

City of Uhrichsville
Audited Financial Statements

December 31, 2008



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Uhrichsville, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 8, 2009

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**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

DECEMBER 31, 2008

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**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

DECEMBER 31, 2008

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

August 25, 2009

Mayor and Members of Council
City of Uhrichsville
Uhrichsville, OH 44683

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville (the "City"), Tuscarawas County, Ohio as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Uhrichsville, Ohio as of December 31, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Street Fund, Community Development Grants Fund, and the Hazard Mitigation Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 25, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 9 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis for the City of Uhrichsville's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2008. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding regarding the City's financial performance, one should also review the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Financial highlights for 2008 are as follows:

- All funds, except for the hazard mitigation grant fund, ended the year with a positive cash balance for 2008. The Finance Committee continues to monitor all funds in order to keep the City out of future fiscal emergencies.
- Total net assets increased \$1,225,101, or an 18.03 percent increase over 2007.
- Total assets increased \$1,180,892, which represents an 8.53 percent increase over 2007.
- Total liabilities decreased by \$44,209, which represents a .63 percent decrease from 2007.
- Total invested in capital assets, net of debt increased \$354,509, an increase of 7.12 percent from 2007.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information from a summary perspective. These statements show the results of the operations for the year 2008 and how they affected the City of Uhrichsville's financial condition. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Reporting the City of Uhrichsville as a Whole

Statement of Net Assets and the Statement of Activities

This financial view of the City as a whole considers all transactions and answers the question of how the City of Uhrichsville performed financially during 2008. The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity, as well as the overall evaluation of the City's financial status. These statements include all non-fiduciary assets and all liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. Transactions are booked when they occur and not when actual cash is received for revenues or when invoices are paid for expenses.

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

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

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

Reporting the City of Uhrichsville's Most Significant Funds

Fund Financial Statements

The presentation of the City's major funds begins on page 12. Fund financial reports give detailed information of activities within these funds. The City currently has several funds, which have been established to account for the multitude of services provided to residents, for employee health care and the operation of facilities, as well as for infrastructure and capital purchases. These fund financial statements focus on the City's five major funds: the general fund, the street fund, the community development grants fund, the hazard mitigation grant fund and the capital improvement fund.

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Governmental Funds

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

Proprietary Fund

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

The City of Uhrichsville as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2008 as they compare to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007 - Restated	2008	2007 - Restated	2008	2007 - Restated
Assets						
Current and Other Assets	\$4,125,938	\$4,090,358	\$455,614	\$4,077,672	\$4,581,552	\$8,168,030
Capital Assets, Net	6,234,092	4,259,746	4,212,225	1,419,201	10,446,317	5,678,947
<i>Total Assets</i>	<u>10,360,030</u>	<u>8,350,104</u>	<u>4,667,839</u>	<u>5,496,873</u>	<u>15,027,869</u>	<u>13,846,977</u>
Liabilities						
Current Liabilities	573,056	905,746	16,724	602,965	589,780	1,508,711
Long-Term Liabilities:						
Due Within One Year	81,541	57,720	105,000	105,000	186,541	162,720
Due in More Than One Year	1,834,790	874,408	4,395,307	4,504,788	6,230,097	5,379,196
<i>Total Liabilities</i>	<u>2,489,387</u>	<u>1,837,874</u>	<u>4,517,031</u>	<u>5,212,753</u>	<u>7,006,418</u>	<u>7,050,627</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	4,810,671	4,224,875	524,959	756,246	5,335,630	4,981,121
Restricted for:						
Capital Projects	996,783	414,936	0	0	996,783	414,936
Other Purposes	1,035,011	308,085	0	0	1,035,011	308,085
Unrestricted	1,028,178	1,564,334	(374,151)	(472,126)	654,027	1,092,208
<i>Total Net Assets</i>	<u>\$7,870,643</u>	<u>\$6,512,230</u>	<u>\$150,808</u>	<u>\$284,120</u>	<u>\$8,021,451</u>	<u>\$6,796,350</u>

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Total assets increased in 2008 by \$1,180,892. Total liabilities decreased by \$44,209. The increase in total assets is reflected primarily in capital assets where the increase was \$4,767,370. The increase in capital assets is primarily due to the completion of the water park. The decrease of \$918,931 in current liabilities is due mainly to contracts payable and retainage payable for the water park and Newport area storm sewer improvement projects, which were payable at the end of 2007, but were no longer a liability in 2008. The increase of \$874,722 in long-term liabilities is due primarily to the additional SIB, OPWC, and OWDA loan liabilities for the South Water Street improvements and the Newport area storm sewer improvement projects. Total net assets increased by \$1,225,101.

Table 2 shows the changes in net assets for the year ended December 31, 2008. Revenue and expense comparisons can be made between the years 2007 and 2008.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2008	2007 - Restated	2008	2007 - Restated	2008	2007 - Restated
Revenues						
Program Revenues:						
Charges for Services and						
Operating Assessments	\$244,918	\$254,832	\$383,097	\$0	\$628,015	\$254,832
Operating Grants and Contributions	2,370,418	1,707,561	0	0	2,370,418	1,707,561
Capital Grants and Contributions	35,851	4,500	38,624	139,945	74,475	144,445
Total Program Revenues	2,651,187	1,966,893	421,721	139,945	3,072,908	2,106,838
General Revenues:						
Property Taxes	497,064	546,136	0	0	497,064	546,136
Income Taxes	1,235,022	1,347,948	0	0	1,235,022	1,347,948
Grants and Entitlements	339,480	367,969	0	0	339,480	367,969
Investment Earnings	32,713	108,466	69,766	137,053	102,479	245,519
Miscellaneous	65,163	38,773	7,185	17,300	72,348	56,073
Total General Revenues	2,169,442	2,409,292	76,951	154,353	2,246,393	2,563,645
Total Revenues	4,820,629	4,376,185	498,672	294,298	5,319,301	4,670,483
Program Expenses						
General Government	682,343	524,651	0	0	682,343	524,651
Security of Persons and Property	1,429,233	1,284,259	0	0	1,429,233	1,284,259
Transportation	791,008	888,928	0	0	791,008	888,928
Public Health Services	179,559	112,500	0	0	179,559	112,500
Community Development	285,675	284,769	0	0	285,675	284,769
Leisure Time Activities	56,862	157,204	0	0	56,862	157,204
Interest and Fiscal Charges	37,536	53,351	0	0	37,536	53,351
Water Park	0	0	631,984	10,178	631,984	10,178
Total Program Expenses	3,462,216	3,305,662	631,984	10,178	4,094,200	3,315,840
Change in Net Assets	1,358,413	1,070,523	(133,312)	284,120	1,225,101	1,354,643
Net Assets Beginning of Year -						
Restated (See Note 3)	6,512,230	5,441,707	284,120	0	6,796,350	5,441,707
Net Assets End of Year	\$7,870,643	\$6,512,230	\$150,808	\$284,120	\$8,021,451	\$6,796,350

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Governmental Activities

Several revenue sources fund governmental activities with the City of Uhrichsville's municipal income tax being the largest contributor. The income tax rate for the City is 1.75 percent. The City allows a 100 percent credit of taxes paid to other municipalities, up to 1.75 percent of income. The tax amount is credited to the general fund and capital improvement capital projects fund. On a full accrual basis, the City received income tax revenues of \$1,235,022 in 2008. This was a decrease of \$112,926 from the \$1,347,948, which was received in 2007. The decrease is due to lower collections during 2008 due to a declining economy.

