<u>1,705,231</u>	<u>45,397</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(90,418)</u>	<u>23,632</u>	<u>342,849</u>	<u>319,217</u>
<b>Other Financing (Uses)</b>				
Transfers Out	(30,000)	(30,000)	(30,000)	0
<i>Net Change in Fund Balance</i>	(120,418)	(6,368)	312,849	319,217
<i>Fund Balance Beginning of Year</i>	<u>289,905</u>	<u>289,905</u>	<u>289,905</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 169,487</u>	<u>\$ 283,537</u>	<u>\$ 602,754</u>	<u>\$ 319,217</u>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*December 31, 2016*

	Water Park
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 284,516
<i>Non-Current Assets:</i>	
Depreciable Capital Assets, Net	3,549,316
<i>Total Assets</i>	3,833,832
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	211
Intergovernmental Payable	137
Accrued Interest Payable	28,763
Notes Payable	3,846,371
<i>Total Liabilities</i>	3,875,482
<b>Net Position</b>	
Net Investment in Capital Assets	(297,055)
Unrestricted	255,405
<i>Total Net Position</i>	\$ (41,650)

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, 2016

	Water Park
<b>Operating Revenues</b>	
Charges for Services	\$ 476,402
Rent	6,742
Other	7,295
	490,439
<b>Operating Expenses</b>	
Personal Services	126,679
Fringe Benefits	1,974
Contractual Services	131,729
Materials and Supplies	51,474
Depreciation	87,619
	399,475
<i>Total Operating Revenues</i>	<i>490,439</i>
<i>Total Operating Expenses</i>	<i>399,475</i>
<i>Operating Income</i>	<i>90,964</i>
<b>Non-Operating (Expense)</b>	
Interest and Fiscal Charges	(160,782)
	(160,782)
<i>Total Non-Operating (Expense)</i>	<i>(160,782)</i>
<i>(Loss) Before Transfers</i>	<i>(69,818)</i>
Transfers In	245,000
	175,182
<i>Change in Net Position</i>	<i>175,182</i>
<i>Net Position Beginning of Year</i>	<i>(216,832)</i>
<i>Net Position End of Year</i>	<i>\$ (41,650)</i>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Year Ended December 31, 2016

	Water Park
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 476,402
Cash Received from Rent	6,742
Cash Received from Other Operating Receipts	7,295
Cash Payments to Suppliers for Goods and Services	(51,474)
Cash Payments to Employees for Services and Benefits	(137,918)
Cash Payments for Contractual Services	(132,057)
	<u>168,990</u>
<i>Net Cash Provided by Operating Activities</i>	
<b>Cash Flows from Capital and Related Financing Activities</b>	
Issuance of Notes Payable	3,835,000
Transfers In	245,000
Premium on Debt Issuance	22,742
Principal Payments on Debt	(3,990,000)
Interest Payments on Debt	(92,373)
	<u>20,369</u>
<i>Net Cash Provided by Capital and Related Financing Activities</i>	
<i>Net Increase in Cash and Investments</i>	
	189,359
<i>Cash and Investments Beginning of Year</i>	
	<u>95,157</u>
<i>Cash and Investments End of Year</i>	
	<u>\$ 284,516</u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 90,964
Adjustments:	
Depreciation	87,619
Increase (Decrease) in Liabilities:	
Accounts Payable	(328)
Intergovernmental Payable	(9,265)
	<u>(9,593)</u>
<i>Net Cash Provided by Operating Activities</i>	
	<u>\$ 168,990</u>

See accompanying notes to the basic financial statements.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2016*

---

---

	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ <u>1,072</u>
<b>Liabilities</b>	
Undistributed Monies	\$ <u>1,072</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, 2016*

---

---

**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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

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

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

***A. Basis of Presentation***

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

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

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

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



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***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:

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

***Storm Sewer Assessment Fund*** The storm sewer assessment 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. 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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***C. Measurement Focus***

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

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

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

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***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.

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*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, licenses, fees and permits, charges for services, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13).

