



**Auditor of State
Betty Montgomery**

**City of Uhrichsville
Tuscarawas County, Ohio**

Fiscal Emergency Termination

Local Government Services Section

**CITY OF UHRICHSVILLE
TUSCARAWAS COUNTY**

FISCAL EMERGENCY TERMINATION

Table of Contents

	PAGE
Certification	1
Report on Termination of the City of Uhrichsville Financial Planning and Supervision Commission.....	2
Section 1 – Financial Accounting and Reporting System.....	3
Section 2 – Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions.....	9
Condition 1 – Default on Any Debt Obligation.....	9
Condition 2 – Payment of All Payroll.....	9
Condition 3 – Increase in Minimum Tax Levy.....	9
Condition 4 – Past Due Accounts Payable.....	10
Condition 5 – Deficit Fund Balances.....	11
Condition 6 – Treasury Balances.....	12
Section 3 – Financial Plan Objectives.....	14
Section 4 – Financial Forecast	14
Disclaimer.....	14
Appendix A – Financial Forecast.....	A-1

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**Auditor of State
Betty Montgomery**

CERTIFICATION

Pursuant to a request to the Auditor of State by the Financial Planning and Supervision Commission of the City of Uhrichsville to terminate the Commission, the Auditor of State has determined that the City of Uhrichsville has met the conditions set forth in Section 118.27(A)(1), (2), (3), and (4), Revised Code. Therefore, the existence of the Uhrichsville Financial Planning and Supervision Commission and its role in the operation of the City of Uhrichsville is terminated as of September 16, 2003.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with James Myers, Mayor of the City of Uhrichsville; Michael Donato, President of Council; Joseph Deters, Treasurer of State; J. Kenneth Blackwell, Secretary of State; Bob Taft, Governor; Thomas W. Johnson, Director of the Office of Budget and Management, and Matt Judy, Secretary of the Tuscarawas County Budget Commission.

At the time of termination of the Commission, an effective financial accounting and reporting system has not been fully implemented. Pursuant to Section 118.27(A)(2), Revised Code, the Auditor of State will monitor the progress of implementation and exercise authority under this section and Chapter 117, Revised Code, to secure full implementation within two years.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 16, 2003

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Report on Termination of the Uhrichsville Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission of the City of Uhrichsville (the Commission), Tuscarawas County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code, should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A), Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter, shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) Planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) Corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to section 118.04 of the Ohio Revised Code, and no new emergency conditions have occurred...; (3) Met the objectives of the financial plan described in section 118.06 of the Ohio Revised Code; and (4) the municipal corporation...has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”

Results of our work under section 118.27(A), Ohio Revised Code, are as follows:

Pages three through nine of our report indicate that the City has effectively implemented or is in the process of implementing corrections to its financial accounting and reporting system in accordance with section 118.10(A) of the Ohio Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under section 118.04, of the Ohio Revised Code. This analysis can be found beginning on page 10.

We have reviewed the objectives of the financial plan and determined that the City has met the objectives in accordance with section 118.06, of the Ohio Revised Code. Specific conclusions can be found on page 15.

We examined and issued a non-adverse report on the five-year forecast prepared by the City. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated. The City has not completed its implementation of an effective financial accounting and reporting system; therefore, the Auditor of State will monitor the progress to secure full implementation of the remaining items.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the City of Uhrichsville, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the City of Uhrichsville, and others as designated by the Auditor of State, and is not to be used for any other purpose. Our procedures and findings follow.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

SECTION 1 - Financial Accounting and Reporting System

The Auditor of State issued, pursuant to section 118.10(A) of the Ohio Revised Code, a report which assessed the methods, files and reports of the City of Uhrichsville. This report reviewed the accounting system in place at the time the fiscal emergency was declared and identified its deficiencies. As part of the termination process, we read the Auditor of State's report, and through inquiry of the City officials and observation of the City records, determined which issues specified in the report have been addressed. Our findings are as follows:

Budgetary System

- On July 18, 2002, the Tuscarawas County Budget Commission modified the requirements for filing a tax budget. Based upon the vote of the subdivisions located within the County, an Alternative Method of distributing local governmental funds had been adopted. With the adoption of this new method, the Budget Commission waived the tax budget filing requirement. The Budget Commission now requires that certain information be filed by November 1 depending upon whether a fund receives property taxes or is used to service debt. This information includes:

General fund and any special levy fund – projected revenues by source and expenditures by line items.

Debt Service Funds – projected revenues, debt requirements (principal and interest), and amortization schedules.

All other Funds – balances and total anticipated activity.

- The tax budget prepared by the City for calendar year 2003 contained estimates for revenues, expenditures and fund balances for the general fund and the park, fire pension, police pension, ambulance levy, and street equipment levy funds.
- Amounts for health care benefits, pension contributions and certain other related expenditures are budgeted in the appropriate fund and department.
- The City no longer has any grant funds which require a matching share from the City.
- Expenditures in the capital improvement fund are limited to capital items.
- Appropriations are adopted for each fund within the amount on the amended certificate of estimated resources.
- The City Auditor reviews monthly expenditure reports including budgetary data.
- The City Auditor provides Council with a monthly report containing estimated and actual revenues and budgeted and actual expenditures on a year-to-date basis.
- The City Auditor posts the changes in estimated revenues after approval by the county budget commission of an amended certificate.
- The software allows the City to track new revenue sources and increases and decreases in estimated revenues used to obtain an amended official certificate of estimated resources. These changes are presented in a monthly report to council.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

- The City no longer has a deficit balance in the street fund. In April and July of 2003, \$270,000 and \$50,000, respectively, were transferred to the street fund to eliminate its deficit.

In Process of Implementation

The members of Council, the Mayor, City Auditor, the City Law Director and department heads have an understanding of the State statutory budgetary requirements; however, estimated revenues and appropriations in the accounting system should be reconciled with the amended certificate and appropriation ordinances. In addition, appropriations should be compared to the current certificate of estimated resources each time an amendment is made to ensure compliance with Ohio Budgetary Law. The reconciliation and comparison should be documented.

Chart of Fund and Account Codes

- All City funds are established as required by the Ohio Revised Code.
- The City has established a chart of accounts which classifies revenues by major sources and expenditures by programs and activities.
- All revenues and expenditures are appropriately classified.