Security of persons and property represents the largest expense of the governmental activities. This expense of \$1,429,233 represents 41.28 percent of governmental expenses. The police department is a full time, 24 hours a day, 365 days a year department with seven officers and a full time Chief. The fire department is also full time and includes five officers and a full time Chief. This expense increased by \$144,974, or 11.29 percent, from 2007 to 2008 due in part to increased wages and benefits and more non-capital purchases within the police and fire departments.

General Government represents 19.71 percent of governmental expenses. These expenses consist of all elected officials and their appointed staff. Also included are the associated benefits for these employees along with various other costs of running the City operations. This expense increased from 2007 to 2008 with an increase of \$157,692, or 30.06 percent.

The Street Maintenance and Repair and Traffic Department employs three workers and one foreman who provide the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping, and alley profiling. This area had expenses of \$791,008, or 22.85 percent, of governmental expenses in 2008. The transportation expense decreased by \$97,920, or 11.02 percent, due to fewer road projects.

Public Health Services comprises 5.19 percent of governmental expenses and increased \$67,059 over the prior year.

Community Development represents 8.25 percent of governmental expenses. This department's expenses remained consistent between 2007 and 2008 with only a slight increase in 2008.

The remaining 2.72 percent of governmental expenses consist of Leisure Time Activities and Interest and Fiscal Charges. The Leisure Time Activities expense decreased by \$100,342. Interest and Fiscal Charges decreased by \$15,815, or 29.64 percent.

The City's Funds

Governmental Funds

Information about the City's governmental funds begins on page 14. These funds are accounted for by using the modified accrual method of accounting. All governmental funds had total revenues of \$4,206,875 and expenditures of \$5,495,662. The City's general fund reflected a decrease in fund balance of \$163,536. The street fund, the community development grants fund, the hazard mitigation grant fund, and the capital improvement fund had fund balances of \$41,855, \$78,400, \$4,562, and \$640,814, respectively.

City of Uhrichsville, Ohio
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Cash and Cash Equivalents for all governmental funds decreased from \$2,770,192 in 2007 to \$2,133,520, a decrease of 22.98 percent. This decrease is due mainly to expenditures exceeding revenues in 2008.

Business-Type Fund

As mentioned earlier, the City's lone business-type activity is the water park fund. Total assets decreased by \$829,034, or 15.08 percent, from 2007 to 2008, while total liabilities decreased by \$695,722, or 13.35 percent, from 2007 to 2008. Ending net assets decreased by \$133,312, or 46.92 percent, from \$284,120 in 2007 to \$150,808 in 2008.

General Fund Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. Our budget is adopted at the fund, function, and object level. Any budgetary modifications at that level may only be made by Council action. The general fund had final appropriations of \$1,810,895, which was \$116,700 higher than the original appropriations of \$1,694,195 due to a revision of forecasted expenditures. The actual revenue was \$129,392 more than the final budget. The actual expenditures were \$16,985 less than the final budget.

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

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

Capital Assets

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

	Governmental Activities		Business-Type Activity		Total	
	2008	2007 - Restated	2008	2007 - Restated	2008	2007 - Restated
Land	\$1,143,850	\$604,619	\$0	\$0	\$1,143,850	\$604,619
Construction in Progress	2,044,340	2,013,053	0	1,419,201	2,044,340	3,432,254
Buildings and Improvements	410,756	392,116	4,194,089	0	4,604,845	392,116
Equipment	590,280	596,540	18,136	0	608,416	596,540
Vehicles	352,951	390,474	0	0	352,951	390,474
Infrastructure						
Storm Sewers	817,273	8,320	0	0	817,273	8,320
Roads	874,642	254,624	0	0	874,642	254,624
Totals	\$6,234,092	\$4,259,746	\$4,212,225	\$1,419,201	\$10,446,317	\$5,678,947

City of Uhrichsville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Total capital assets for the City of Uhrichsville as of December 31, 2008 amounted to \$10,446,317, which was an increase of \$4,767,370 from 2007. The most significant increases were in buildings and improvements and infrastructure due to the water park building, Water Street, and Newport area storm sewer improvement projects. For more information about the City's capital assets, see Note 8 in basic financial statements.

Debt

As of December 31, 2008, the City of Uhrichsville had \$6,226,669 in outstanding debt.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activity		Total	
	2008	2007 - Restated	2008	2007 - Restated	2008	2007 - Restated
South Water Street Loan - First National Bank	\$360,000	\$400,000	\$0	\$0	\$360,000	\$400,000
South Water Street Loan - State Infrastructure Bank	459,627	35,818	0	0	459,627	35,818
Newport Area Storm Sewer Improvement OPWC Loan	295,347	0	0	0	295,347	0
Newport Area Storm Sewer Improvement OWDA Loan	308,447	0	0	0	308,447	0
Water Park Building General Obligation Bond	0	0	4,395,000	4,500,000	4,395,000	4,500,000
Unamortized Premium on Bond	0	0	105,307	109,788	105,307	109,788
Police and Fire Pension	302,941	309,050	0	0	302,941	309,050
Totals	\$1,726,362	\$744,868	\$4,500,307	\$4,609,788	\$6,226,669	\$5,354,656

During 2008, the City received an additional \$423,809 in SIB Loans to pay for the South Water Street road project and issued \$295,347 in OPWC loans and \$323,430 in OWDA loans to pay for the Newport area storm sewer improvement project. The City pays installments on the accrued liability incurred when the State of Ohio established the Statewide pension system for police and firefighters in 1967. As of December 31, 2008, the liability of the City was \$302,941 payable in semiannual payments through the year 2035.

The City's overall legal debt margin was \$5,893,558, as of December 31, 2008. A thorough discussion of the debt can be found in Note 9 in the notes to the basic financial statements.

