

City of Urbana Ohio



Comprehensive Annual Financial Report

For the Year Ended
December 31, 2005



**Auditor of State
Betty Montgomery**

City Council
City of Urbana
205 South Main Street
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of the City of Urbana, Champaign County, prepared by Kennedy Cottrell & Associates, LLC, for the audit period January 1, 2005, through December 31, 2005. 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 Urbana is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

August 14, 2006

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City of Urbana Ohio



Comprehensive Annual Financial Report

For the Year Ended
December 31, 2005

Prepared by:
City of Urbana Finance Department
Dale R. Miller, CPA, Director of Finance

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The City of Urbana Officials
(937) 652-4300
www.urbanaohio.org

Ruth Zerkle
Mayor

Bruce Evilsizor
Director of Administration
(937) 652-4302

Dale R. Miller
Director of Finance
(937) 652-4310

City Council
Earl Evans, President
Robert Thorpe, President Pro-Tem

Council Members
Eugene Fields
Marton O. Hess
Steve Moore
Larry Lokai
Allen Evans
William Shaw
Charlotte Barker, Clerk

Director of Law
Municipal Court Judge
Police Chief
Fire Chief
Superintendent of Sewer Maintenance
Engineer
Superintendent of Cemetery
Building and Zoning Inspector
Superintendent of Streets
Superintendent of Recreation
Superintendent of Water
Superintendent of Water Pollution Control

Gil Weithman
Susan Fornof-Lippencott
Pat Wagner
Jim McIntosh
Richard McCain
Michael Heintz, P.E. P.S.
Randy Holycross
Ken Watkins
Colin Stien
Chris Stokes
Robert W. Munch
Butch Potts

CITY OF URBANA, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

TITLE PAGE	
List of Principal Official	
TABLE OF CONTENTS	i
INTRODUCTORY SECTION	
	Page
A) Letter of Transmittal	1
B) Organizational Chart	7
C) GFOA Certificate of Achievement for Excellence in Financial Reporting for Year Ended December 31, 2004	8
FINANCIAL SECTION	
A) Independent Accountants Report	9
B) Managements' Discussion and Analysis	11
C) Basic Financial Statements	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	18
Statement of Activities	19
 <u>Fund Statements:</u>	
Balance Sheet – Governmental Funds	20-21
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	22-23
Balance Sheet Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds	25
Statement of Cash Flows Proprietary Funds	26
Statement of Net Assets - All Fiduciary Funds	27
Notes to the Basic Financial Statements	28-46
D) Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-General Fund	47-49
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Street Maintenance Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Police & Fire Income Tax Levy Fund	51
Notes to the Required Supplementary Information	52
E) Supplemental Section	
Fund Description	53-55
Combining Balance Sheet – Non-Major Funds	56-57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Non-Major Funds	58-59
Combining Statement of Net Assets - All Fiduciary Funds	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis Non-Major Special Revenue Funds	61-64

STATISTICAL SECTION

	Schedule	Page
Net Assets by Category		
For Last Five Years.....	1	65
Changes in Net Assets		
For Last Five Years.....	2	66-67
Fund Balances, Governmental Funds for the Last Ten Years...	3	68
Changes In Fund Balances, Governmental Funds for the		
Last Ten Years.....	4	69
Income Tax Payer Type and Income Tax Rates for the		
Last Ten Years.....	5	70
Ranking of the Top Ten Inome Tax Withholders Current		
And Ten Years Ago.....	6	71
Ratio of Outstanding Debt and Legal Debt Margins		
For the Last Ten Years	7	72
Computation of Direct and Overlapping Debt.....	8	73
Demographic and Economic Statistics.....	9	74
Principal Employers Current and Ten Years Ago.....	10	75
Full-Time Equivalent		
City Government Employees by Function.....	11	76
Operating Indicators by Function/Program Last Six Years....	12	77
Capital Assets and Infrastructure Statistics	13	78

City of Urbana
205 S Main St.
Urbana, Ohio 43078



June 28, 2006

To the Honorable Mayor, City Council and the Citizens of the City of Urbana, Ohio

The Comprehensive Annual Financial Report of the City of Urbana, Ohio is hereby submitted for your review. This report, although not legally required, represents the commitment the City of Urbana to submit to nationally recognized standards of excellence in its financial reporting.

Management is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. We believe that the data presented in this report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City. Further, we believe that all disclosures necessary to enable the reader to gain an understanding of the City of Urbana's activities have been included.

This Comprehensive Annual Financial Report incorporates financial reporting standards established by Governmental Accounting Standards Board Statement No. 34- Basic Financial Statements and Management's Discussion & Analysis for State and Local Governments. Statement 34 was developed to make annual financial reports of governments more comprehensive and easier to understand and use. Except for the requirement to retroactively report general infrastructure assets, this report incorporates all required elements of Statement 34. Retroactive restatement of general infrastructure assets is not required until the report for the year ending December 31, 2007; however, management intends to comply with this requirement in advance of the due date.

The accompanying report consists of three major sections:

1. Introductory Section

As the title indicates, this section introduces the reader to the report and includes this transmittal letter, a listing of City officials and a City organizational chart.

2. Financial Section

The Financial Section of the report is structured in the form of a financial "reporting pyramid" beginning with broad-based financial data followed by more specific financial data. The financial section includes the report of the independent auditors, the Management Discussion and Analysis, the Basic Financial Statements including the Notes to the Basic Financial Statements, and Required Supplementary Information. The remainder of the Financial Section presents more specific combining statements of individual funds and schedules.

3. Statistical Section

The Statistical Section includes a number of tables of unaudited data depicting the financial history of the City for the past ten years plus demographic data and other miscellaneous information.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A). The MD&A provides users of the basic financial statements with a narrative introduction, overview, and analysis of the financial statements, and should be read in conjunction with the transmittal letter. The City of Urbana's MD&A can be found in the Financial Section of the report immediately following the Auditors Report.