Accounting Ledgers

- New computer software was purchased and implemented by the City of Uhrichsville in 1999. This new software provides many advantages to the City and allows the City officials to better maintain City records. The software allows the City to:
 - Generate fund balances online.
 - Monitor revenues and expenditures.
 - Make comparisons between estimated and actual receipts.
 - Make comparisons between appropriations and expenditures plus encumbrances.
 - Keep accounting records for individual departments including the amounts budgeted for health care benefits, pension contributions, and certain other related expenditures.
 - Maintain records of changes.
- The City officials and employees have an adequate working knowledge of the software. The City Auditor has access to a helpline which will give complete instructions on how to resolve various processing difficulties and correct user errors when a problem arises.
- Purchase orders are entered into the system daily while receipts (pay-ins), other than income taxes, are entered weekly. This provides more up-to-date information to determine current fund balances and whether requisitions will exceed appropriation authority prior to issuance and certification of a purchase order.

Not Implemented

The City does not have a Disaster Recovery Plan which documents the actions necessary to restore business operations in the event of a disaster which temporarily or permanently disables data processing capabilities of the City Auditor's Office.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Receipt Transactions

- All pay-ins contain the complete fund, source, and account code.
- The City no longer operates a Mayor's Court. Court cases are heard in the Tuscarawas County Southern District Probation Court located in the City of Uhrichsville.
- The income tax department maintains a current list of delinquent income taxpayers by year which includes the taxpayer's name and the amount owed.
- The City has adopted an aggressive policy for the collection of delinquent income taxes. Once tax collections are completed in April, letters are sent every 30 days to each delinquent taxpayer. Thirty days after the sixth letter is sent, if the taxpayer has not yet paid the delinquent amount, they are taken to court.
- Delinquent tax penalties and interest are only written off according to the collection policy.
- The new income tax collection policy requires management to monitor all delinquent income taxes on a quarterly basis.
- From deposit slips prepared by the income tax clerk, the City Auditor posts income tax receipts to the system monthly.
- Separation of duties for the deposit and reporting of daily receipts from the operation of the City pool has been accomplished by the pool manager making the deposits and providing a copy of the deposit slip to the City Auditor.
- Pay-ins contain all necessary information for proper classification and posting to the grant funds.

In Process of Implementation

Separation of the recording and deposit functions in the Income Tax Department has not been achieved because of the limited number of staff. The City needs to consider other alternatives to separate the recording and deposit functions.

Purchasing Process

- A new purchasing policy was adopted by the City on February 27, 2003.
- Purchase orders are prepared with all required information including the line item appropriation for each expenditure, detailed list of goods or services ordered and the quantity of each item, unit price, extended price, ordering individual, ship to address, bill to address, payment terms, and fiscal officer's certification.
- A receiving copy of the purchase order is used to verify that all goods and services ordered are received.
- Purchase orders are entered into the computer system in a timely manner and signed as soon as printed.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

- A Then and Now certificate is utilized when no purchase order exists.
- Requisitions are used and signed by the Service Director and/or the Safety Director. The account code and signature of the auditor are included on the forms.
- The City uses super blanket purchase orders for items that require a monthly payment such as insurance and utility bills.
- When necessary, the Mayor receives bids for City contracts over \$15,000. The bids are presented to Council for discussion and approval before the contract is awarded.
- The Board of Control does not meet regularly. They only meet when it is necessary to discuss and approve bids and contracts. Records of these proceedings are kept for review.
- The City Auditor maintains a list of all the contracts which the City has awarded.
- Purchase orders are only issued if there is sufficient appropriations available in the expenditure account.

Cash Disbursements

- The City is correctly encumbering expenditure transactions.
- City employees verify merchandise, goods, and services and sign the receiving copies of the purchase orders when the merchandise is received.
- For verification purposes, invoice and account numbers are being printed on the check stubs.
- Vouchers contain the requisition, purchase order, invoice, and receiving copy of the purchase order.
- The computer software sets up flags when new vendors are entered into the system to ensure all the correct information is obtained to issue, when appropriate, an I.R.S. form 1099.

In Process of Implementation

Contracts are being approved by Council before they are awarded; however, the contract does not include approval of the City Law Director as to form and correctness and the certification of the fiscal officer is not attached. Although not attached, the City Auditor does certify the contract through the issuance of a purchase order.

Not Implemented

The City is still awarding bids to contractors without the certification that their personal property taxes have been paid.

The required certification of the fiscal officer of availability of funds and appropriations is not attached to contracts.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Payroll Processing

- The City utilizes leave forms for sick, vacation and personal leave which are turned into department supervisors for approval.
- The payroll rate adjustments are entered in the computer and then a payroll edit report is printed for the City Auditor to review and approve.
- The departmental payroll summary sheets are signed by the appropriate department supervisor.
- Management receives overtime usage reports with a comparison to the department's appropriation a monthly basis.

In Process of Implementation

The City is in the process of writing a personnel policy for overtime usage and authorization for all classes of employees.

Not Implemented

The City does not have a policy to determine whether a position qualifies as employee status or personal service contract status in accordance with State statutes and rules and IRS guidelines.

Debt Administration

- The City no longer has any outstanding debt. All City debt was retired in 2001.

Inventory of Fixed Assets

- The City has adopted fixed asset policies.
- An inventory of fixed assets of the City describing each item's cost, department, date of acquisition, and inventory number is being maintained by the City.

Cash Management and Investing

- The City Auditor prepares a monthly report that is presented to Council.
- The City Auditor, with help from the City Treasurer, makes all corrections and reconciles the books.
- CHIS and CHIP Grant fund activity is included in the monthly reports prepared by the City Auditor.
- All interest is being recorded monthly and allocated according to State law.
- An investment policy has been established and adopted by the City.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

- The City has one certificate of deposit and a savings account; therefore, the City Treasurer does not need to maintain an investment ledger.
- The City Treasurer has filed the annual notice of exemption from continuing education requirements with the Treasurer of the State. The City Treasurer is not subject to the continuing education requirements because the City Treasurer invests or deposits public funds only in interim deposits.

Not Implemented

Petty cash in the amount of \$50 is not included in the City Auditor's reconciliation.

Financial Reporting:

- The City, in accordance with Ohio Administrative Rule 117-2-03, prepares its annual financial report in accordance with generally accepted accounting principles.
- Detailed monthly reports which include month and year-to-date information are prepared and distributed by the City Auditor to City Council, the Mayor, and department heads.