Current Financial Related Issues

During 2009, the City's project for the Second Street Storm Sewer, which has an estimated cost of \$674,000, has been tentatively approved for stimulus monies in the amount for \$607,000. Another project for which Issue I grant funds have been applied for is the 12th Street project, which includes new sidewalks and blacktopping at a cost of \$300,000.

City of Uhrichsville, Ohio
Management's Discussion and Analysis
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Unaudited

The City built a new park shelter using left over bond monies from the water park. New recycled plastic picnic tables have been purchased for the shelter. New playground equipment has also been ordered using monies from the park levy.

Contacting the City of Uhrichsville's Finance Department

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

City of Uhrichsville, Ohio

Statement of Net Assets

December 31, 2008

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,133,520	\$282,587	\$2,416,107
Materials and Supplies Inventory	18,842	0	18,842
Accrued Interest Receivable	2,909	0	2,909
Accounts Receivable	33,167	0	33,167
Intergovernmental Receivable	1,004,554	67,720	1,072,274
Income Tax Receivable	473,389	0	473,389
Property Taxes Receivable	459,557	0	459,557
Deferred Charges	0	105,307	105,307
Nondepreciable Capital Assets	3,188,190	0	3,188,190
Depreciable Capital Assets, Net	3,045,902	4,212,225	7,258,127
<i>Total Assets</i>	<u>10,360,030</u>	<u>4,667,839</u>	<u>15,027,869</u>
Liabilities			
Accounts Payable	32,549	0	32,549
Accrued Wages	14,581	0	14,581
Contracts Payable	41,339	0	41,339
Intergovernmental Payable	60,678	0	60,678
Accrued Interest Payable	8,048	16,724	24,772
Deferred Revenue	415,861	0	415,861
Long-Term Liabilities:			
Due Within One Year	81,541	105,000	186,541
Due In More Than One Year	1,834,790	4,395,307	6,230,097
<i>Total Liabilities</i>	<u>2,489,387</u>	<u>4,517,031</u>	<u>7,006,418</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,810,671	524,959	5,335,630
Restricted for:			
Capital Projects	996,783	0	996,783
Other Purposes	1,035,011	0	1,035,011
Unrestricted (Deficit)	1,028,178	(374,151)	654,027
<i>Total Net Assets</i>	<u>\$7,870,643</u>	<u>\$150,808</u>	<u>\$8,021,451</u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$682,343	\$29,303	\$0	\$0	(\$653,040)	\$0	(\$653,040)
Security of Persons and Property	1,429,233	73,819	52,576	6,888	(1,295,950)	0	(1,295,950)
Transportation	791,008	0	888,799	662	98,453	0	98,453
Public Health Services	179,559	141,796	704,271	28,301	694,809	0	694,809
Community Development	285,675	0	721,063	0	435,388	0	435,388
Leisure Time Activities	56,862	0	3,709	0	(53,153)	0	(53,153)
Interest and Fiscal Charges	37,536	0	0	0	(37,536)	0	(37,536)
<i>Total Governmental Activities</i>	3,462,216	244,918	2,370,418	35,851	(811,029)	0	(811,029)
Business-Type Activity:							
Water Park	631,984	383,097	0	38,624	0	(210,263)	(210,263)
<i>Total</i>	<u>\$4,094,200</u>	<u>\$628,015</u>	<u>\$2,370,418</u>	<u>\$74,475</u>	<u>(811,029)</u>	<u>(210,263)</u>	<u>(1,021,292)</u>
General Revenues							
Property Taxes Levied for:							
General Purposes					299,963	0	299,963
Hospital					91,365	0	91,365
Parks and Recreation					18,502	0	18,502
Ambulance					58,736	0	58,736
Police and Fire Pension					28,498	0	28,498
Income Tax Levied for:							
General Purposes					970,375	0	970,375
Capital Outlay					264,647	0	264,647
Grants and Entitlements not Restricted to Specific Programs					339,480	0	339,480
Interest					32,713	69,766	102,479
Other					65,163	7,185	72,348
<i>Total General Revenues</i>					<u>2,169,442</u>	<u>76,951</u>	<u>2,246,393</u>
Change in Net Assets					1,358,413	(133,312)	1,225,101
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>					<u>6,512,230</u>	<u>284,120</u>	<u>6,796,350</u>
<i>Net Assets End of Year</i>					<u>\$7,870,643</u>	<u>\$150,808</u>	<u>\$8,021,451</u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General	Street	Community Development Grants	Hazard Mitigation Grant	Capital Improvement
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$1,011,794	\$4,252	\$10,600	\$0	\$599,916
Materials and Supplies Inventory	9,413	9,429	0	0	0
Accrued Interest Receivable	2,909	0	0	0	0
Accounts Receivable	33,091	0	0	0	76
Interfund Receivable	4,334	0	0	0	0
Intergovernmental Receivable	158,920	116,505	494,000	221,203	0
Income Taxes Receivable	371,949	0	0	0	101,440
Property Taxes Receivable	268,850	0	0	0	0
<i>Total Assets</i>	<u>\$1,861,260</u>	<u>\$130,186</u>	<u>\$504,600</u>	<u>\$221,203</u>	<u>\$701,432</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$25,690	\$4,822	\$0	\$0	\$2,037
Accrued Wages	12,140	2,441	0	0	0
Contracts Payable	0	0	0	0	1,863
Intergovernmental Payable	6,605	4,346	0	0	0
Interfund Payable	0	0	0	4,334	0
Deferred Revenue	567,783	76,722	426,200	212,307	56,718
<i>Total Liabilities</i>	<u>612,218</u>	<u>88,331</u>	<u>426,200</u>	<u>216,641</u>	<u>60,618</u>
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
General Fund	1,249,042	0	0	0	0
Special Revenue Funds	0	41,855	78,400	4,562	0
Capital Projects Funds	0	0	0	0	640,814
<i>Total Fund Balances</i>	<u>1,249,042</u>	<u>41,855</u>	<u>78,400</u>	<u>4,562</u>	<u>640,814</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,861,260</u>	<u>\$130,186</u>	<u>\$504,600</u>	<u>\$221,203</u>	<u>\$701,432</u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$2,446,354
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$506,958	\$2,133,520	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,234,092
0	18,842		
0	2,909		
0	33,167	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
0	4,334	Property Taxes	43,696
13,926	1,004,554	Income Taxes	264,686
0	473,389	Grants	806,194
190,707	459,557	Total	1,114,576
<u>\$711,591</u>	<u>\$4,130,272</u>	Accrued interest payable is note due and payable in the current period and therefore is not reported in the funds.	(8,048)
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$0	\$32,549	Loans Payable	(1,423,421)
0	14,581	Police and Fire Pension	(302,941)
39,476	41,339	Compensated Absences	(189,969)
49,727	60,678	Total	(1,916,331)
0	4,334		
190,707	1,530,437	<i>Net Assets of Governmental Activities</i>	<u>\$7,870,643</u>
<u>279,910</u>	<u>1,683,918</u>		
0	1,249,042		
132,430	257,247		
299,251	940,065		
<u>431,681</u>	<u>2,446,354</u>		
<u>\$711,591</u>	<u>\$4,130,272</u>		