GENERAL INFORMATION

Urbana covers approximately six square miles, with a population of 11,613 (2000 U.S. Census). Urbana is located 15 miles north of Springfield and has several nationally- known companies such as Honeywell, Sieman Allis, and most recent addition in 1999 of Rittal. The prominent landmark and commonly used reference point of the City is "The Man on the Monument" or "Monument Square" located at the heart of downtown at the intersection of U.S. Route 68 (north & south) and U.S. Route 36 (east and west). The Man on the Monument is a casting of a Union Cavalryman and was placed in the square in 1871.

MUNICIPAL SERVICES AND FACILITIES

The City of Urbana provides a full range of basic municipal services including police and fire protection, ambulance services, parks, recreation, street maintenance, zoning, economic and community development, cemetery, water, sewer, airport and general government support.

The City of Urbana designed the following mission statement: "The City of Urbana employees are committed to provide a superior quality and cost effective service that meets the needs of the community and promotes the feeling of security and safety." Each division has prepared key strategies that will help the City employees and officials achieve the City's mission. Several of the goals mentioned in the "Major Projects" and "Outlook" section support these strategies. In support of Total Quality Management, the City is continually improving the efforts to meet our mission statement.

GOVERNMENT ORGANIZATION

The municipal government provided by the Urbana Charter is best described as the "mayor-administrator-council" form of government and applies to the residents of the City.

This form of home rule was recommended by the Urbana Charter Commission in 1977, and subsequently approved by City voters. It provides a great measure of administrative and legislative control and efficiencies while maintaining direct participation by the residents of the community.

The City Charter continues to have widespread support among the city electorate. At the beginning of 2000, Council appointed a 12-member Charter Review Committee to conduct a scheduled and charter-mandated review of the governing document. Later that year, the committee submitted seven minor changes which were placed on the May ballot. Six of the seven proposed changes were approved by a majority of voters.

Under the Urbana Charter form of government, nine persons are elected to office: the Mayor, seven members of City Council and the President of City Council. All other members of the governing and advisory structure are appointed.

The Mayor is elected to a four-year term as the chief executive officer of the City. She appoints the Directors of Administration, Finance, and Law, as well as members of most City boards, commissions, and committees. The Mayor is responsible for all aspects of City government and is the ceremonial representative of the City. She may veto actions of City Council.

In general terms, the Urbana government structure can be compared to the federal or state structures. There is an executive branch, the Mayor and her appointees, which oversees the day-to-day working of the City; the legislative branch, the City Council, which drafts, submits, and approves laws by which the City is governed; and the judicial branch, the Municipal Court, which administers City and state laws.

DEPARTMENTAL HIGHLIGHT

The City of Urbana Finance Department consists of seven employees with an average sixteen years of service. The divisions includes the finance office, income tax office, and utility billing. The Finance Director is appointed by the Mayor and confirmed by City Council, Mr. Dale R. Miller has been the Director of Finance since 1986. The finance office has submitted the Comprehensive Annual Financial Report to the Government Finance Officers Association for review and award since fiscal year 1989. The Finance Office prepares annual budgets , monthly budget reports to compare actual finances to budgeted finances. The Income Tax office collects the 1.4% income tax through withholding from local companies, business profits, and individual returns, all residents are required to file an annual return. The Income office also provides the city's payroll services. The Utility Billing office collects the water and sanitary sewer fees monthly, the water department reads all (approximately 4850) account monthly. All three divisions of the finance department provide the citizens of Urbana the highest customer service and accountability.

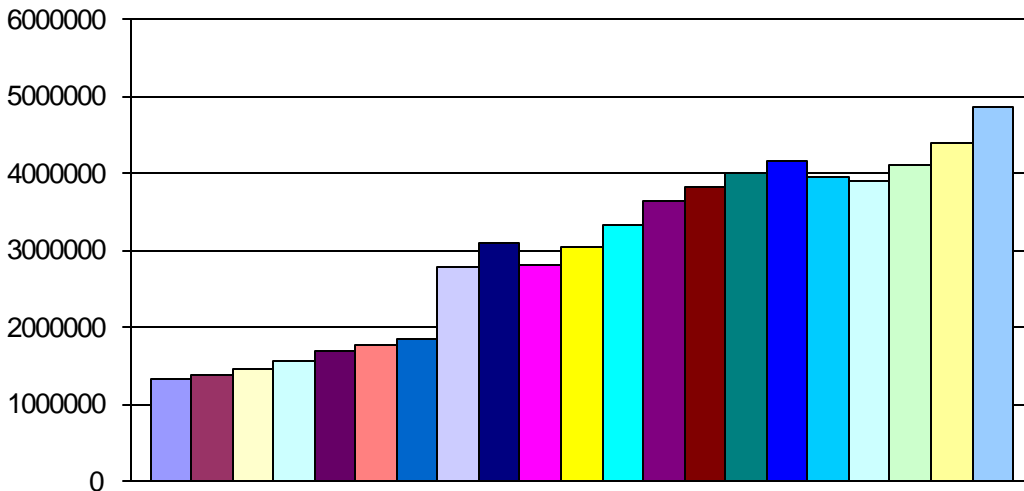
ECONOMIC CONDITION AND OUTLOOK

Grimes Field is the legacy of Warren Grimes, Urbana’s premier entrepreneur and “Father of the Aircraft Lighting Industry.” At the age of 15, Grimes ran away from his orphanage home in Tiffin, Ohio, to live with his brother Frank in Detroit to work for Ford. Eventually he left Ford to become a partner in an electrical business, designing lighting fixtures. Impressed with Grimes’ work, Henry Ford approached him in the mid 1920s to design new lights for Ford and Tri-Motors. 48 hours after the request, Grimes produced the light Ford wanted and “the rest is history.” In 1930, Grimes returned to Urbana with a plan to market his design to Waco Aircraft in Troy, Ohio. Waco found his lights to be superior, as did many other companies, and from 1932 to 1942 Grimes’ company grew from 20 employees to 1300.

In the 1930’s Mr. Grimes purchased the Johnson Farm just north of Urbana. On August 8, 1943, opening ceremonies were held in front of a large crowd and Mr. Grimes presented Grimes Field to the City of Urbana. Grimes has changed several times and is currently Honeywell Incorporated and accounts for approximately 20% of the City's income tax. Fortunately, several small industries over the years have complemented the tax receipts.