”

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

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

***E. Cash and Investments***

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

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost. During 2016, 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 2016 amounted to \$3,035, which includes \$2,029 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 acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

***H. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for 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, compensated absences and net pension liability 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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***J. Pension***

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

***K. Net Position***

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

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

***L. Fund Balance***

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

*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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

***M. Operating Revenues and Expenses***

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

***N. Internal Activity***

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

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***O. Bond Premium***

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

***P. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

***Q. Estimates***

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

***R. Budgetary Process***

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

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

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



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

**Note 3 – Implementation of New Accounting Principles**

For the year ended December 31, 2016, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the City.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the City's financial statements as the City does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the City.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 4 – Budgetary Basis of Accounting**

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

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

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

Net Change in Fund Balance

GAAP Basis	\$	357,290
Net Adjustment for Revenue Accruals		(31,276)
Net Adjustment for Expenditure Accruals		(13,165)
		(44,441)
Budget Basis	\$	312,849

\* 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, which had no activity in 2016.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

**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:

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;

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

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.

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 five 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 2016, 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 \$1,712,657 and the bank balance was \$1,726,382. Of the bank balance \$500,000 was covered by Federal depository insurance and \$1,226,382 was exposed to custodial

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

credit risk as described below. 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, 2016, consisted primarily of taxes, accounts (billings for user charged services), special assessments, loans 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 2016 for real and public utility property taxes represents collections of the 2015 taxes.

2016 real property taxes were levied after October 1, 2016 on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$12.65 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---



---

Category	Assessed Value
Real Property	\$ 51,858,450
Public Utilities - Real	59,300
Public Utilities - Personal	2,403,580
Total Assessed Value	\$ 54,321,330

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, 2016, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2016 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.

*This space intentionally left blank.*

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 9 – Capital Assets**

A summary of changes in capital assets during 2016 follows:

	Balance 12/31/2015	Additions	Deletions	Reclassi- fications	Balance 12/31/2016
<b>Governmental Activities:</b>					
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$1,141,026	\$ 0	\$ 0	\$ 0	\$1,141,026
Construction in Progress	80,701	193,870	(274,571)	0	0
<i>Total Capital Assets, Not Being Depreciated</i>	<u>1,221,727</u>	<u>193,870</u>	<u>(274,571)</u>	<u>0</u>	<u>1,141,026</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings and Improvements	584,903	41,773	0	0	626,676
Equipment and Machinery	683,289	41,315	0	0	724,604
Vehicles	1,569,076	40,138	0	0	1,609,214
Infrastructure:					
Storm Sewers	2,527,149	274,571	0	198,850	3,000,570
Roads	3,594,438	0	0	(198,850)	3,395,588
<i>Total Capital Assets, Being Depreciated</i>	<u>8,958,855</u>	<u>397,797</u>	<u>0</u>	<u>0</u>	<u>9,356,652</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and Improvements	(170,541)	(12,320)	0	0	(182,861)
Equipment and Machinery	(374,216)	(39,722)	0	0	(413,938)
Vehicles	(985,234)	(77,566)	0	0	(1,062,800)
Infrastructure:					
Storm Sewers	(385,525)	(71,582)	0	(9,941)	(467,048)
Roads	(635,665)	(84,890)	0	9,941	(710,614)
<i>Total Accumulated Depreciation</i>	<u>(2,551,181)</u>	<u>(286,080)</u>	<u>0</u>	<u>0</u>	<u>(2,837,261)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>6,407,674</u>	<u>111,717</u>	<u>0</u>	<u>0</u>	<u>6,519,391</u>
<i>Total Governmental Activity Capital Assets, Net</i>	<u>\$7,629,401</u>	<u>\$ 305,587</u>	<u>\$(274,571)</u>	<u>\$ 0</u>	<u>\$7,660,417</u>