City of Uhrichville, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Street	Community Development Grants	Hazard Mitigation Grant	Capital Improvement
Revenues					
Property Taxes	\$297,216	\$0	\$0	\$0	\$0
Income Taxes	1,011,049	0	0	0	275,740
Charges for Services	30,884	0	0	0	0
Licenses and Permits	39,353	0	0	0	0
Fines and Forfeitures	13,764	0	0	0	0
Intergovernmental	320,218	884,129	294,863	475,837	0
Special Assessments	0	0	0	0	0
Rentals	4,251	0	0	0	0
Interest	32,713	0	0	0	0
Contributions and Donations	0	0	0	0	0
Other	7,693	7,557	39,235	0	9,500
<i>Total Revenues</i>	<u>1,757,141</u>	<u>891,686</u>	<u>334,098</u>	<u>475,837</u>	<u>285,240</u>
Expenditures					
Current:					
General Government	602,325	0	0	0	0
Security of Persons and Property	1,206,270	0	0	0	0
Transportation	0	1,003,122	0	0	0
Public Health Services	2,082	0	0	472,278	0
Community Development	0	0	285,675	0	0
Leisure Time Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	1,450,382
Debt Service:					
Principal Retirement	0	0	0	0	40,000
Interest and Fiscal Charges	0	0	0	0	21,919
<i>Total Expenditures</i>	<u>1,810,677</u>	<u>1,003,122</u>	<u>285,675</u>	<u>472,278</u>	<u>1,512,301</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(53,536)</u>	<u>(111,436)</u>	<u>48,423</u>	<u>3,559</u>	<u>(1,227,061)</u>
Other Financing Sources (Uses)					
Loans Issued	0		0	0	719,156
Transfers In	0	110,000	0	0	0
Transfers Out	(110,000)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(110,000)</u>	<u>110,000</u>	<u>0</u>	<u>0</u>	<u>719,156</u>
<i>Net Change in Fund Balances</i>	(163,536)	(1,436)	48,423	3,559	(507,905)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,412,578</u>	<u>43,291</u>	<u>29,977</u>	<u>1,003</u>	<u>1,148,719</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,249,042</u></u>	<u><u>\$41,855</u></u>	<u><u>\$78,400</u></u>	<u><u>\$4,562</u></u>	<u><u>\$640,814</u></u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008*

Other Governmental Funds	Total Governmental Funds
\$196,766	\$493,982
0	1,286,789
13,374	44,258
0	39,353
1,598	15,362
85,513	2,060,560
141,694	141,694
0	4,251
0	32,713
22,750	22,750
1,178	65,163
<u>462,873</u>	<u>4,206,875</u>
0	602,325
136,490	1,342,760
0	1,003,122
114,622	588,982
0	285,675
8,662	8,662
114,409	1,564,791
21,092	61,092
16,334	38,253
<u>411,609</u>	<u>5,495,662</u>
51,264	(1,288,787)
323,430	1,042,586
0	110,000
0	(110,000)
<u>323,430</u>	<u>1,042,586</u>
374,694	(246,201)
56,987	2,692,555
<u>\$431,681</u>	<u>\$2,446,354</u>

Net Change in Fund Balances - Total Governmental Funds	(\$246,201)
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlay as an expenditure. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital Asset Additions	2,192,107
Current Year Depreciation	<u>(184,671)</u>
Total	2,007,436
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(33,090)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	3,082
Income Taxes	(51,767)
Grants	<u>662,439</u>
Total	613,754
In the statement of activities, interest is accrued on outstanding debt.	717
Some expenses, such as compensated absences, 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.	(2,709)
Repayment of loan, bond, and police and fire pension principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	61,092
Other financing sources, such as loans issued, in the governmental funds increase long-term liabilities in the statement of net assets.	<u>(1,042,586)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$1,358,413</u>

City of Uhrichsville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$286,749	\$286,749	\$308,840	\$22,091
Income Taxes	911,043	911,043	981,231	70,188
Charges for Services	28,675	28,675	30,884	2,209
Licenses and Permits	35,791	35,791	38,548	2,757
Fines and Forfeitures	12,779	12,779	13,764	985
Intergovernmental	299,090	299,090	322,132	23,042
Rentals	4,312	4,312	4,644	332
Interest	26,131	26,131	33,384	7,253
Other	6,930	6,930	7,465	535
<i>Total Revenues</i>	<u>1,611,500</u>	<u>1,611,500</u>	<u>1,740,892</u>	<u>129,392</u>
Expenditures				
Current:				
General Government	559,936	613,574	606,846	6,728
Security of Persons and Property	1,132,089	1,195,151	1,184,982	10,169
Public Health Services	2,170	2,170	2,082	88
<i>Total Expenditures</i>	<u>1,694,195</u>	<u>1,810,895</u>	<u>1,793,910</u>	<u>16,985</u>
<i>Excess of Revenues Under Expenditures</i>	(82,695)	(199,395)	(53,018)	146,377
Other Financing Uses				
Transfers Out	(40,000)	(110,000)	(110,000)	0
<i>Net Change in Fund Balance</i>	(122,695)	(309,395)	(163,018)	146,377
<i>Fund Balance Beginning of Year</i>	<u>1,179,146</u>	<u>1,179,146</u>	<u>1,179,146</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,056,451</u></u>	<u><u>\$869,751</u></u>	<u><u>\$1,016,128</u></u>	<u><u>\$146,377</u></u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$215,000	\$325,000	\$883,103	\$558,103
Other	0	0	7,557	7,557
<i>Total Revenues</i>	215,000	325,000	890,660	565,660
Expenditures				
Current:				
Transportation	328,625	366,232	1,000,456	(634,224)
<i>Excess of Revenues Under Expenditures</i>	(113,625)	(41,232)	(109,796)	(68,564)
Other Financing Sources				
Transfers In	110,000	110,000	110,000	0
<i>Net Change in Fund Balance</i>	(3,625)	68,768	204	(68,564)
<i>Fund Balance Beginning of Year</i>	4,048	4,048	4,048	0
<i>Fund Balance End of Year</i>	<u>\$423</u>	<u>\$72,816</u>	<u>\$4,252</u>	<u>(\$68,564)</u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Grants Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$255,800	\$295,875	\$227,063	(\$68,812)
Other	44,200	51,125	39,235	(11,890)
<i>Total Revenues</i>	300,000	347,000	266,298	(80,702)
Expenditures				
Current:				
Community Development	227,582	285,676	285,675	1
<i>Net Change in Fund Balance</i>	72,418	61,324	(19,377)	(80,701)
<i>Fund Balance Beginning of Year</i>	29,977	29,977	29,977	0
<i>Fund Balance End of Year</i>	<u>\$102,395</u>	<u>\$91,301</u>	<u>\$10,600</u>	<u>(\$80,701)</u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Hazard Mitigation Grant Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$400,000	\$473,925	\$466,941	(\$6,984)
Expenditures				
Current:				
Public Health Services	<u>400,000</u>	<u>475,214</u>	<u>475,144</u>	<u>70</u>
<i>Net Change in Fund Balance</i>	0	(1,289)	(8,203)	(6,914)
<i>Fund Balance Beginning of Year</i>	<u>3,869</u>	<u>3,869</u>	<u>3,869</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$3,869</u></u>	<u><u>\$2,580</u></u>	<u><u>(\$4,334)</u></u>	<u><u>(\$6,914)</u></u>