A twenty-year history of income tax reflects strong average increase of 7.8% with only three years of decline. The declines occurred in 1994 with the loss of the second largest employer, Drackett, and the slow economy of 2001and 2002. The City was fortunate to attract Rittal, who now operates the facility vacated by Drackett. The Income Tax Revenues increased 10.6% in 2005.

City of Urbana's Income Tax 1984-2005



Economic Environment Today

As mentioned previously, Grimes Honeywell is a major part of Urbana, however we are fortunate to have several small stable additional industries to support Urbana. Siemen-Allis, Rittal, Menahsa, Fox River Paper, Q3 and RT Bundy are the key local industries. Honda of America in Marysville, KTH in St. Paris, and TruTech north of Urbana are industries outside Urbana that employ our residents.

The Champaign County Chamber of Commerce and the Ohio State Economic Development Department are continuously researching to attract new industries to our industrial area on the south edge of town and our airport, which includes 225 acres for development, that can be a strong tool in attracting the new employer. The City is proud of the fact that three local firms are looking at job expansion in the near future.

2005 Economic Activity and Outlook

Income Tax receipts, the largest single source of revenues, were up 10.6% in 2005, after two years of lower collections. The positive turn in the local economy provided the City the ability to add police and fire personnel that were cut backs in 2001-03. As the City progresses into 2006 the income tax appear flat. The use of an employee health insurance committee has help control health insurance costs with a 0% increase in 2005 and only 4% in 2006. The local economy appears to be slowing, the interest revenues are improving. In addition, the State of Ohio is reducing or limiting growth of revenues that cities in Ohio receive. One of the goals of the City must be to rebuild a comfortable General Fund reserve even with this difficult economy. The aggressive approach to the grants has several projects beginning in 2006.

The Water Fund purchased a new well field early in 2004 to address the water quality issue. One factor in favor of Urbana is the Water and Sewer rates are one of the lowest in the Miami Valley of West Central Ohio.

Several projects were completed and several are planned with the cooperative efforts of the Champaign County offices and City Urbana offices. The new cooperative approach to common problems is providing both entities new and exciting methods to provide our citizens the necessary services. The project that is on going is the Emergency 9-1-1 dispatch center that is expected to handle fire, emergency medical, Police and Sheriff dispatching for the entire county. In the next few months the City and County should finally meet this goal and provide the County residents an improved 9-1-1 emergency system.

Major Initiatives

The City of Urbana has four major projects progressing through 2005 and into 2006. The first project is the City of Urbana East Water Street Reconstruction a \$2.2 million dollar project funded with OWDA, ODOT and local money. The project includes a complete reconstruction with sidewalk decorative lights, new surface, and all utilities. This is the first major upgrade and reconstruction of a City street in thirty years.

The second project is the City and Champaign County creation of a Council of Government to operate a new state of the art 9-1-1 county-wide communication center. The community passed a county wide one mil property tax and the Center should be open in June of 2006.

The third project is in the early stages as the City is researching financial grants and resources to reconstruct East Lawn Avenue. The Project is estimated at \$2.2 million, the City will need significant supporting resources to make the project a reality in the next few years.

The fourth project is on going and adds more to the Simon Kenton Bike Trail with the rehabilitation improvements to the Pennsylvania Rail Depot on Miami Street. The project provides the public a rest area with excess available space in building. The Pennsylvania Railroad Depot and Simon Kenton Trail are great assets to a wonderful community.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The Finance Department is responsible for providing all City financial services including financial accounting and reporting, payroll, accounts payable, disbursement functions, cash and investment management, debt management, budgeting, purchasing, contract administration, utility customer services, income tax administration, and special financial and policy analysis for City management. The Director of Finance supervises the department's operations.

The City utilizes a computerized financial accounting system which includes a system of internal accounting controls. Such controls have been designed and are continually being re-evaluated to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived, and
2. The evaluation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within the above framework, and controls are believed to adequately safeguard assets and to provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained by the adoption of an annual appropriation ordinance and amendments thereto. The annual budget is proposed by the Mayor and enacted by the City Council after public discussion. Prior to the issuance of purchase orders, a corresponding amount of appropriations is reserved by the use of encumbrances for later payment to assure that appropriations will not be overspent. A more detailed explanation of budgetary control is provided in the Notes to the Basic Financial Statements.

RISK MANAGEMENT

The City protects itself from liabilities that arise from unforeseen events through a variety of insurance policies. Outside contractors are required to carry liability coverage while undertaking and completing projects for the City.

The City carries comprehensive vehicle insurance to cover fifty vehicles that are commonly operated on public roadways. The policy coverage provides up to \$250,000 for each individual injury or \$500,000 for each occurrence and up to \$100,000 for property damage, and it includes underinsured or uninsured motorist coverage. All other self-propelled equipment such as mowers and front-end loaders are insured through the City's comprehensive business policy.

The comprehensive business policy provides more than \$17 million of building and property protection as well as \$500,000 of general liability coverage. Both the public official liability and the police officials liability insurance policies provide up to \$1 million coverage per incident and annual aggregate.

The City employees health insurance remains a major financial issue each year. However with the labor contracts now requiring 10% employee contribution and the creation of an employee health insurance committee the renewal in 2004 was only 4% and in 2005 only 5%.

CASH MANAGEMENT

The City of Urbana pools all available cash for maximum investment efficiency and return. All interest from the general pool of City funds is credited to the General Fund. In compliance with Chapter 133 of the Codified Ordinances of the City of Urbana, the investment of proceeds from the gas system sale are invested, and 100 percent of the interest is credited to the General Fund as long as the Supplemental Investment Fund maintains a balance greater than \$150,000. The majority of investments are timed Certificates of Deposit.

Bequests made to the Cemetery Trust Principal Fund must remain permanently in the City's possession. The interest earned can be used for the maintenance of Oak Dale Cemetery, and is credited to the Cemetery Trust Income Fund.