Recording Official Proceedings:

- The Council meetings are held on the set days and times. The minutes are approved regularly and are signed by the appropriate people.
- A Records Retention Commission has established a records retention policy which includes a records retention schedule as required.
- Monthly financial information distributed to Council from the City Auditor is being accepted and documented in the minutes of the City.
- The minutes are easier to understand and follow because of discernable breaks and headings.
- Records of proceedings for the various Council committees are kept and are available for review.
- Minutes for the Board of Control meetings are being maintained, signed, and are available for review.

Not Implemented

Council minutes are still difficult to read because of frequent misspellings and improper grammar.

Ordinances and resolutions are not properly signed in a timely manner.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Grants and Entitlement Programs:

- Both the City Auditor and the Mayor understand what grant information is needed in order to properly account for federal and state grants.
- Copies of all grant applications, grant agreements, and the rules, regulations and requirements for each grant are kept on file in the Mayor's office.
- Each grant file contains, as applicable, the grant number, source, cognizant agency, grant period, and grant receipts and expenditures by period.
- The City separates grants into individual funds and separate grant programs to provide and maintain accountability.
- The City contracts with Municipal Services Corporation to handle most of the grants received by the City. A system of procedures, checks and balances has been established to ensure that all interim and final reimbursements are received.
- Money spent from CDBG, CHIP, and CHIS is done according to the grant rules and regulations. The City no longer maintains a cash balance on hand in excess of \$5,000 for more than fifteen days.

Audit Report and Management Letters

The City's general purpose financial statements for the years ended December 31, 2001 and 2002, include a disclaimer of opinion on the employee's health self-insurance internal service fund because of the inability of the City to obtain certain financial records from the third-party administrator. In 2001, the City terminated the program and the contract with the third party administrator. A final reconciliation between the City and the third party administrator has not yet occurred.

The Council receives a management letter at the conclusion of each annual audit. The letters that accompanied the 2000, 2001 and 2002 audits included several compliance issues and recommendations. Management has implemented changes as a result of the noncompliance issues and recommendations.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

SECTION 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions

Condition 1 – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code, defines a fiscal emergency condition as the existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

We reviewed the outstanding indebtedness of the City as of June 30, 2003. The City retired all debt obligations in 2002.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(1) of the Ohio Revised Code, as of June 30, 2003. The City has not defaulted on any debt obligations.

Condition 2 – Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code, defines a fiscal emergency condition as the existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than 30 days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of 90 days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than 30 days by the written consent of at least two thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives. The failure of one county office, board, or commission to meet payroll does not in itself constitute a fiscal emergency.

We obtained the City's payroll registers, contracts, pay scales and cash journals to identify gross salary amounts, deductions, and net payments made to the employees of the City. The payroll registers and cash journal were analyzed to verify payroll payments.

Conclusion: A fiscal emergency condition does exist under section 118.03(A)(2) of the Ohio Revised Code as of June 30, 2003.

Condition 3 – Increase in Minimum Tax Levy

Section 118.03(A)(3) of the Ohio Revised Code, defines a fiscal emergency condition as an increase, by action of the county budget commission pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

We confirmed with the Tuscarawas County Auditor, Chairman of the County Budget Commission, whether there had been an increase, pursuant to division (D) of section 5705.31 of the Ohio Revised Code, in the minimum levy of the City of Uhrichsville for the year which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Tuscarawas County Auditor indicated that no action had been taken by the Tuscarawas County Budget Commission to increase the inside millage of the City and, therefore, no other subdivision's millage was reduced for 2002 or 2003.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(3), Ohio Revised Code as of June 30, 2003.

Condition 4 – Past Due Accounts Payable from the General Fund and all Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as the existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeding one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We prepared a schedule of accounts payable as of December 31, 2002, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2002, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2002

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Balance Available	Less 1/6th of the General Fund Budget	Payables in Excess of General Fund Budget
General Fund	\$55	\$0	\$55	\$260,000	\$0

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

From the invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2002. From this amount we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2002, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

Accounts Payable From All Funds Over 30 Days Past Due

Ohio Revised Code Section 118.03(A)(4)

As of December 31, 2002

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Balance Available	Less 1/6th of the Available Revenues	Payables in Excess of Available Revenues
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General Fund	\$55	\$0	\$55	\$311,667	\$0

Conclusion: Schedules I and II indicate that as of December 31, 2002, a fiscal emergency condition does not exist under section 118.03(A)(4) of the Ohio Revised Code. The general fund accounts payable which were at least thirty days past-due at the end of the year, less the year-end balance in the general fund did not exceed one-sixth of the general fund budget or available revenues as of December 31, 2002.

Condition 5 – Deficit Fund Balances

Section 118.03(A)(5) of the Ohio Revised Code, defines a fiscal emergency condition as the existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in section 5705.14 of the Revised Code to meet such deficit, exceeding one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the fund balance of each fund as of December 31, 2002, by subtracting all accounts payable and encumbrances from the year-end cash balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. After computing the unprovided portion of the aggregate deficit, we subtracted funds that may be transferred as provided in Section 5705.14 of the Revised Code, to meet such deficits.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Schedule III

Deficit Fund Balances

Ohio Revised Code Section 118.03(A)(5)

As of December 31, 2002

	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	Less 1/6th of General Fund Budget/ Revenues Lawfully Available	Provided/ Unprovided Portion of Aggregate Deficit
General Fund	(\$18,028)	\$13,478	(\$31,506)	\$260,000	\$228,494
Street Fund	(230,142)	5,648	(235,790)	30,221	(205,569)
Drug Enforcement and Education	(10)	0	(10)	88	0
Subtotal	<u>(\$248,180)</u>	<u>\$19,126</u>	<u>(\$267,306)</u>	<u>\$290,309</u>	22,925
Funds Available for Transfer:					
Police Pension					1,700
Fire Pension					<u>1,700</u>
Total Provided Portion of Aggregate Deficit Funds					<u><u>\$26,325</u></u>

Conclusion: Schedule III indicates that a fiscal emergency condition does not exist under section 118.03(A)(5) of the Ohio Revised Code. The aggregate deficit of all deficit funds did not exceed one-sixth of the general fund budget and one-sixth of the receipts to the deficit funds.