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Fund Net Assets
Enterprise Fund
December 31, 2008

	Water Park
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$282,587
Intergovernmental Receivable	67,720
<i>Total Current Assets</i>	350,307
 <i>Non-Current Assets:</i>	
Deferred Charges	105,307
Depreciable Capital Assets, Net	4,212,225
<i>Total Non-Current Assets</i>	4,317,532
 Total Assets	 4,667,839
 Liabilities	
<i>Current Liabilities:</i>	
Accrued Interest Payable	16,724
Water Park Bond Payable	105,000
<i>Total Current Liabilities</i>	121,724
 <i>Long-Term Liabilities:</i>	
Water Park Bond Payable (net of current portion)	4,395,307
<i>Total Liabilities</i>	4,517,031
 Net Assets	
Invested in Capital Assets, Net of Related Debt	524,959
Unrestricted (Deficit)	(374,151)
<i>Total Net Assets</i>	\$150,808

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended December 31, 2008*

	Water Park
Operating Revenues	
Charges for Services	\$383,097
Other	7,185
<i>Total Operating Revenues</i>	390,282
Operating Expenses	
Personal Services	147,830
Fringe Benefits	2,144
Purchased Services	73,101
Materials and Supplies	153,811
Depreciation	50,560
<i>Total Operating Expenses</i>	427,446
<i>Operating Loss</i>	(37,164)
Non-Operating Revenues (Expenses)	
Interest and Fiscal Charges	(204,538)
Interest	69,766
<i>Total Non-Operating Revenues (Expenses)</i>	(134,772)
<i>Loss Before Capital Contributions</i>	(171,936)
Capital Contributions	38,624
<i>Change in Net Assets</i>	(133,312)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	284,120
<i>Net Assets End of Year</i>	\$150,808

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2008

	Water Park
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$383,097
Other Cash Receipts	7,185
Cash Payments to Employees for Services	(147,830)
Cash Payments for Employee Benefits	(2,144)
Cash Payments for Goods and Services	(812,803)
<i>Net Cash Used in Operating Activities</i>	(572,495)
Cash Flows from Noncapital Financing Activities	
Operating Grants	67,720
Cash Flows from Capital and Related Financing Activities	
Capital Contributions	38,624
Principal Paid on Water Park Bond	(105,000)
Interest Paid on Water Park Bond	(204,888)
Payments for Capital Acquisitions	(2,843,584)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(3,114,848)
Cash Flows from Investing Activities	
Interest on Investments	69,766
<i>Net Decrease in Cash and Cash Equivalents</i>	(3,549,857)
<i>Cash and Cash Equivalents Beginning of Year</i>	3,832,444
<i>Cash and Cash Equivalents End of Year</i>	\$282,587

See accompanying notes to the basic financial statements

City of Uhrichsville, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2008

	<u>Water Park</u>
Reconciliation of Operating Loss to Cash Used in Operating Activities	
Operating Loss	(\$37,164)
Adjustments:	
Depreciation	50,560
Decrease in Liabilities:	
Accounts Payable	(6,223)
Contracts Payable	<u>(579,668)</u>
<i>Net Cash Used in Operating Activities</i>	<u><u>(\$572,495)</u></u>

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City participates in the Community Improvement Corporation of Tuscarawas County, the Uhrichsville-Dennison-Mill Union Cemetery, the Tuscarawas County Tax Incentive Review Council, which are defined as jointly governed organizations, the Twin City Water and Sewer District, which is defined as a joint venture, the Public Entities Pool of Ohio, which is a shared risk pool, and the Ohio Municipal League Group Rating Plan, an insurance purchasing pool. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

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. The City's funds are all classified as either governmental or proprietary.

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

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

Street Special Revenue Fund The street special revenue fund accounts for grant monies received to pay for the expenditures related to the repair of City streets.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Community Development Grants Special Revenue Fund The community development grants special revenue fund accounts for grant monies received from Federal, State, and local sources for community improvement purposes.

Hazard Mitigation Grant Special Revenue Fund The hazard mitigation grant special revenue fund accounts for grant monies received to pay for the expenditures involved with purchasing hazardous properties throughout the City.

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

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

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

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

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

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 all liabilities associated with the operation of the City are included on the Statement of Net Assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

E. Cash and Cash Equivalents

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

The general fund made an advance in the amount of \$4,334 to the hazard mitigation grant special revenue fund to eliminate the fund’s negative cash balance. The hazard mitigation grant special revenue fund has an interfund payable for the amount of the advance received and the general fund has an interfund receivable for the same amount.

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 2008 amounted to \$32,713, which includes \$17,199 assigned from other City funds. Interest revenue credited to the water park enterprise fund during 2008 amounted to \$69,766, none of which was assigned from other City funds.

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

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 assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund is reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

H. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

I. Compensated Absences

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

K. Net Assets

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

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

L. 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.

M. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the Water Park general obligation bond is being amortized using the straight-line method over the life of the bond on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. Bond issuance costs are generally paid from the bond proceeds.