<u>Interest Earnings</u>	
General Fund	\$150,124
Community Development Block Grant Fund	4,674
Supplemental Investment Fund	0
Oak Dale Cemetery Trust Income Trust Fund	4,296
Capital Project Fund (Municipal Court Ordered)	<u>3,012</u>
Total	<u>\$162,106</u>

INDEPENDENT AUDIT

Included in the financial section is the auditors' opinion, which is a significant part of the Comprehensive Annual Financial Report. The financial statements have received an "unqualified opinion" from Kennedy, Cotrell, & Associates indicating that the financial statements are presented fairly and in conformity with generally accepted accounting principles.

ACKNOWLEDGEMENT

The preparation of this report could not have been accomplished on a timely basis without the dedicated efforts of a highly qualified staff. I would like to express my appreciation to all the staff within the Finance Department.

Many other departments and offices also contributed to the preparation of this report. In particular, all division heads provided much assistance in the preparation of fixed asset records and inventory process.

I wish to thank Champaign County Auditor Bonnie M. Warman and her staff for their efforts in obtaining assessment and taxation rates for property taxes, and Champaign County Treasurer Kermit Russell and his staff for information regarding collection of property taxes.

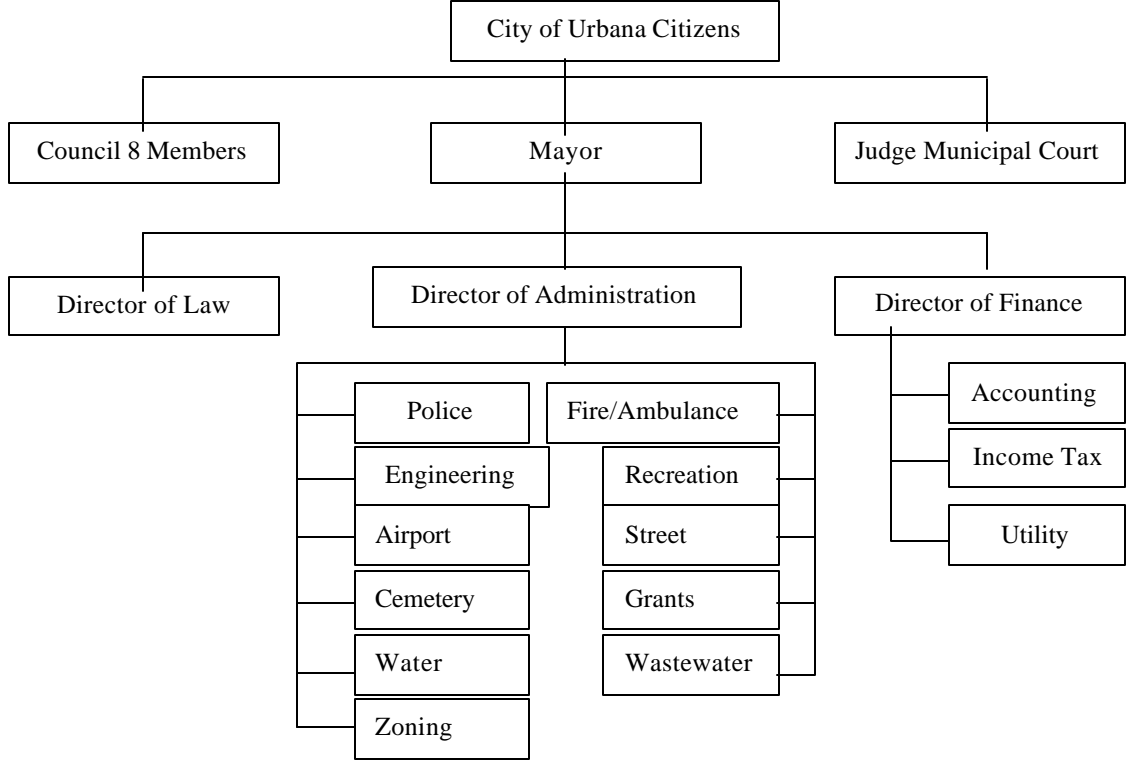
I would also like to acknowledge the staff from Kennedy, Cotrell and Associates Columbus Ohio, for the timely review of the City's financial reports.

Finally, I wish to acknowledge Mayor, the members of the City Council and the Director of Administration, who have supported this effort to achieve excellence in financial reporting.

Respectfully submitted,

Dale R. Miller, Director of Finance, CPA

City of Urbana Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbana,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director

Financial Section





INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Urbana, Ohio

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 Urbana, Champaign County, Ohio (the City) as of and for the year ended December 31, 2005, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof 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 have also issued our report dated June 28, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006

Management Discussion and Analysis (Unaudited)

The management of the City of Urbana provides the following information as an introduction, overview, and analysis of the City's financial statements for the year ended December 31, 2005.

Please read this analysis in conjunction with the City's basic financial statements which begins on page 18. The first two financial statements are government-wide statements that account for all activities of the City. The fund financial statements that follow report activities of the City's major funds in more detail.

Government-wide statements

These statements report on the City as a whole. They are on the accrual basis of accounting, much the same way as private industry.

- *The Statement of Net Assets* This statement reports all assets and liabilities of the City as of December 31, 2005. The difference between total assets and total liabilities is reported as "net assets". Increases in net assets generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.
- *The Statement of Activities* This statement serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City for the year ended December 31, 2005. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available from general sources such as taxes.

Fund financial statements

These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the City of Urbana are the General Fund, Street Maintenance Fund, Capital Improvement Fund, Police & Fire Tax Levy Fund, Perpetual Investment Fund, Water Revenue Fund, Sewer Revenue Fund, and Composting & Mulching Revenue Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds and fiduciary funds.

- *Governmental Funds* Governmental Funds are used to account for "governmental-type" activities". Unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question "Are there more or less resources that can be spent in the near future as a result of events and transactions of the period?" Increases in spendable resources are reported in the operating statement as "revenues" or "other financing sources." Decreases in spendable resources are reported as "expenditures" or "other financing uses." We describe the difference between governmental funds and city-wide governmental activities in the Reconciliation of the statements presented beside the governmental fund financial statements.