Condition 6 – Treasury Balances

Section 118.03(A)(6) of the Ohio Revised Code, defines a fiscal emergency condition as the existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficit exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City's reconciled bank balances to its fund cash balances as of December 31, 2002. We then subtracted the adjusted aggregate sum of positive balances of the special funds as of December 31, 2002, to determine if there was a deficiency.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

Schedule IV

Treasury Balances

Ohio Revised Code Section 118.03(A)(6)

As of December 31, 2002

	Amounts at December 31, 2002
Bank Balances:	
First National Bank of Dennison - General	\$31,768
First National Bank of Dennison - Sweep	1,232,969
First National Bank of Dennison - CDBG	19,574
Certificate of Deposit	100,000
Passbook Savings	61,135
Total Bank Balances	<u>1,445,446</u>
Adjustments for:	
Outstanding Checks	<u>(20,878)</u>
Total Treasury Balance	<u>1,424,568</u>
Less: Positive Cash Balances	
DARE	4,148
Park	1,374
Police Uniform and Equipment	4,697
Fire Uniform and Equipment	4,550
Alcohol Enforcement and Education	3,324
Ambulance Levy	21,421
CHIP and CHIS Grant	17,911
Police Pension	1,710
Fire Pension	1,710
Capital Improvements	1,562,615
Fire Truck Levy	6,033
Street Equipment	43,255
Total Positive Cash Fund Balances	<u>1,672,748</u>
Treasury Balance Less Positive Cash Fund Balances	(248,180)
1/6th Treasury Receipts	<u>426,377</u>
Treasury Surplus	<u><u>\$178,197</u></u>

Conclusion: Schedule IV indicates that a fiscal emergency condition does not exist under section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2002. The treasury balance less the positive fund balances did not exceed one-sixth of the treasury receipts as of December 31, 2002.

City of Uhrichsville, Tuscarawas County

Fiscal Emergency Termination Analysis

SECTION 3. - Financial Plan Objectives

We obtained a copy of the financial plan of the City and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Change renewal levies to replacement levies:
 - a) Pass a 2.80 mill general fund replacement levy;
 - b) Pass a .48 mill park replacement levy;
- 4) Pass a general fund levy to fund ambulance service;
- 5) Pass a 1.0 mill levy for street department equipment;
- 6) Allocation of income tax .75 percent to the general fund for a period of not more than six years;
- 7) Increase the fire contracts for Mill and Union Townships;
- 8) Collect 50 percent of delinquent income taxes;
- 9) Establish levels for expenditures and encumbrances;
- 10) Develop an effective financial accounting and reporting system; and
- 11) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

SECTION 4. - Financial Forecast

Financial forecasting is an important management tool to assist the City in making sound financial decisions for avoiding fiscal crises in the future. A five-year forecast is required under 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

Disclaimer

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

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Appendix A

**City of Uhrichsville
Tuscarawas County, Ohio**

**Financial Forecast
For the Years Ending December 31, 2003 through 2007**

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City of Uhrichsville
Financial Forecast

Table of Contents

Auditor’s of State’s Report..... A – 5

Forecasted Statements of Revenue, Expenditures, and Changes in Fund Balances – Cash Basis:
General Fund A - 6

Summary of Significant Forecast Assumptions and Accounting PoliciesA – 10

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**Auditor of State
Betty Montgomery**

Members of Council
City of Uhrichsville
Uhrichsville, Ohio

We have examined the accompanying forecasted statement of revenues, expenditures, and charges in fund balance-budget basis and the schedule of expenditures by object and department of the general fund of the City of Uhrichsville, which encompasses the five years ending December 31, 2007. The City's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance the attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this for events and circumstances occurring after the date of this report.

The historical financial statements for the years ended December 31, 2000, 2001, and 2002 (from which the historical data are derived) were audited by us. We rendered an unqualified opinion on the financial statements for the year ended December 31, 2000 in our report dated July 3, 2001. We rendered an unqualified opinion on the financial statements for the years ended December 31, 2001 and 2002, except for the internal service fund, in reports dated October 8, 2002, and July 29, 2003, respectively. These reports disclaimed an opinion of the internal service fund. We have not performed any auditing procedures since.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 29, 2003

City of Uhrichsville
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2000 through 2002, Actual
and Ending December 31, 2003 Through 2007, Forecasted
General Fund

	2000 Actual	2001 Actual	2002 Actual
Revenues			
Property Taxes	\$177,000	\$179,000	\$245,000
Municipal Income Taxes	1,070,000	1,124,000	1,200,000
Intergovernmental Revenue	299,000	351,000	321,000
Charges for Services	14,000	13,000	19,000
Fines, Licenses and Permits	78,000	75,000	50,000
Interest	24,000	33,000	12,000
Other	14,000	41,000	23,000
Total Revenues	1,676,000	1,816,000	1,870,000
Expenditures			
<i>General Government</i>			
Mayor's Office			
Personal Services	24,000	24,000	24,000
Fringe Benefits	1,000	3,000	1,000
Contractual Services	0	0	0
Materials and Supplies	1,000	1,000	2,000
Total Mayor's Office	26,000	28,000	27,000
Council			
Personal Services	16,000	16,000	24,000
Fringe Benefits	1,000	1,000	1,000
Contractual Services	1,000	0	1,000
Materials and Supplies	0	0	0
Total Council	18,000	17,000	26,000
Law Director			
Personal Services	15,000	15,000	9,000
Fringe Benefits	1,000	1,000	1,000
Contractual Services	13,000	18,000	28,000
Materials and Supplies	1,000	1,000	0
Total Law Director	30,000	35,000	38,000
Auditor/Treasurer			
Personal Services	25,000	24,000	29,000
Fringe Benefits	0	0	1,000
Materials and Supplies	4,000	3,000	2,000
Total Auditor/Treasurer	29,000	27,000	32,000
City Building			
Personal Services	4,000	4,000	4,000
Fringe Benefits	15,000	14,000	18,000
Contractual Services	44,000	50,000	42,000
Materials and Supplies	17,000	22,000	26,000
Total City Building	80,000	90,000	90,000
General Government			
Personal Services	1,000	1,000	1,000
Fringe Benefits	9,000	2,000	1,000
Contractual Services	139,000	114,000	134,000
Total General Government	\$149,000	\$117,000	\$136,000

2003 Forecasted	2004 Forecasted	2005 Forecasted	2006 Forecasted	2007 Forecasted
\$255,000	\$260,000	\$265,000	\$270,000	\$275,000
1,200,000	1,250,000	1,025,000	1,075,000	1,125,000
303,000	303,000	303,000	303,000	303,000
19,000	19,000	19,000	19,000	19,000
46,000	46,000	46,000	46,000	46,000
12,000	12,000	12,000	12,000	12,000
23,000	23,000	23,000	23,000	23,000
<u>1,858,000</u>	<u>1,913,000</u>	<u>1,693,000</u>	<u>1,748,000</u>	<u>1,803,000</u>