The reclassification of assets was to move the E. Second St Storm Sewer to Storm Sewers from Roads which was recorded incorrectly in prior years.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	<u>Balance</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	\$4,276,981	\$ 0	\$ 0	\$4,276,981
Equipment and Machinery	<u>38,961</u>	<u>0</u>	<u>0</u>	<u>38,961</u>
<i>Total Capital Assets, Being Depreciated</i>	<u>4,315,942</u>	<u>0</u>	<u>0</u>	<u>4,315,942</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(648,032)	(86,680)	0	(734,712)
Equipment and Machinery	<u>(30,975)</u>	<u>(939)</u>	<u>0</u>	<u>(31,914)</u>
<i>Total Accumulated Depreciation</i>	<u>(679,007)</u>	<u>(87,619)</u>	<u>0</u>	<u>(766,626)</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$3,636,935</u>	<u>\$(87,619)</u>	<u>\$ 0</u>	<u>\$3,549,316</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 15,691
Security of Persons and Property	76,934
Transportation	120,666
Public Health Services	71,582
Leisure Time Services	<u>1,207</u>
Total Depreciation Expense	<u>\$ 286,080</u>

*This space intentionally left blank.*



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 10 – Long-Term Obligations**

Changes in long-term obligations of the City during the year ended December 31, 2016, were as follows:

	Balance 12/31/2015	Additions	(Reductions)	Balance 12/31/2016	Due in One Year
<b>Governmental Activities:</b>					
South Water Street Loan	\$ 80,000	\$ 0	\$ (40,000)	\$ 40,000	\$ 40,000
State Infrastructure Bank Loan	204,563	0	(100,759)	103,804	103,804
Newport Area Storm Sewer OPWC Loan	221,510	0	(14,767)	206,743	14,767
Newport Area Storm Sewer OWDA Loan	202,093	0	(15,932)	186,161	16,092
East 2nd Street Storm Sewer OPWC Loan	71,250	0	(4,750)	66,500	4,750
East 2nd Street Storm Sewer OWDA Loan	111,084	0	(7,156)	103,928	7,228
West Side Storm Sewer OWDA Loan	360,162	0	(14,040)	346,122	20,052
West Side Storm Sewer OPWC Loan	117,577	0	(6,532)	111,045	6,532
Eastport Avenue Storm Sewer OWDA Loan	79,562	193,870	0	273,432	0
Clay Museum Loan	55,000	0	(5,000)	50,000	5,000
Police and Fire Pension	252,159	0	(8,553)	243,606	8,920
Net Pension Liability - OPERS & OPF	2,049,517	471,012	0	2,520,529	0
Compensated Absences	120,891	27,405	(51,555)	96,741	10,997
Capital Leases	125,312	40,138	(134,393)	31,057	11,055
<i>Total Governmental Activities</i>	<u>\$ 4,050,680</u>	<u>\$ 732,425</u>	<u>\$ (403,437)</u>	<u>\$ 4,379,668</u>	<u>\$ 249,197</u>
<b>Business-Type Activities:</b>					
Note Payable	3,990,000	3,835,000	(3,990,000)	3,835,000	3,835,000
Unamortized Premium on Bonds	19,730	22,742	(31,101)	11,371	11,371
<i>Total Business-Type Activities</i>	<u>\$ 4,009,730</u>	<u>\$ 3,857,742</u>	<u>\$ (4,021,101)</u>	<u>\$ 3,846,371</u>	<u>\$ 3,846,371</u>

On July 5, 2016, the City issued a Recreational Facilities Improvement Note in the amount of \$3,835,000 to refund the improvement note previously used to finance the water park construction. The note matures in July 2017 and has an interest rate of 1.5 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.

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

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

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 2<sup>nd</sup> 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.

In 2011, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$149,191 for the East Second Street area storm sewer improvement project. The loan has an interest rate of 1 percent and will be fully repaid in 2030. This loan will be paid from the storm sewer assessment fund.

In 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.

In 2015, the City was awarded a planning loan from OWDA in the amount of \$89,583 for the Eastport Avenue storm sewer improvement project. The loan had an interest rate of 3.41 percent and was combined with a construction loan. This loan will be paid from the storm sewer assessment fund. The new loan is approved for \$285,182 and has an interest rate of 2.06 to 2.46 percent and matures in 2037. As of December 31, 2016, only \$273,432 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.