The City of Urbana maintains 27 separate governmental funds. The governmental fund financial statements display the governmental funds considered to be major funds. All other governmental funds - "non-major" funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

- *Proprietary Funds* The City of Urbana has only one type of proprietary fund: enterprise funds. Proprietary funds provide similar information as is provided in the government-wide statements only in more detail.

Enterprise Funds- These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises for which 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes. The City of Urbana's Water Revenue Fund, Sewer Revenue Fund, and the Composting & Mulching Revenue Fund are considered to be major funds and are displayed separately in the proprietary fund statement.

- *Fiduciary Funds* Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that for the proprietary funds.
- *Notes to the basic financial statements* the notes provide additional and explanatory data. They are an integral part of the basic financial statements.
- *Required supplementary information* In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI).
- *Supplemental information.* Combining statements for non major governmental funds and budgetary schedules for major funds and non-major funds special revenue funds are presented in the Supplemental Section of this report. These statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

Government-wide summary and analysis

The amount by which the City's assets exceed its liabilities is called net assets. At year-end the City's net assets were \$10.5 million. Of that amount, approximately \$7.1 was invested in capital assets, net of the debt related to those assets. An additional \$1.2 million was restricted for grants and capital projects and the remaining \$2.2 million was unrestricted and available for future use as directed by City Council.

	Net Assets, December 31, 2005 & December 31, 2004					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets:						
Current and Other	\$5,795,404	\$5,991,958	\$1,864,301	\$1,486,071	\$7,659,705	\$7,478,029
Capital Assets	\$9,609,429	\$9,795,855	\$4,622,711	\$4,640,168	\$14,232,140	\$14,436,023
Total Assets	<u>\$15,404,833</u>	<u>\$15,787,813</u>	<u>\$6,487,012</u>	<u>\$6,126,239</u>	<u>\$21,891,845</u>	<u>\$21,914,052</u>
Liabilities:						
Long-Term Liabilities	\$5,267,970	\$5,348,853	\$4,614,768	\$4,946,662	\$9,882,738	\$10,295,515
Other Liabilities	<u>\$1,299,366</u>	<u>\$1,231,665</u>	<u>\$182,792</u>	<u>\$130,690</u>	<u>\$1,482,158</u>	<u>\$1,362,355</u>
Total Liabilities	<u>\$6,567,336</u>	<u>\$6,580,518</u>	<u>\$4,797,560</u>	<u>\$5,077,352</u>	<u>\$11,364,896</u>	<u>\$11,657,870</u>
Net Assets:						
Investment in Capital Assets						
net of Debt	\$6,989,429	\$7,031,035	\$106,522	(\$201,017)	\$7,095,951	\$6,830,018
Restricted for:						
Capital Projects	\$231,724	\$463,784	n/a	n/a	\$231,724	\$463,784
Other	\$1,007,903	\$1,080,478	n/a	n/a	\$1,007,903	\$1,080,478
Unrestricted (restated)	<u>\$608,441</u>	<u>\$631,998</u>	<u>\$1,582,930</u>	<u>\$1,249,904</u>	<u>\$2,191,371</u>	<u>\$1,881,902</u>
Total Net Assets	\$8,837,497	\$9,207,295	\$1,689,452	\$1,048,887	\$10,526,949	\$10,256,182

Changes in Net Assets, year ended December 31, 2005 & December 31, 2004

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues						
Charges for Service	\$ 1,846,157	\$ 2,255,372	\$ 3,371,063	\$ 3,214,823	\$ 5,217,220	\$ 5,470,195
Operating Grants and Contributions	\$ 585,243	\$ 152,831	\$ -	\$ -	\$ 585,243	\$ 152,831
Capital Grants and Contributions	\$ 877,086	\$ 842,992	\$ 126,127	\$ 354,004	\$ 1,003,213	\$ 1,196,996
General Revenues:						
Income Taxes	\$ 4,828,748	\$ 4,247,561	\$ -	\$ -	\$ 4,828,748	\$ 4,247,561
Property Taxes	\$ 667,221	\$ 707,875	\$ -	\$ -	\$ 667,221	\$ 707,875
Other Taxes	\$ 281,614	\$ 331,484	\$ -	\$ -	\$ 281,614	\$ 331,484
Grants&Contributions not restricted	\$ 375,838	\$ 688,799	\$ -	\$ -	\$ 375,838	\$ 688,799
Investment Earning	\$ 150,166	\$ 124,123	\$ -	\$ -	\$ 150,166	\$ 124,123
Miscellaneous	\$ 78,605	\$ 89,179	\$ 12,970	\$ 107,000	\$ 91,575	\$ 196,179
Total Revenues	\$ 9,690,678	\$ 9,440,216	\$ 3,510,160	\$ 3,675,827	\$ 13,200,838	\$ 13,116,043
Expenses						
General Government	\$ 1,989,062	\$ 1,603,012	\$ -	\$ -	\$ 1,989,062	\$ 1,603,012
Public Safety	\$ 4,685,320	\$ 4,885,236	\$ -	\$ -	\$ 4,685,320	\$ 4,885,236
Health	\$ 282,016	\$ 308,315	\$ -	\$ -	\$ 282,016	\$ 308,315
Transportation	\$ 1,859,946	\$ 1,582,314	\$ -	\$ -	\$ 1,859,946	\$ 1,582,314
Community Environment	\$ 630,101	\$ 735,964	\$ -	\$ -	\$ 630,101	\$ 735,964
Leisure Activities	\$ 332,706	\$ 481,627	\$ -	\$ -	\$ 332,706	\$ 481,627
Basic Utilities	\$ 132,590	\$ 128,537	\$ -	\$ -	\$ 132,590	\$ 128,537
Interest on Long-Term Debt	\$ 148,735	\$ 164,376	\$ -	\$ -	\$ 148,735	\$ 164,376
Water	\$ -	\$ -	\$ 1,100,217	\$ 1,284,327	\$ 1,100,217	\$ 1,284,327
Sewer	\$ -	\$ -	\$ 1,769,378	\$ 1,810,374	\$ 1,769,378	\$ 1,810,374
Total Expenses	\$ 10,060,476	\$ 9,889,381	\$ 2,869,595	\$ 3,094,701	\$ 12,930,071	\$ 12,984,082
Increase(decrease) in Net Assets	\$ (369,798)	\$ (449,165)	\$ 640,565	\$ 581,126	\$ 270,767	\$ 131,961
Net Assets January 1	\$ 9,207,295	\$ 8,782,366	\$ 1,048,887	\$ 18,420	\$ 10,256,182	\$ 8,800,786
Prior Period Adjustments	\$ -	\$ 874,094	\$ -	\$ 449,341	\$ -	\$ 1,323,435
Net Assets December 31	\$ 8,837,497	\$ 9,207,295	\$ 1,689,452	\$ 1,048,887	\$ 10,526,949	\$ 10,256,182