35,000	41,000	42,000	44,000	45,000
1,000	1,000	1,000	1,000	1,000
1,000	0	0	0	0
2,000	2,000	2,000	2,000	2,000
<u>39,000</u>	<u>44,000</u>	<u>45,000</u>	<u>47,000</u>	<u>48,000</u>

24,000	24,000	25,000	26,000	27,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
<u>27,000</u>	<u>27,000</u>	<u>28,000</u>	<u>29,000</u>	<u>30,000</u>

4,000	16,000	16,000	17,000	17,000
1,000	1,000	1,000	1,000	1,000
50,000	25,000	25,000	25,000	25,000
0	0	1,000	1,000	1,000
<u>55,000</u>	<u>42,000</u>	<u>43,000</u>	<u>44,000</u>	<u>44,000</u>

30,000	31,000	32,000	33,000	34,000
1,000	1,000	1,000	1,000	1,000
4,000	4,000	4,000	4,000	4,000
<u>35,000</u>	<u>36,000</u>	<u>37,000</u>	<u>38,000</u>	<u>39,000</u>

4,000	4,000	4,000	4,000	5,000
15,000	18,000	19,000	19,000	20,000
52,000	56,000	60,000	64,000	68,000
26,000	27,000	28,000	28,000	29,000
<u>97,000</u>	<u>105,000</u>	<u>111,000</u>	<u>115,000</u>	<u>122,000</u>

1,000	1,000	1,000	1,000	1,000
0	0	0	0	0
139,000	146,000	153,000	161,000	169,000
<u>\$140,000</u>	<u>\$147,000</u>	<u>\$154,000</u>	<u>\$162,000</u>	<u>\$170,000</u>

(continued)

City of Uhrichsville
Statement of Revenues, Expenditures, and Changes in Fund Balance - Cash Basis
For the Years Ended December 31, 2000 through 2002, Actual
and Ending December 31, 2003 Through 2007, Forecasted
General Fund (continued)

	2000 Actual	2001 Actual	2002 Actual
City Tax Administration			
Personal Services	\$14,000	\$15,000	\$16,000
Fringe Benefits	6,000	16,000	10,000
Materials and Supplies	3,000	4,000	3,000
Other	7,000	26,000	46,000
Total General Government	<u>30,000</u>	<u>61,000</u>	<u>75,000</u>
<i>Total General Government</i>	<u>362,000</u>	<u>375,000</u>	<u>424,000</u>
<i>Security of Persons and Property</i>			
Police Department			
Personal Services	258,000	258,000	281,000
Fringe Benefits	129,000	151,000	151,000
Materials and Supplies	24,000	24,000	22,000
Other	0	0	0
Total Police Department	<u>411,000</u>	<u>433,000</u>	<u>454,000</u>
Fire Department			
Personal Services	243,000	245,000	254,000
Fringe Benefits	128,000	150,000	149,000
Materials and Supplies	7,000	8,000	14,000
Other	0	0	2,000
Total Fire Department	<u>378,000</u>	<u>403,000</u>	<u>419,000</u>
<i>Total Security of Persons and Property</i>	<u>789,000</u>	<u>836,000</u>	<u>873,000</u>
<i>Public Health and Safety</i>			
Public Health and Safety			
Personal Services	4,000	4,000	4,000
Contractual Services	2,000	2,000	1,000
<i>Total Public Health and Safety</i>	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>
<i>Total Expenditures</i>	<u>1,157,000</u>	<u>1,217,000</u>	<u>1,302,000</u>
<i>Excess of Revenues Over Expenditures</i>	519,000	599,000	568,000
Other Financing Uses			
Operating Transfers Out	<u>(24,000)</u>	<u>(210,000)</u>	<u>(491,000)</u>
<i>Sources Over (Under) Expenditures and Other Financing (Uses)</i>	495,000	389,000	77,000
<i>Beginning Cash (Deficit) Balance</i>	<u>(979,000)</u>	<u>(484,000)</u>	<u>(95,000)</u>
<i>Ending Cash (Deficit) Balance</i>	(484,000)	(95,000)	(18,000)
Less Encumbrances:			
Actual/Estimated Encumbrances	<u>1,000</u>	<u>11,000</u>	<u>0</u>
<i>Unencumbered Fund Balance (Deficit)</i>	<u><u>(\$485,000)</u></u>	<u><u>(\$106,000)</u></u>	<u><u>(\$18,000)</u></u>

2003 Forecasted	2004 Forecasted	2005 Forecasted	2006 Forecasted	2007 Forecasted
\$16,000	\$17,000	\$17,000	\$18,000	\$18,000
12,000	14,000	16,000	20,000	23,000
4,000	4,000	4,000	5,000	5,000
45,000	46,000	48,000	49,000	51,000
77,000	81,000	85,000	92,000	97,000
470,000	482,000	503,000	527,000	550,000
284,000	292,000	301,000	310,000	320,000
168,000	188,000	211,000	239,000	271,000
30,000	32,000	33,000	35,000	36,000
1,000	1,000	1,000	1,000	1,000
483,000	513,000	546,000	585,000	628,000
261,000	269,000	277,000	285,000	294,000
164,000	182,000	201,000	224,000	252,000
15,000	15,000	16,000	17,000	17,000
2,000	2,000	3,000	3,000	3,000
442,000	468,000	497,000	529,000	566,000
925,000	981,000	1,043,000	1,114,000	1,194,000
4,000	4,000	4,000	4,000	5,000
2,000	2,000	2,000	2,000	2,000
6,000	6,000	6,000	6,000	7,000
1,401,000	1,469,000	1,552,000	1,647,000	1,751,000
457,000	444,000	141,000	101,000	52,000
(325,000)	(80,000)	(80,000)	(80,000)	(80,000)
132,000	364,000	61,000	21,000	(28,000)
(18,000)	114,000	478,000	539,000	560,000
114,000	478,000	539,000	560,000	532,000
4,000	4,000	4,000	4,000	4,000
\$110,000	\$474,000	\$535,000	\$556,000	\$528,000

City of Uhrichsville
Schedule of Expenditures by Object and Department - Budget Basis
For the Years Ended December 31, 2000 through 2002, Actual
and Ending December 31, 2003 Through 2007, Forecasted
General Fund