N. Bond Premium

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

O. Extraordinary and Special Items

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

P. Estimates

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

Q. Budgetary Process

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

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

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

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

A. Change in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the City's financial statements.

B. Restatement of Fund Balance and Net Assets

During 2008, it was determined that the water park fund should be classified as an enterprise fund. Also, during 2008, it was determined that construction in progress had been understated in the water park fund.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The following table summarizes the affect these adjustments had on fund balance:

	<u>General</u>	<u>Street</u>	<u>Community Development Grants</u>	<u>Hazard Mitigation Grant</u>
Fund Balance at December 31, 2007	\$1,412,578	\$43,291	\$29,977	\$1,003
Adjustment for Fund Reclassification	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restated Fund Balance at December 31, 2007	<u>\$1,412,578</u>	<u>\$43,291</u>	<u>\$29,977</u>	<u>\$1,003</u>

	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance at December 31, 2007	\$1,148,719	\$2,902,593	\$5,538,161
Adjustment for Fund Reclassification	<u>0</u>	<u>(2,845,606)</u>	<u>(2,845,606)</u>
Restated Fund Balance at December 31, 2007	<u>\$1,148,719</u>	<u>\$56,987</u>	<u>\$2,692,555</u>

The following table summarizes the affect these adjustments had on net assets:

	<u>Governmental Activities</u>	<u>Water Park Fund/ Business-Type Activity</u>
Net Assets at December 31, 2007	\$6,395,403	\$0
Adjustment for Fund Reclassification	116,827	(116,827)
Adjustment for Construction in Progress	<u>0</u>	<u>400,947</u>
Restated Net Assets at December 31, 2007	<u>\$6,512,230</u>	<u>\$284,120</u>

Note 4 – Accountability and Compliance

A. Accountability

The police uniform and equipment, police pension, and fire pension special revenue funds had deficit fund balances at December 31, 2008, of \$12,991, \$19,605, and \$23,630, respectively. The deficit fund balances are due to the recognition of accrued liabilities. The general fund is liable for any deficit balance and provides transfers when cash is required, not when accruals occur.

B. Compliance

The hazard mitigation grant fund had a negative cash balance of \$4,334 as of December 31, 2008, indicating that revenues from other sources were used to pay obligations of this fund, contrary to Ohio Revised Code Section 5705.10. Management has indicated that all cash balances will be closely monitored to ensure no future violations.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 5 – Budgetary Basis of Accounting

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

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

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

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

Net Change in Fund Balance
 General and Major Special Revenue Funds

	General	Street	Community Development Grants	Hazard Mitigation Grant
GAAP Basis	(\$163,536)	(\$1,436)	\$48,423	\$3,559
Net Adjustment for Revenue Accruals	(16,249)	(1,026)	(67,800)	(8,896)
Net Adjustment for Expenditure Accruals	16,767	2,666	0	(2,866)
Budget Basis	(\$163,018)	\$204	(\$19,377)	(\$8,203)

Note 6 – Deposits and Investments

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

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

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

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

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$2,416,107 and the bank balance was \$2,443,210. Of the bank balance \$715,876 was covered by Federal depository insurance and \$1,727,335 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the deposits were held by the pledging institutions trust departments and all statutory requirements for the deposit of the money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Note 7 – Receivables

Receivables at December 31, 2008, consisted of taxes, accounts (billings for user charged services), accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Tax

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represent collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2008, was \$10.38 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate Property	\$52,495,980
Public Utility Property	1,918,640
Tangible Personal Property	<u>1,714,500</u>
Total Assessed Value	<u><u>\$56,129,120</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Uhrichsville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which became measurable as of December 31, 2008, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Tax

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

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities		
Home Investment Partnerships Program Grant		\$385,800
Local Government - County		131,886
Department of Housing and Urban Development Grant		118,000
Community Development Block Grant		108,200
Federal Emergency Management Agency Grant		103,203
Gas Tax		58,336
Homestead and Rollback		31,578
Cents Per Gallon		28,182
Motor Vehicle Distribution		17,097
Permissive		10,831
Local Government - State		8,491
Other		2,950
<i>Total Governmental Activities</i>		<u>\$1,004,554</u>
Business-Type Activity		
Department of Natural Resources		<u>\$67,720</u>

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
Governmental Activities				
<i>Capital Assets not being depreciated:</i>				
Land	\$604,619	\$539,231	\$0	\$1,143,850
Construction in Progress	2,013,053	1,321,620	(1,290,333)	2,044,340
<i>Total Capital Assets not being depreciated</i>	<u>2,617,672</u>	<u>1,860,851</u>	<u>(1,290,333)</u>	<u>3,188,190</u>
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	567,884	60,777	(120,009)	508,652
Equipment and Machinery	803,361	27,694	0	831,055
Vehicles	1,036,717	46,360	0	1,083,077
Infrastructure:				
Storm Sewers	9,465	825,057	0	834,522
Roads	279,742	661,701	0	941,443
<i>Total Capital Assets being depreciated</i>	<u>2,697,169</u>	<u>1,621,589</u>	<u>(120,009)</u>	<u>4,198,749</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(175,768)	(9,047)	86,919	(97,896)
Equipment and Machinery	(206,821)	(33,954)	0	(240,775)
Vehicles	(646,243)	(83,883)	0	(730,126)
Infrastructure:				
Storm Sewers	(1,145)	(16,104)	0	(17,249)
Roads	(25,118)	(41,683)	0	(66,801)
<i>Total Accumulated Depreciation</i>	<u>(1,055,095)</u>	<u>(184,671)*</u>	<u>86,919</u>	<u>(1,152,847)</u>
<i>Total Capital Assets being Depreciated, net</i>	<u>1,642,074</u>	<u>1,436,918</u>	<u>(33,090)</u>	<u>3,045,902</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$4,259,746</u>	<u>\$3,297,769</u>	<u>(\$1,323,423)</u>	<u>\$6,234,092</u>

(continued)

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
Business-Type Activities				
<i>Capital Assets not being depreciated:</i>				
Construction in Progress	\$1,419,201	\$2,811,190	(\$4,230,391)	\$0
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	0	4,236,880	0	4,236,880
Equipment and Machinery	0	25,905	0	25,905
Total Capital Assets being depreciated	0	4,262,785	0	4,262,785
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	0	(42,791)	0	(42,791)
Equipment and Machinery	0	(7,769)	0	(7,769)
Total Accumulated Depreciation	0	(50,560)	0	(50,560)
Total Capital Assets being Depreciated, net	0	4,212,225	0	4,212,225
Business-Type Activities Capital Assets, Net	\$1,419,201	\$7,023,415	(\$4,230,391)	\$4,212,225

* Depreciation expense was charged to governmental activities as follows:

General Government	\$4,197
Security of Persons and Property	80,095
Transportation	84,065
Public Health Services	16,314
Total Depreciation Expense	\$184,671

Note 9 – Long-Term Obligations

Changes in long-term obligations of the City during the year ended December 31, 2008, were as follows:

	Outstanding 1/1/2008	Additions	Deletions	Outstanding 12/31/2008	Due Within One Year
Governmental Activities					
South Water Street Loan	\$400,000	\$0	\$40,000	\$360,000	\$40,000
State Infrastructure Bank Loan	35,818	423,809	0	459,627	0
Newport Area Storm Sewer OPWC Loan	0	295,347	0	295,347	22,500
Newport Area Storm Sewer OWDA Loan	0	323,430	14,983	308,447	0
Police and Fire Pension	309,050	0	6,109	302,941	6,372
Compensated Absences	187,260	14,320	11,611	189,969	12,669
Total Governmental Activities	\$932,128	\$1,056,906	\$72,703	\$1,916,331	\$81,541