Net assets increased by \$ 270,767 during the year. The portion of net assets devoted to capital assets net of related debt increased \$ 265,933 indicating that the net assets available for other purposes increased by \$4,834.

Governmental Activities

Governmental net assets decreased by \$ 369,798. Net assets invested in capital assets net of related debt decreased by \$ 41,606, meaning that the net assets available for other governmental purposes decreased by \$ 328,192. The decrease in the governmental activity fund balances is again largely related to capital outlay. The Capital Improvement Fund and the Federal Aviation Administration grant monies financed the final payment for the runway realignment. The City also has started the Water Street Reconstruction project in the amount of \$94,793.

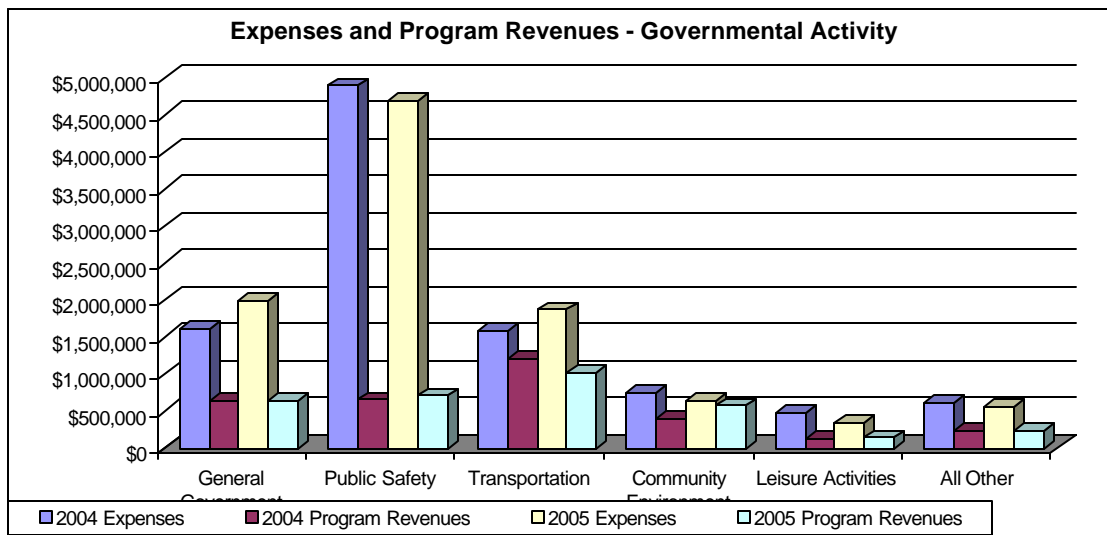
The Statement of Activities reports the expenses of each governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the costs of a program exceeds its program revenues represents the extent to which that program must be subsidized by the general revenues. The following table and graph summarizes the net cost of each program:

Expense and Program Revenue- Governmental Activities
Year Ended December 31, 2005

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>	<u>% Change</u>
General Government	\$1,989,062	\$639,149	\$1,349,913	39.8%
Public Safety	\$4,685,320	\$703,236	\$3,982,084	-6.0%
Transportation	\$1,859,946	\$1,021,257	\$838,689	122.2%
Community Environment	\$630,101	\$569,360	\$60,741	-82.2%
Leisure Activities	\$332,706	\$136,445	\$196,261	-45.3%
All Other	<u>\$563,341</u>	<u>\$239,039</u>	<u>\$324,302</u>	<u>-9.7%</u>
Total Governmental Activities	\$10,060,476	\$3,308,486	\$6,751,990	1.7%

Year Ended December 31, 2004

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>	<u>% Change</u>
General Government	\$1,603,012	\$637,435	\$965,577	10.8%
Public Safety	\$4,885,236	\$649,379	\$4,235,857	9.0%
Transportation	\$1,582,314	\$1,204,929	\$377,385	-62.2%
Community Environment	\$735,964	\$394,362	\$341,602	510.0%
Leisure Activities	\$481,627	\$122,875	\$358,752	107.8%
All Other	<u>\$601,228</u>	<u>\$242,215</u>	<u>\$359,013</u>	<u>19.0%</u>
Total Governmental Activities	<u>\$9,889,381</u>	<u>\$3,251,195</u>	<u>\$6,638,186</u>	<u>5.6%</u>



The largest dollar net program cost increase was Transportation as the depreciation and final payment on the runway extension grant is completed. General Government expenses are related to the engineering office completely staffed, labor attorney fees, and grant administration. Leisure Time net cost increased from significant expense in the pool operation. The Community Development net costs reduced because the grant revenues and expenses for the housing program are closely matched in 2005.