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

Compensated absences will be paid from the general and street funds. The City pays obligations related to employee compensation from the fund benefitting from their service.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2016, are as follows:

	Governmental Activities					
	South Water			State Infrastructure		
	Street Loan			Bank Loan		OPWC Loans
	Principal	Interest		Principal	Interest	Principal
2017	\$ 40,000	\$ 2,186		\$ 103,804	\$ 2,341	\$ 26,049
2018	0	0		0	0	26,049
2019	0	0		0	0	26,049
2020	0	0		0	0	26,049
2021	0	0		0	0	26,049
2022-2026	0	0		0	0	130,247
2027-2031	0	0		0	0	110,730
2032-2035	0	0		0	0	13,066
<b>Totals</b>	<b>\$ 40,000</b>	<b>\$ 2,186</b>		<b>\$ 103,804</b>	<b>\$ 2,341</b>	<b>\$ 384,288</b>

	Governmental Activities					
	OWDA Loans		Clay Museum Loan		Police and Fire Pension	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 43,372	\$ 6,354	\$ 5,000	\$ 3,250	\$ 8,920	\$ 10,260
2018	43,807	5,920	5,000	2,925	9,304	9,876
2019	44,247	5,482	5,000	2,600	9,703	9,476
2020	44,689	4,937	5,000	2,275	10,120	9,060
2021	45,138	4,488	5,000	1,950	10,554	8,625
2022-2026	214,964	15,563	25,000	4,550	59,974	35,936
2027-2031	176,706	5,001	0	0	74,008	21,993
2032-2035	23,288	174	0	0	61,023	5,242
<b>Total</b>	<b>\$ 636,211</b>	<b>\$ 47,919</b>	<b>\$ 50,000</b>	<b>\$ 17,550</b>	<b>\$ 243,606</b>	<b>\$ 110,468</b>

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	Governmental Activities		Business-Type Activities		Grand Total	
	Total		Water Park Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2017	\$ 227,145	\$ 24,391	\$ 3,835,000	\$ 11,371	\$ 4,062,145	\$ 35,762
2018	84,160	18,721	0	0	84,160	18,721
2019	84,999	17,558	0	0	84,999	17,558
2020	85,858	16,272	0	0	85,858	16,272
2021	86,741	15,063	0	0	86,741	15,063
2022-2026	430,185	56,049	0	0	430,185	56,049
2027-2031	361,444	26,994	0	0	361,444	26,994
2032-2035	97,377	5,416	0	0	97,377	5,416
Totals	<u>\$ 1,457,909</u>	<u>\$ 180,464</u>	<u>\$ 3,835,000</u>	<u>\$ 11,371</u>	<u>\$ 5,292,909</u>	<u>\$ 191,835</u>

**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. Accumulated depreciation was \$249,918 as of December 31, 2016, leaving a current book value of \$249,917. A corresponding liability was recorded and was reduced for each required principal payment. This lease was paid from the fire truck levy fund and was paid in full in 2016.

In 2011, the City entered into a capitalized lease for the acquisition of a street sweeper. This lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee.

The street sweeper acquired by the lease in the amount of \$198,268 has been capitalized in the governmental activities which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$72,698 as of December 31, 2016, leaving a current book value of \$125,570. A corresponding liability was recorded and is reduced for each required principal payment. This lease 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. Accumulated depreciation was \$8,392 as of December 31, 2016, leaving a current book value of \$27,574. A corresponding liability is recorded and is reduced for each required principal payment. The police cruiser lease was paid in full during 2016.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

The police cruiser acquired by the lease has been capitalized in the governmental activities in the amount of \$40,138, which is equal to the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation was \$1,338 as of December 31, 2016, leaving a current book value of \$38,800. A corresponding liability is recorded and is reduced for each required principal payment. This lease will be paid from the police uniform and equipment 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, 2016:

			Governmental Activities
			Capital Leases
Year ending December 31,	2017	\$	13,592
	2018		11,293
	2019		11,294
Minimum lease payments			36,179
Less: amount representing interest at the City's incremental borrowing rate of interest			(5,122)
Present value of net minimum lease payments		\$	31,057

**Note 12 – Risk Management**

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

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

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015:

	2016	2015
Assets	\$ 42,182,281	\$ 38,307,677
Liabilities	(13,396,700)	(12,759,127)
Net Position	\$ 28,785,581	\$ 25,548,550

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$12.0 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the City's share of these unpaid claims collectible in future years is approximately \$34,000.