Object/Department	2000 Actual	2001 Actual	2002 Actual
Personal Services			
Mayor's Office	\$24,000	\$24,000	\$24,000
Council	16,000	16,000	24,000
Law Director	15,000	15,000	9,000
Auditor/Treasurer	25,000	24,000	29,000
City Building	4,000	4,000	4,000
General Government	1,000	1,000	1,000
City Tax Administration	14,000	15,000	16,000
Police Department	258,000	258,000	281,000
Fire Department	243,000	245,000	254,000
Public Health and Safety	4,000	4,000	4,000
Total Personal Services	<u>604,000</u>	<u>606,000</u>	<u>646,000</u>
Fringe Benefits			
Mayor's Office	1,000	3,000	1,000
Council	1,000	1,000	1,000
Law Director	1,000	1,000	1,000
Auditor/Treasurer	0	0	1,000
City Building	15,000	14,000	18,000
General Government	9,000	2,000	1,000
City Tax Administration	6,000	16,000	10,000
Police Department	129,000	151,000	151,000
Fire Department	128,000	150,000	149,000
Total Fringe Benefits	<u>290,000</u>	<u>338,000</u>	<u>333,000</u>
Contractual Services			
Mayor's Office	0	0	0
Council	1,000	0	1,000
Law Director	13,000	18,000	28,000
City Building	44,000	50,000	42,000
General Government	139,000	114,000	134,000
Public Health and Safety	2,000	2,000	1,000
Total Contractual Services	<u>199,000</u>	<u>184,000</u>	<u>206,000</u>
Materials and Supplies			
Mayor's Office	1,000	1,000	2,000
Council	0	0	0
Law Director	1,000	1,000	0
Auditor/Treasurer	4,000	3,000	2,000
City Building	17,000	22,000	26,000
City Tax Administration	3,000	4,000	3,000
Police Department	24,000	24,000	22,000
Fire Department	7,000	8,000	14,000
Total Materials and Supplies	<u>57,000</u>	<u>63,000</u>	<u>69,000</u>
Other			
City Tax Administration	7,000	26,000	46,000
Police Department	0	0	0
Fire Department	0	0	2,000
Total Other	<u>7,000</u>	<u>26,000</u>	<u>48,000</u>
Other Financing Uses			
Operating Transfers Out	24,000	210,000	491,000
<i>Total Expenditures and Other Financing Uses</i>	<u>\$1,181,000</u>	<u>\$1,427,000</u>	<u>\$1,793,000</u>

2003 Forecasted	2004 Forecasted	2005 Forecasted	2006 Forecasted	2007 Forecasted
\$35,000	\$41,000	\$42,000	\$44,000	\$45,000
24,000	24,000	25,000	26,000	27,000
4,000	16,000	16,000	17,000	17,000
30,000	31,000	32,000	33,000	34,000
4,000	4,000	4,000	4,000	5,000
1,000	1,000	1,000	1,000	1,000
16,000	17,000	17,000	18,000	18,000
284,000	292,000	301,000	310,000	320,000
261,000	269,000	277,000	285,000	294,000
4,000	4,000	4,000	4,000	5,000
663,000	699,000	719,000	742,000	766,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
1,000	1,000	1,000	1,000	1,000
15,000	18,000	19,000	19,000	20,000
0	0	0	0	0
12,000	14,000	16,000	20,000	23,000
168,000	188,000	211,000	239,000	271,000
164,000	182,000	201,000	224,000	252,000
363,000	406,000	451,000	506,000	570,000
1,000	0	0	0	0
1,000	1,000	1,000	1,000	1,000
50,000	25,000	25,000	25,000	25,000
52,000	56,000	60,000	64,000	68,000
139,000	146,000	153,000	161,000	169,000
2,000	2,000	2,000	2,000	2,000
245,000	230,000	241,000	253,000	265,000
2,000	2,000	2,000	2,000	2,000
1,000	1,000	1,000	1,000	1,000
0	0	1,000	1,000	1,000
4,000	4,000	4,000	4,000	4,000
26,000	27,000	28,000	28,000	29,000
4,000	4,000	4,000	5,000	5,000
30,000	32,000	33,000	35,000	36,000
15,000	15,000	16,000	17,000	17,000
82,000	85,000	89,000	93,000	95,000
45,000	46,000	48,000	49,000	51,000
1,000	1,000	1,000	1,000	1,000
2,000	2,000	3,000	3,000	3,000
48,000	49,000	52,000	53,000	55,000
325,000	80,000	80,000	80,000	80,000
\$1,726,000	\$1,549,000	\$1,632,000	\$1,727,000	\$1,831,000

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

Note 1 – The City

The City of Uhrichsville (the “City”) is located in Tuscarawas County, Ohio, approximately 40 miles southeast of the City of Canton and has a population of approximately 5,600. The city was incorporated as a Village on August 13, 1866, and began operating as a City on February 21, 1921. The City is a home rule municipal corporation regulated by Article XVIII of the Ohio Constitution and by Title 7 of the Ohio Revised Code. The City operates as a statutory city with the decision making process being directed by an elected City Council (Council) and Mayor.

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

The City of Uhrichsville provides 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.

Note 2 – Nature of Presentation

This financial forecast presents, to the best of the City’s knowledge and belief, the expected revenues and expenditures and changes in fund balances for the general fund of the City for the forecast period. Accordingly, the forecast reflects the City’s judgment, as of July 29, 2003, the date of the forecast, the expected conditions, and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 – Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on the budgetary basis of accounting which is expected to be used in the historical budget and actual financial statements covering the forecast period and is the same basis used to prepare the historical budget and actual financial statements for the years ended December 2000 through 2002. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset and long-term debt group of accounts are not maintained by the City under the cash basis of accounting. By virtue of Ohio law, the City is required to maintain the encumbrance method of accounting and to make appropriations for all funds. The

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

appropriations are made by the City Council at the object level within each department and fund and are restricted for such purpose until amended by the City Council.

B. Fund Accounting

The City maintains its accounting records in accordance with the principles of “fund accounting”. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restrictions require the segregation of specific receipts and disbursements. Each fund is a separate reporting entity comprised of a self-balancing group of accounts which stands separate from the activities reported in other funds. The purpose associated with each class of funds used by the City is as follows:

Governmental Funds

General Fund

The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available to the City for any purpose provided it is disbursed or transferred in accordance with Ohio Law.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

Capital Project Funds

To account for financial resources used for the acquisition or construction of major capital facilities.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the cash basis of accounting. All funds of the City are legally required to be budgeted and appropriated.