(continued)

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

	Outstanding 1/1/2008	Additions	Deletions	Outstanding 12/31/2008	Due Within One Year
Business-Type Activities					
Water Park General Obligation Bonds:					
Serial Bonds	\$320,000	\$0	\$105,000	\$215,000	\$105,000
Term Bonds	4,180,000	0	0	4,180,000	0
Unamortized Premium on Bond	109,788	0	4,481	105,307	0
<i>Total Business-Type Activities</i>	<u>\$4,609,788</u>	<u>\$0</u>	<u>\$109,481</u>	<u>\$4,500,307</u>	<u>\$105,000</u>

Water Park Bonds

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

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

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

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

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

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

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

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The bonds maturing on December 1, 2032, shall be term bonds and shall be subject to mandatory sinking fund redemption on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$295,000 to be paid at maturity on December 1, 2022):

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

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

During 2007, the City entered into a loan agreement for a construction project on South Water Street. The loan has an interest rate of 5.39 percent and will be paid from the capital improvements fund.

The State Infrastructure Bank Loan for the Water Street Project has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The loan has an interest rate of 3 percent.

The Ohio Public Works Commission Loan for the Newport Area Storm Sewer Improvement Project has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The City pays no interest on the loan.

The Ohio Water Development Authority Loan for the Newport Area Storm Sewer Improvement Project has not been finalized and therefore a repayment schedule is not included in the schedule of debt requirements. The loan has an interest rate of 1 percent.

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

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

The City's overall legal debt margin was \$5,893,558 at December 31, 2008. The unvoted legal debt margin was \$3,087,102.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2008, are as follows:

Year	Governmental Activities			
	South Water Street Loan		Police and Fire Pension	
	Principal	Interest	Principal	Interest
2009	\$40,000	\$19,674	\$6,372	\$12,808
2010	40,000	17,488	6,647	12,533
2011	40,000	15,302	6,930	12,250
2012	40,000	13,151	7,229	11,951
2013	40,000	10,930	7,539	11,641
2014-2018	160,000	21,871	42,840	53,060
2019-2023	0	0	52,864	43,036
2024-2028	0	0	65,236	30,664
2029-2033	0	0	80,501	15,399
2034-2035	0	0	26,783	1,129
Totals	\$360,000	\$98,416	\$302,941	\$204,471

Year	Business-Type Activities					
	Water Park Bond					
	Serial		Term		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$105,000	\$8,600	\$0	\$192,087	\$105,000	\$200,687
2010	110,000	4,401	0	192,087	110,000	196,488
2011	0	0	115,000	192,087	115,000	192,087
2012	0	0	120,000	187,717	120,000	187,717
2013	0	0	125,000	183,158	125,000	183,158
2014-2018	0	0	705,000	836,845	705,000	836,845
2019-2023	0	0	885,000	659,775	885,000	659,775
2024-2028	0	0	1,125,000	427,501	1,125,000	427,501
2029-2032	0	0	1,105,000	134,424	1,105,000	134,424
Totals	\$215,000	\$13,001	\$4,180,000	\$3,005,681	\$4,395,000	\$3,018,682

Note 10 – Risk Management

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Casualty Coverage

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risks up to \$350,000 per claim, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, up to \$10,000,000, from the General Reinsurance Corporations.

If losses exhaust PEP's retained earnings, APEEP provides "excess of funds available" coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based up on the combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Financial Position

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

	2008	2007
Assets	\$35,769,535	\$37,560,071
Liabilities	15,310,206	17,340,825
Retained Earnings	\$20,459,329	\$20,219,246

At December 31, 2008, casualty coverage liabilities noted above include approximately \$12.9 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2008. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$110,000. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

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

<u>Contributions to PEP</u>	
2006	\$ 54,796
2007	50,445
2008	49,464

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

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

Note 11 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in State and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$31,652, \$20,458, and \$27,336, respectively; 93.57 percent has been contributed for 2008 and 100 percent for 2007 and 2006. There were no contributions made to the member-directed plan for 2008.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. For 2008, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police and firefighters were \$38,572 and \$59,129 for the year ended December 31, 2008, \$41,351 and \$47,186 for the year ended December 31, 2007 and \$33,754 and \$45,802 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 68.68 percent has been contributed for police and 73.03 percent has been contributed for firefighters for 2008.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2008, the unfunded liability of the City was \$302,941, payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

C. Social Security System

As of December 31, 2008, two of the Council members have elected to be covered by Social Security rather than OPERS. The Council's liability is 6.2 percent of wages paid.

Note 12 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional and combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, state and local employers contributed at a rate of 14 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$31,652, \$13,475, and \$13,371, respectively; 93.57 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit or is a spouse or eligible dependent child of such person.

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Funding Policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

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

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$20,420 and \$23,138 for the year ended December 31, 2008, \$21,892 and \$18,464 for the year ended December 31, 2007, and \$22,263 and \$21,844 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 68.68 percent has been contributed for police and 73.03 percent has been contributed for firefighters for 2008.

Note 13 – 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, non-union employees and police employees with five years of service but less than ten years of service can be paid one-fourth of the outstanding sick leave accumulation up to a maximum payment of 45 days. Non-union employees and police employees with more than ten years of service can be paid one-half of the outstanding sick leave accumulation up to a maximum payment of 90 days. Upon retirement or death, firefighters with five years of service but less than ten years of service can be paid one day’s pay for every four days of accumulated sick leave, not to exceed payment of 1,084 hours. Firefighters with more than ten years of service can be paid one day’s pay for every two days of accumulated sick leave, not to exceed payment of 2,160 hours.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 14 – 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 federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2008.

Note 15 – Jointly Governed Organizations

A. Community Improvement Corporation of Tuscarawas County (Corporation)

The sole purpose of the Corporation is to advance, encourage and promote the industrial, economic, commercial and civic development of the area. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek and Gnadenhutten. It is controlled by 25 trustees consisting of the three County Commissioners, the mayor of each participating city and fifteen elected trustees. The board exercises total control over the operations of the Corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2008, no monies were contributed by the City.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 2008, 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 ongoing financial interest or an ongoing financial responsibility with this organization. During 2008, no monies were contributed by the City.

Note 16 – 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 2008, no monies were received from the City.