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.

Contributions to PEP

2015	\$ 57,139
2016	54,568

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

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

**Note 13 – Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.00 %
Post-employment Health Care Benefits	2.00
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$45,292 for 2016. Of this amount, \$3,709 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$146,992 for 2016. Of this amount \$12,964 is reported as an intergovernmental payable.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2016, the specific liability of the City was \$243,606 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the Net Pension Liability	\$ 447,408	\$ 2,073,121	\$ 2,520,529
Proportion of the Net Pension Liability	0.00258300%	0.03222600%	
Pension Expense	\$ 74,058	\$ 271,818	\$ 345,876

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPF	Total
<b>Deferred Outflows of Resources</b>			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 131,509	\$ 337,424	\$ 468,933
City Contributions Subsequent to the Measurement Date	45,292	146,992	192,284
Total Deferred Outflows of Resources	<u>\$ 176,801</u>	<u>\$ 484,416</u>	<u>\$ 661,217</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 8,645	\$ 5,821	\$ 14,466
Changes in Proportionate Share	557	54,311	54,868
Total Deferred Inflows of Resources	<u>\$ 9,202</u>	<u>\$ 60,132</u>	<u>\$ 69,334</u>

\$192,284 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or addition of the net pension asset in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Year Ending December 31:	OPERS		Total
	Traditional Plan	OPF	
2017	\$ 28,506	\$ 77,267	\$ 105,773
2018	30,608	77,267	107,875
2019	33,433	77,266	110,699
2020	29,760	59,280	89,040
2021	0	(11,586)	(11,586)
Thereafter	0	(2,202)	(2,202)
	<u>\$ 122,307</u>	<u>\$ 277,292</u>	<u>\$ 399,599</u>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 percent to 10.05 percent, including wage inflation at 3.75 percent
COLA or Ad Hoc COLA	3.00 percent, simple
Investment Rate of Return	8.00 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

**City of Uhrichsville  
Tuscarawas County, Ohio**

*Notes To The Basic Financial Statements  
For the Year Ended December 31, 2016*

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.27 %

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

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability:	\$ 712,831	447,408	\$ 223,533

***Actuarial Assumptions – OPF***

OPF's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11.00 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return**</u>	<u>30 Year Expected Real Rate of Return**</u>
Domestic Equity	16.00	4.47 %	7.80 %
Non-US Equity	16.00	4.47	8.00
Core Fixed Income*	20.00	1.62	5.35
Global Inflation Protected*	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
Total	<u>120.00</u> %		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers include inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall total portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City's proportionate share of the net pension liability:	\$ 2,734,169	\$ 2,073,121	\$ 1,513,148

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

**Note 14 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored 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 20 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. Please see the Plan Statement in the OPERS 2015 CAFR details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible benefit recipients. 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/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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 to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 as recommended by OPERS' actuary. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$7,549, \$7,726 and \$7,548, respectively. For 2016, 92 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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

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

OPF 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 OPF meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OPF's website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF 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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

OPF 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 OPF 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, 2016 through December 31, 2016. 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 OPF Board of Trustees is also 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 OPF, which were allocated to fund post-employment health care benefits, for police and firefighters were \$1,769 and \$1,697 for the year ended December 31, 2016, \$1,619 and \$1,633 for the year ended December 31, 2015, and \$1,875 and \$1,885 for the year ended December 31, 2014. 91 percent has been contributed for police and 91 percent has been contributed for firefighters for 2016. The full amount has been contributed for 2015 and 2014.