Business-type Activities

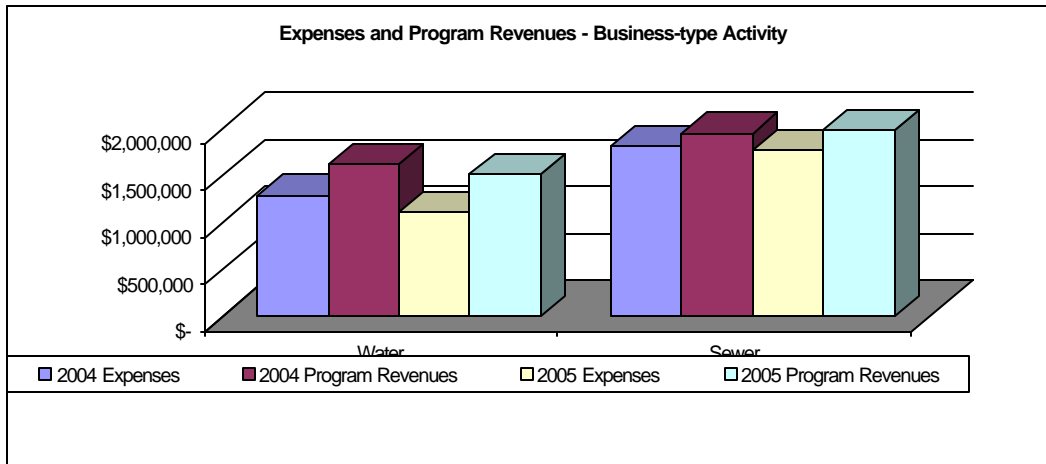
Business-type activities' net assets increased \$640,645. A significant portion of that amount relates to expense in a new well field. The remainder of the increase in net assets was in the unrestricted net assets category. There were no rate increases in 2005 in Water and Sewer, the usage increased significantly. An administrative request in 2005 to begin funding a Storm Water Utility was not passed at the Council level, the administration still believes the storm water utility is necessary and will continue researching possible funding. As previously mentioned and throughout this report, the top priority the City of Urbana is addressing is the well field treatment of the existing wells and a new well field located northwest of Urbana. A GAC System was installed as well as the well field north of Urbana continues forward with expectation to be on line in 2008. The city received grant money in early 2006 to assist in paying expenses related to the well field incurred in 2005. The increase in Business-like Activity fund balances reflects an increase in usage of 4.9% without an increase in rates. Two major project water line and sewer line replacements are scheduled be completed in 2006.

**Expense and Program Revenue- Business-type Activities
for year ended December 31, 2005**

	Expense	Program Revenue	Net Program Cost
Water	\$ 1,100,217	\$ 1,518,672	\$ (418,455)
Sewer	\$ 1,769,378	\$ 1,978,518	\$ (209,140)
Compost & Mulching	\$ -	\$ -	\$ -
Total Business-type Activities	\$ 2,869,595	\$ 3,497,190	\$ (627,595)

for year ended December 31, 2004

	Expense	Program Revenue	Net Program Cost
Water	\$ 1,284,327	\$ 1,609,209	\$ (324,882)
Sewer	\$ 1,810,374	\$ 1,944,923	\$ (134,549)
Compost & Mulching	\$ -	\$ 14,695	\$ (14,695)
Total Business-type Activities	\$ 3,094,701	\$ 3,568,827	\$ (474,126)



Budget Variations

There were only two significant variations from budget:

- 1) The engineering office hired a full-time engineer in 2005.
- 2) The General Fund Non-Departmental paid attorney fees for labor negotiations.

Capital Assets and Debt Administration

Capital Asset Activity

Significant capital activity for the year includes:

- Expenditures of the annual resurfacing street \$218,073.
- The City purchased three police cruisers
- The City has \$350,000 as a portion of the Perpetual Investment Fund for funding of the by-pass project.
- Landfill expenditures are taken from the Capital Improvement Fund to address the environmental issues at the City closed facility. The expenses incurred in 2005 were \$103,078. Early in 2005 the City has change engineers and has a different approach to the landfill which may have a major impact on the City's liability at the landfill.
- The City purchased with grant the Pennsylvania Depot for rehabilitation for \$ 162,614.
- The Water Fund capital needs with the purchase of the new well field, installation of two wells, design the water line from the well field to the existing infrastructure, and design the treatment plant.
- The City is continuing to work on grants to connect the new well field to the system and any treatment if necessary.
- The City settled a lawsuit with ES Wagner for the Airport Runway Expansion
- Additional Capital Asset information can be found in Footnote 1H and Footnote 5.

Debt

Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted debt "net indebtedness may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. Certain debt with a repayment source other than general tax revenues is excluded from the definition of net indebtedness. Under that definition, the City has approximately \$6.39 million of net indebtedness as of December 31, 2005, leaving a legal debt margin for unvoted debt of approximately \$5.47 million.

The City agreed to a land purchase agreement for the north well field for \$400,000, the City paid \$100,000 in 2003 and signed the agreement to pay the balance in quarterly payments of \$25,000 for three years at 2% interest.

During 1995 and 1996 the City upgraded the wastewater treatment plant to a Class A plant financed with Ohio Water Development Authority (OWDA) debt. At the same time the City refinanced General Obligation Debt of 5.75% to 7.0% with OWDA debt with a fixed rate of 4.56%. Capital Project Planning currently projects only three new debt issue in the next five years, the issues would be the new well field, the landfill issues, and a new fire pumper.

A summary of outstanding debt at year-end is as follows:

	Governmental Activities		Business-Type Activities	
	<u>12/31/05</u>	<u>12/31/04</u>	<u>12/31/05</u>	<u>12/31/04</u>
General Obligation Notes/Bonds	\$2,620,000	\$2,731,000	\$1,850,000	\$1,884,000
OWDA & OPWC Loans	\$0	\$0	\$2,655,076	\$3,192,802
Total	\$2,620,000	\$2,731,000	\$4,505,076	\$5,076,802

Additional detailed data for all debt of the City of Urbana is presented in the Notes to the Basic Financial Statement in Note 8 Long-Term Liabilities.

Contacting the City of Urbana Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an overview of the City of Urbana's finances. If you have any questions or need additional financial information, please contact the Finance Office, City of Urbana, 205 S Main Street, Urbana, Ohio 43078. The report is also available on the City of Urbana web site at www.urbanaohio.com/Documents/CAFR.pdf.