Tax Budget – Tuscarawas County has waived the requirement of the formal tax budget and has implemented an alternative method for distribution of local government funds. The county budget commission requires tax levy fund information and summary data for all other funds to be submitted to the County Auditor, as Secretary of the County Budget Commission, by November 1st of each year, for the period January 1 to December 31 of the following year.

Estimated Resources – The county budget commission certifies its actions to the City in the form of an official certificate of estimated resources which include the estimated beginning of year fund balance and the projected receipts of each fund. On or about January 1, the certificate is amended to include any unencumbered fund balances from the proceeding year.

City of Uhrichsville, Ohio
 Summary of Significant Accounting Policies and Forecast Assumptions
 For the Years Ending December 31, 2003 through 2007

Appropriations – By March 31, an annual appropriation ordinance must be legally enacted by the City. Prior to the passage of the annual appropriation measure, the City may pass a temporary appropriation measure to control the level of expenditures for all funds. The appropriation ordinance, by fund, must be within the estimated resources as certified by the county budget commission. The City may pass supplemental appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent amended certificate of estimated resources.

Encumbrances – The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the governmental services is to report the expenditures of resources, not costs.

Note 4 – Significant Revenue Assumptions

A. - Property Taxes

Property taxes include real, public utility, and personal property tax revenues. All property taxes are collected by Tuscarawas County and distributed to the City. Real and public utility property tax settlements occur in March and August and the personal property tax settlements occur in May and October.

All property tax revenues are based on property valuations and levy rates. The county is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last three year update was completed in 2001 for taxes collected in 2002. The next reappraisal will be completed in 2004.

The City’s assessed values upon which property tax receipts were based for the last three years are as follows:

	2000	2001	2002
Real Estate	\$39,725,240	\$46,666,090	\$46,956,790
Public Utility Property	2,752,730	2,166,240	2,215,730
Tangible Personal	6,039,408	6,148,780	6,054,050
Total Assessed Value	\$48,517,378	\$54,981,110	\$55,226,570

Property valuations are expected to increase due to new development around the McCaully Drive area which includes a mobile home development and the opening of Dollar General, Family Dollar, Wendy’s and Advance Auto Parts. Commercial development growth is expected to continue throughout the forecast period.

City of Uhrichsville, Ohio
 Summary of Significant Accounting Policies and Forecast Assumptions
 For the Years Ending December 31, 2003 through 2007

The general fund property tax levy information is presented below:

Levy Type	Millage	Year of Voter Approval	First Year of Collection	Last Year of Collection	Effective Rate
Inside Millage	2.6 Mills	n/a	n/a	n/a	2.6 Mills
Operating	2.8 Mills	1996	1997	2001	1.25 Mills
Operating	2.8 Mills	2001	2002	2006	2.45 Mills

The property tax revenues for 2003 are based on estimates provided by the County Auditor which are reflected on the amended certificate of estimated resources. 2004 through 2007 are forecasted based on the City's new construction, collections of delinquent taxes and the reappraisal in 2005. Renewal the general fund operating levy that expires in 2006 is subject to voter approval. Based on the history of the levy, the City anticipates the passage of the levy. If this levy should fail, the City would lose \$140,000 annually.

The amount forecasted for property taxes is net of the credits for homestead and rollback. Rollback and homestead revenues are calculated by the county auditor and are funded by the State. Rollback and homestead revenues are included in the forecasted amounts for intergovernmental revenues.

B. - Municipal Income Tax

The City levies a municipal income tax of one and three quarters percent on substantially all income earned within the City as well as the incomes of residents earned outside the City. The entire amount is voter approved. Employers within the City are required to withhold the tax from their employees and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration and return annually.

In November 1998, the voters approved a change in the City's income tax allocation for a period of six years. Beginning in 1999, all income tax revenues were credited to the general fund. In 2005, allocation of the income tax receipts will revert back to the original voted allocation of 100 percent of the first one percent and 50 percent of the next .75 percent credited to the general fund with the balance credited to the capital improvements capital projects fund. This change in the allocation of income tax receipts is anticipated to decrease general fund revenue by \$225,000.

In 2003, the income tax revenue is anticipated to remain constant with 2002 collections based on current receipts. In 2004, income tax revenues are anticipated to increase at \$50,000 each year based on the historical collections, the commercial growth in the City over the last three years, and the pursuit of delinquent taxpayers. In addition, Superior Clay has expanded their business worldwide, generating overtime for many of its employees.

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

C. - Intergovernmental

Intergovernmental revenues include local government monies, local government revenue assistance, and property tax allocations for rollback and homestead. The local government and local government revenue assistance funds are distributed monthly by the State to the City via the county auditor. In 2003, the local government and local government revenue assistance funds are anticipated to decrease by \$18,000 and then remain constant for each of the remaining forecast years. The property tax allocations for rollbacks and homestead are received from the State and are anticipated to remain consistent each year of the forecast.

D. - Charges for Services

Charges for services include fire contracts which the City has consistently renewed over many years. The current contracts expire in 2004. The City anticipates the new contract amounts to remain constant over the forecasted period.

F. - Fines, Licenses and Permits

Fines, licenses and permits represent the City's share of the fines and court costs collected for the City and cable franchise fees. The City no longer operates a Mayor's Court. Court cases are heard in the Tuscarawas County Southern District Probation Court located in the City of Uhrichsville. The Court will retain court costs it collects and will remit the fines to the City. The City anticipates this revenue to decrease in 2003 due to the loss of court costs and then remain constant for the remaining forecast period.

G. - Interest

The forecast expects receipts to remain at the 2002 level based on the City's cash available for investment purposes and lower interest rates.

H. - Other

Other revenue is made up of miscellaneous income that the City receives such as reimbursements, rental income and royalties from oil wells. Revenue is expected to remain at the 2002 level throughout the forecast period.

Note 5 – Significant Expenditure Assumptions

A. Personal Services

Personal services represent the salaries and wages paid to elected officials and City Employees. The forecasted salaries and wages are based on current City ordinances setting the annual compensation amounts for elected and administrative officials and various bargaining unit agreements.

Full time City employees are represented by one of several bargaining units which, except for the police, have three-year contracts that expire December 31, 2003. The contract with the policemen expired December 31, 2002. In general, these agreements allow for annual increases ranging from 3 percent up to 3.24 percent effective January 1, each year. The City is currently negotiating with the police officers and anticipates starting negotiations with the firemen during 2003. The City anticipates salary increases similar

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

to past contracts and the surrounding communities. Police Dispatchers are part-time employees who are paid \$6.25 per hour.