**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.

Employees earn sick leave at a rate of 4.6 hours per eighty hours of service. Unused sick leave accumulates without limit. Upon retirement or death, street employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of \$13,500. Street employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 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 \$27,000. Firefighters with more than ten years of service can be paid one day's pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours. Police employees with five years of service but less than ten years of service can be paid one-third of the outstanding sick leave accumulation up to a maximum payment of 60 days. Police employees with more than ten years of service can be paid on-half of the outstanding sick leave accumulation up to a maximum payment of 120 days.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***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, 2016.

**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 Gnadenuhuten. 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 2016, no monies were contributed by the City.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

***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 2016, 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 2016, no monies were contributed by the City.

***D. Joint Economic Development District (JEDD)***

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

**Note 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 2016, no monies were received from the City.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

**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.

**Note 20 – Interfund Transfers**

The general fund transferred \$30,000 to the street fund to support operations during 2016. The capital improvement fund transferred \$245,000 to the water park fund to pay debt payments.

*This space intentionally left blank.*

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 21 – Fund Balance**

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

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

	General Fund	Storm Sewer Assessment Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:					
Materials and Supplies Inventory	\$ 10,236	\$ 0	\$ 0	\$ 7,731	\$ 17,967
Prepaid Items	31,831	0	0	0	31,831
Total Nonspendable	<u>42,067</u>	<u>0</u>	<u>0</u>	<u>7,731</u>	<u>49,798</u>
Restricted for:					
Capital Outlay	0	327,210	236,583	128,515	692,308
Street	0	0	0	64,456	64,456
Community Development	0	0	0	39,515	39,515
Parks and Recreation	0	0	0	25,573	25,573
Ambulance Services	0	0	0	38,325	38,325
Police and Fire Pension	0	0	0	4,319	4,319
Other Purposes	0	0	0	32,012	32,012
Total Restricted	<u>0</u>	<u>327,210</u>	<u>236,583</u>	<u>332,715</u>	<u>896,508</u>
Committed for:					
Police and Fire					
Uniforms and Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,797</u>	<u>42,797</u>
Assigned:					
Subsequent Year Appropriations	<u>190,674</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>190,674</u>
Unassigned	<u>596,168</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,168</u>
Total Fund Balance	<u>\$ 828,909</u>	<u>\$ 327,210</u>	<u>\$ 236,583</u>	<u>\$ 383,243</u>	<u>\$ 1,775,945</u>

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

---

**Note 22 – Subsequent Event**

On January 20, 2017, the City entered into a lease purchase agreement in the amount of \$40,138 for a 2017 Ford Interceptor police vehicle. The lease has an interest rate of 8.5 percent and matures in 2020.

In 2017, the City entered into a lease agreement in the amount of \$801,321 for the acquisition of a new fire ladder truck.

Historically, the City annually refinances the Water Park debt into a recreational facilities improvement note in July each year. The City refinanced \$3,835,000 on June 29, 2017. The City entered into a lease purchase agreement for a 2017 Ford Interceptor police vehicle in the amount of \$40,138 on January 20, 2017. The lease has an interest rate of 8.5 percent and matures in 2020.

In 2017, the City entered into a lease agreement in the amount of \$801,321 for the acquisition of a new fire ladder truck.

*This page intentionally left blank.*



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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>			
City's Proportion of the Net Pension Liability	0.0025830%	0.0025900%	0.0025900%
City's Proportionate Share of the Net Pension Liability	\$ 447,408	\$ 312,383	\$ 305,327
City's Covered-Employee Payroll	\$ 340,300	\$ 317,450	\$ 241,531
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	131.47%	98.40%	126.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>			
City's Proportion of the Net Pension Liability	0.0322260%	0.0335327%	0.0335327%
City's Proportionate Share of the Net Pension Liability	\$ 2,073,121	\$ 1,737,134	\$ 1,633,148
City's Covered-Employee Payroll	\$ 650,321	\$ 667,957	\$ 745,448
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	318.78%	260.07%	219.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available.