Note 17 – Public Entity Risk Pools

A. Risk Sharing Pool

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

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

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 18 – Interfund Transfers and Balances

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, consisted of one transfer from the general fund to the street fund, in the amount of \$110,000, for the purpose of supporting the operations of the street department.

B. Interfund Balances

An interfund balance existed at December 31, 2008, which consisted of a general fund advance of \$4,334 to the hazard mitigation grant special revenue fund in order to cover the fund's negative cash balance. The interfund balance is expected to be repaid within one year.

Note 19 – Contractual Commitments

The City had a contractual commitment outstanding of \$40,920 at December 31, 2008, with Shelly and Sands, Incorporated for the North Water Street project.

City of Uhrichsville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

August 25, 2009

Mayor and Members of Council
City of Uhrichsville
Uhrichsville, OH 44683

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Uhrichsville (the "City") as of and for the year ended December 31, 2008, and have issued our report thereon dated August 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected in the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as 2008-001 through 2008-004 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Mayor and Members of Council
City of Uhrichsville
August 25, 2009
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider items 2008-001 through 2008-004 to be material weaknesses. We also noted certain other matters that we have reported to management of the City in a separate letter dated August 25, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are describe in the accompanying schedule of findings and responses as item 2008-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 25, 2009.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

Rea & Associates, Inc.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

August 25, 2009

Mayor and Members of Council
City of Uhrichsville
Uhrichsville, OH 44683

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the City of Uhrichsville (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Uhrichsville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* is an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the City of Uhrichsville, Ohio as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 25, 2009. Our audit was performed for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Hea & Associates, Inc.

CITY OF UHRICHSVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grant (CDBG)	14.228	A-C-08-188-1 A-C-06-188-1 C-06-188-1	6,000 25,348 2,606
Total CDBG			<u>33,954</u>
HUD Disaster Recovery	14.228	A-P-07-188-2	207,000
HOME Investment Partnerships Program	14.239	A-C-06-188-2	195,184
Total U.S. Department of Housing and Urban Development			<u>436,138</u>
NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR:			
<i>(Passed through Ohio Department of Natural Resources)</i>			
Outdoor Recreation-Acquisition, Development and Planning	15.916		<u>67,720</u>
Total National Park Service, Department of the Interior			67,720
U.S. DEPARTMENT OF HOMELAND SECURITY:			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Hazard Mitigation Grant Program	97.039	FEMA-DR-1556.7R-OH	<u>260,620</u>
Total U.S. Department of Homeland Security			<u>260,620</u>
TOTAL OF EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 764,478</u></u>

The accompanying notes are an integral part of this schedule.

CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal fund (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008

1. SUMMARY OF AUDITOR'S RESULTS
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A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	Yes
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Hazard Mitigation Grant (HMGP) HUD Disaster Recovery Grant and CDBG	CFDA #97.039 CFDA #14.228
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008

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

Material Weaknesses

Finding Number	2008-001
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In May of 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. This standard became effective for audits of financial statements for periods ending on or after December 15, 2006.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 112 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

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

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

The City is relying on a contracted service provider to compile the financial statements. We recommend the City consider modifying the existing control procedures over the financial reporting process to include an independent review of the financial statements and the related journal entries. The review should be conducted by City personnel that are knowledgeable of generally accepted accounting principles. Additionally, the Auditor and the contracted service provider should review the adjustments and reclassifications identified during the current audit and ensure that similar errors are not reported on financial statements in subsequent years.

City's Response:

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

**CITY OF UHRICHVILLE
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008**

Material Weaknesses (continued)

FINDING NUMBER	2008-002
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The City regularly updates their asset listing with the insurance carrier and they purchased a fixed asset system in early 2009, however, they do not have a procedure in place to notify the GAAP service provider of fixed asset purchases, project completions, or sales in a complete and timely manner. The GAAP service provider then attempts to gather additions from the City's expenditure ledger. As a result, a multitude of adjustments were required to properly record asset balances on the financial statements. Also, the depreciation expense for the year was not accurately calculated and required adjustment.

We also noted the City has no impairment policy in place to adjust the values of their fixed assets. This could cause the values to be misstated.

We recommend the City establish a procedure that will allow for the timely update of the fixed asset system. The procedure could include asset purchase forms that include the date purchased (or in the case of projects, the date put into service), amount, description of asset, asset type, vendor, fund charged, indication of whether state or federal grant money was used for equipment, and any other information the City may feel pertinent. All construction in process should also be detailed on a form indicating project name or number, amount to be charged to CIP, and when the project is complete, the completion date and total project cost. The system should be reviewed and reconciled to the purchase and disposal forms at least quarterly.

We also recommend the City adopt a fixed asset impairment policy.

City's Response:

The City Auditor purchased a new computer system in February 2009. This system has a fixed asset program and all assets are going to be entered into this program in order to be regularly tracked and updated.

FINDING NUMBER	2008-003
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During our testing, we noted the City did not record payments made by various agencies directly to the contractors for a few projects.

For payments made directly to the contractors, it is required that the City record the payments as receipts and expenditures to the correct funds equal to the amounts disbursed by the various agencies.

We recommend the City Auditor record all amounts paid directly to contractors by outside agencies.

City's Response:

The City Auditor will monitor all grants awarded.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008

FINDING NUMBER	2008-004
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During our testing, we noted the City does not have a process in place to generate intergovernmental receivables. There were no amounts recorded for intergovernmental receivable related to grants. We knew of grants the City had been awarded in relation to construction projects which were ongoing at the City. We further reviewed this matter and found five grants, which were awarded in 2008 and before, that the City had not received the total awarded amount.

We recommend the City put a process in place to generate intergovernmental receivable, especially those related to grants.

City's Response:

The City Auditor will monitor all grants awarded.

Material Non-Compliance

FINDING NUMBER	2008-005
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Ohio Rev. Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. At December 31, 2008, the Hazard Mitigation Fund was the only fund to have a negative cash fund balance of \$4,333. However, the City had numerous negative cash fund balances throughout the year. The following funds had negative cash fund balances:

Fund	Range of Deficit
Street Fund (210)	\$20,445 - \$93,945
CDBG Fund (301)	\$3,330 - \$3,730
Water Park Operating (245)	\$475 - \$18,045
Hazard Mitigation (350)	\$2,776 - \$26,399
CHIS/CHIP Grant (300)	\$1,280 - \$1,636

Negative fund cash balances indicate that money from one fund was used to cover the expenses of another fund. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

We recommend City Council and the Auditor monitor cash fund balances on a regular basis.

City's Response:

The City Auditor will monitor these funds more closely to keep them from going into the red.

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY, OHIO**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Capital Asset Listing and Impairment Policy	No	Not Corrected – Repeated as Finding 2008-002



Mary Taylor, CPA
Auditor of State

CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 19, 2009**