City Council, by ordinance, sets the number of employees, salary, or hourly rates, and other terms of employment for the non-bargaining unit employees and the elected and administrative officials. In general, these ordinances allow for annual increases of three percent at the beginning of each year.

The mayor's office consists of a part-time mayor, a full-time secretary and a part-time City inspector. The City has been without an inspector for several years and filled the position in April 2003.

City Council includes seven members, in addition to a Council President and a Council Clerk. Each council member and the clerk receive an annual salary.

The Law department includes a part-time Assistant Law Director and the position for a full time elected Law Director. The director's position has been vacant since 2002. The City anticipates a candidate to be elected in November 2003. The position is full-time and compensation is included in the forecast beginning in 2004.

The City has a part-time auditor and treasurer and one part-time employee. The income tax department has one full time clerk.

The Police Department is staffed by a full-time chief and seven full-time police officers. Compensation is paid on a hourly basis. The Chief's compensation is \$14.92 per hour. The hourly rate for police officers ranges from \$11.78 to \$13.30. All police department employees may work overtime and receive compensation at 1.5 times their hourly rate.

The Fire Department is staffed by a full-time chief and five full-time firefighters. Compensation is paid based on an hourly rate. All employees in the fire department work an average of 53 hours per week. The Chief's compensation is \$11.40 per hour, while the firefighters are compensated at an hourly rate of \$8.81 to \$10.05. Any overtime worked is paid at 1.5 times the regular hourly rate and, if they actually fight a fire, the rate is increased to 1.75 times per hour. In addition to the full-time staff, there are fifteen volunteers who are paid \$5.50 a call for the first hour worked and \$5.00 for each hour thereafter.

The City's safety director is paid from the Public Health and Safety department.

B. Fringe Benefits

Fringe benefits include employer contributions to the State pension systems, health care benefits, life insurance, workers' compensation, Medicare, and other benefits arising from negotiated agreements.

The City provides medical, dental, vision, and life insurance benefits to its full-time employees through Anthem Blue Cross and Blue Shield. The City pays the full cost of the premiums for these benefits. Prescription coverage is available to employees through Anthem Insurance; however, the employee pays the premiums. The City anticipates the premiums for benefits to increase 19 percent each year based on recent increases in premiums.

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

All full-time employees, other than police and firefighters participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 8.5 percent of their annual-covered wages and the City is required to contribute 13.55 percent of annual-covered wages.

All full-time police and firefighters contribute to the Ohio Police and Fire Pension Fund (OP&F). OP&F provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. Police and firefighters are required to contribute 10 percent of their annual-covered wages and the City is required to contribute 19.5 percent for police and 24 percent for firefighters of the annual-covered wages.

The City charges the premiums for medical benefits to individual departments. Pension contributions for all general fund employees other than police and firefighters are charged to City Building under the general government program.

C. Contractual Services

Contractual services consist of legal fees, utilities, liability insurance, computer and equipment maintenance and the financial audit costs for the City. All contractual services, except legal services, are expected to increase slightly based on historical trends. During 2003, the City contracted out all legal services at an hourly rate of \$80. Expenditures are expected to increase significantly in 2003 due to bargaining unit contract negotiations. The City anticipates that a full-time Law Director will be elected at the November 2003 election. A full-time Law Director will decrease contractual services expenditures in each of the forecasted years except those where contract negotiations are required.

D. Materials and Supplies

Materials and supplies include office supplies, building supplies and postage. Materials and supplies are anticipated to increase based on historical trends.

E. Other

Other expenditures predominantly account for income tax refunds. Income tax refunds are expected to increase with the increase in income tax revenues.

Note 6 – Transfers Out

Transfers out include annual operating subsidies and resources used to eliminate the deficits in other funds. The City anticipates an annual subsidy of \$80,000 for street fund operations. In the current and prior years, additional transfers were made to eliminate the deficit in the street fund. The City will also provide an operating subsidy of \$10,000 to the park fund in 2003. This subsidy is not anticipated for the remainder of the forecast period because of the collection of a replacement levy approved in 2003.

City of Uhrichsville, Ohio
 Summary of Significant Accounting Policies and Forecast Assumptions
 For the Years Ending December 31, 2003 through 2007

Note 7 – Other Funds

The street special revenue fund receives gas taxes and motor vehicle licenses fees. This revenue is not enough to support the operations of the street fund. In 2003, the general fund will transfer approximately \$310,000 to the fund which will eliminate the current fund deficit. After 2003, the general fund will transfer \$80,000 each year to subsidize the operations of the fund.

The City has a .48 mill levy for the operations and maintenance of a public park, playground, playfield, swimming pool, and other recreational purposes. The levy expires in 2003. In 2002, a replacement levy was approved with collections beginning in 2004. This replacement levy will generate approximately \$22,000 a year. In 2003, the general fund will transfer \$10,000 to subsidize the operations. Once the replacement levy collections begin in 2004, the general fund will no longer need to transfer resources.

The capital improvements capital project fund is for all major capital improvements in the City. Prior to 1999, the capital improvement fund received fifty percent of the three quarters of one percent increase to income tax revenue. Currently, this fund does not receive any income tax revenue. In 2005, fifty percent of the three quarters of one percent income tax will revert to this fund. Current appropriations include blacktopping, demolitions of old houses, purchase of a police cruiser and the remodeling of the Council chamber. The only other planned expenditure is a street paving project for approximately \$80,000 to be completed during the forecast period. The City does not have a capital budget in place and has no plans for major projects.

Note 8 – Other Levies and Levy History

The City's has two other special levies to finance City provided services and two levies for the payment of pension obligations. Information concerning these levies are as follows;

<u>Levy Type</u>	<u>Millage</u>	<u>Year of Voter Approval</u>	<u>First Year of Collection</u>	<u>Last Year of Collection</u>
Fire Pension	.3 Mills	n/a	n/a	n/a
Police Pension	.3 Mills	n/a	n/a	n/a
Fire	2 Mills	2002	2003	2007
Ambulance	.8 Mills	2000	2001	2005

The City plans to request and the forecast anticipates voter approval for the renewal of the ambulance levy in 2005.

City of Uhrichsville, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Years Ending December 31, 2003 through 2007

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CITY OF UHRICHSVILLE

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 16, 2003**