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Last Ten Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 45,292	\$ 40,836	\$ 38,094	\$ 31,399
Contributions in Relation to the Contractually Required Contribution	<u>(45,292)</u>	<u>(40,836)</u>	<u>(38,094)</u>	<u>(31,399)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 377,433	\$ 340,300	\$ 317,450	\$ 241,531
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 146,992	\$ 138,254	\$ 140,332	\$ 133,078
Contributions in relation to the contractually required contribution	<u>(146,992)</u>	<u>(138,254)</u>	<u>(140,332)</u>	<u>(133,078)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 693,250	\$ 650,321	\$ 667,957	\$ 745,448
Contributions as a percentage of covered-employee payroll	21.20%	21.26%	21.01%	17.85%

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
\$ 126,697	\$ 109,611	\$ 102,390	\$ 96,568	\$ 97,701	\$ 88,537
<u>(126,697)</u>	<u>(109,611)</u>	<u>(102,390)</u>	<u>(96,568)</u>	<u>(97,701)</u>	<u>(88,537)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 865,130	\$ 729,994	\$ 689,101	\$ 645,058	\$ 645,302	\$ 597,864
14.64%	15.02%	14.86%	14.97%	15.14%	14.81%

June 28, 2018

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2018.

**Internal Control Over Financial Reporting**

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

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 & Responses*, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 & Responses* as item 2016-001 to be a material weakness.

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 deficiencies described in the accompanying *Schedule of Findings & Responses* as items 2016-002 and 2016-003 to be significant deficiencies.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings & Responses*. 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 & Responses*  
*December 31, 2016*

**Finding Number: 2016-001**

**Material Weakness – Internal Controls over Financial Reporting**

**Criteria:** The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

**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:

- A misclassification of \$41,135 for Contributions and Donations originally received as Charges for Services in other governmental funds;
- A misclassification of \$21,195 for Contributions and Donations originally received as Other Revenue in the Capital Improvement Fund;

**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 line item classification within the funds to accurately report the nature of the transaction.

**Management’s Response:** Procedures have been put in place to facilitate the accurate presentation of the financial statements.

**Finding: 2016 – 002**

**Significant Deficiency – Internal Control – Payroll**

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

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Schedule of Findings & Responses*  
*December 31, 2016*

**Finding Number: 2016-002 (Continued)**

**Significant Deficiency – Internal Control – Payroll (Continued)**

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

- Inconsistent supervisory approval of timecards and leave requests.
- Lack of documentation of approved pay rates for certain employees. This issue primarily relates to water park employees. The last formal action taken relating to lifeguard and concession worker wages was made in 2009. Pay rates for these employees have been adjusted to remain compliant with federal minimum wage requirements but no formal action has been taken by City Council to approve those rates. The majority of the City’s employees are covered by negotiated agreements, we noted no issues with the testing of those employees.
- Lack of segregation of duties in the payroll process. The City Auditor processes payroll with very little oversight or monitoring. We did not note anything improper in our testing but lack of proper monitoring controls increases risk of errors or improper payments.
- We noted the City does not have sick and vacation leave policies that detail when, or if, balances will be paid out as well as when balances can be rolled over into the subsequent year. The City operates in accordance with negotiated agreements but there can be confusion in regards to employees not covered by a negotiated agreement.

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

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

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

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

**Finding Number: 2016-003**

**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.

**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Schedule of Findings & Responses*  
*December 31, 2016*

**Finding Number: 2016-003 (Continued)**

**Significant Deficiency - Purchasing Policies and Procedures (Continued)**

**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 increased risk of 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:** We will continue to train our employees on the importance of adhering to the established procedures for disbursements. All personnel will be informed of the procedures in place and the expectation to follow them.



**City of Uhrichsville**  
**Tuscarawas County, Ohio**  
*Summary Schedule of Prior Audit Findings*  
*December 31, 2016*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material Weakness – Internal Controls over Financial Reporting	Repeated as Finding Number 2016-001	None
2015-002	Material Noncompliance	Fully Corrected	None
2015-003	Significant Deficiency – Purchasing Policies and Procedures	Repeated as Finding Number 2016-003	None

**This page intentionally left blank.**



# 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  
SEPTEMBER, 18 2018