CITY OF URBANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals 2005</u>
ASSETS			
Pooled Cash & Investments	\$ 2,972,088	\$ 1,257,387	\$ 4,229,475
Receivables			
Income Tax	\$ 898,911	\$ -	\$ 898,911
Property Tax	\$ 651,035	\$ -	\$ 651,035
Interest	\$ 112,092	\$ -	\$ 112,092
Accounts Receivable	\$ 268,038	\$ 537,921	\$ 805,959
Due from Other Governments	\$ 691,920	\$ -	\$ 691,920
Inventory	\$ 63,849	\$ 68,993	\$ 132,842
Capital Assets			
Equipment and Buildings (Net of Depreciation)	\$ 6,436,223	\$ 2,788,134	\$ 9,224,357
Land	\$ 3,078,413	\$ 911,706	\$ 3,990,119
Work in Progress	\$ 94,793	\$ 911,758	\$ 1,006,551
Bond Issuance Costs	\$ 137,471	\$ 11,113	\$ 148,584
TOTAL ASSETS	<u>\$ 15,404,833</u>	<u>\$ 6,487,012</u>	<u>\$ 21,891,845</u>
LIABILITIES:			
Accounts Payable	\$ 161,218	\$ 120,957	\$ 282,175
Accrued:			
Salaries	\$ 82,291	\$ 12,309	\$ 94,600
Workers' Compensation	\$ 171,072	\$ 26,374	\$ 197,446
Interest Payable	\$ 39,954	\$ 16,389	\$ 56,343
Pension	\$ 183,934	\$ 6,763	\$ 190,697
Deferred Revenues	\$ 613,604	\$ -	\$ 613,604
Non Current Liabilities:			
Due within one-year	\$ 240,830	\$ 839,469	\$ 1,080,299
Due in more than one year	\$ 5,027,140	\$ 3,806,795	\$ 8,833,935
Premuim on Refinanced Bonds	\$ 47,293	\$ -	\$ 47,293
Deferred Amount of Refunding	\$ -	\$ (31,496)	\$ (31,496)
TOTAL LIABILITIES	<u>\$ 6,567,336</u>	<u>\$ 4,797,560</u>	<u>\$ 11,364,896</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	\$ 6,989,429	\$ 106,522	\$ 7,095,951
Restricted for:			
Capital Projects	\$ 231,724	\$ -	\$ 231,724
Cemetery Endowment	\$ 117,321	\$ -	\$ 117,321
Other	\$ 890,582	\$ -	\$ 890,582
Unrestricted	\$ 608,441	\$ 1,582,930	\$ 2,191,371
Total Net Assets	<u>\$ 8,837,497</u>	<u>\$ 1,689,452</u>	<u>\$ 10,526,949</u>
Total Liabilities & Net Assets	<u>\$ 15,404,833</u>	<u>\$ 6,487,012</u>	<u>\$ 21,891,845</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
Public Safety	\$ 4,685,320	\$ 617,350	\$ 85,886	\$ -	\$ (3,982,084)		\$ (3,982,084)
Health	\$ 282,016	\$ 106,449	\$ -	\$ -	\$ (175,567)		\$ (175,567)
Leisure Time	\$ 332,706	\$ 136,445	\$ -	\$ -	\$ (196,261)		\$ (196,261)
Community Development	\$ 630,101	\$ 10,894	\$ -	\$ 558,466	\$ (60,741)		\$ (60,741)
Basic Utilities	\$ 132,590	\$ 132,590	\$ -	\$ -	\$ -		\$ -
Transportation	\$ 1,859,946	\$ 203,280	\$ 499,357	\$ 318,620	\$ (838,689)		\$ (838,689)
General Government	\$ 1,989,062	\$ 639,149	\$ -	\$ -	\$ (1,349,913)		\$ (1,349,913)
Interest on Debt	\$ 148,735	\$ -	\$ -	\$ -	\$ (148,735)		\$ (148,735)
Total Governmental Activities	\$10,060,476	\$ 1,846,157	\$ 585,243	\$ 877,086	\$ (6,751,990)		\$ (6,751,990)
Business-Type Activities:							
Water	\$ 1,100,217	\$ 1,392,545	\$ -	\$ 126,127	\$ 418,455	\$ 418,455	\$ 418,455
Sewer	\$ 1,769,378	\$ 1,978,518	\$ -	\$ -	\$ 209,140	\$ 209,140	\$ 209,140
Compost & Mulching	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities	\$ 2,869,595	\$ 3,371,063	\$ -	\$ 126,127	\$ 627,595	\$ 627,595	\$ 627,595
Total	\$12,930,071	\$ 5,217,220	\$ 585,243	\$ 1,003,213	\$ (6,751,990)	\$ 627,595	\$ (6,124,395)
General Revenues							
Taxes:							
					\$ 4,828,748	\$ -	\$ 4,828,748
					\$ 667,221	\$ -	\$ 667,221
					\$ 281,614	\$ -	\$ 281,614
Other:							
					\$ 150,166	\$ -	\$ 150,166
					\$ 375,838	\$ -	\$ 375,838
					\$ 78,605	\$ 12,970	\$ 91,575
Total General Revenues							
					\$ 6,382,192	\$ 12,970	\$ 6,395,162
					\$ (369,798)	\$ 640,565	\$ 270,767
					\$ 9,207,295	\$ 1,048,887	\$10,256,182
					\$ 8,837,497	\$ 1,689,452	\$10,526,949

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	MAJOR GOVERNMENTAL ACTIVITY FUNDS				
	GENERAL	STREET FUND	POLICE & FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND	PERPETUAL INVESTMENT FUND
ASSETS					
Pooled Cash & Investments	\$ 334,565	\$ 23,469	\$ 94,611	\$ 13,262	\$ 1,727,353
Receivables					
Income Tax	\$ 481,559	\$ -	\$ 192,624	\$ 160,520	\$ -
Property Tax	\$ 532,852	\$ -	\$ -	\$ -	\$ -
Interest	\$ 96,426	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ 189,067	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	\$ 140,024	\$ -	\$ -	\$ (290,024)	\$ -
Due from Other Governments	\$ 346,520	\$ 264,664	\$ -	\$ 54,613	\$ -
Inventory	\$ 12,421	\$ 33,896	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 2,133,434	\$ 322,029	\$ 287,235	\$ (61,629)	\$ 1,727,353
LIABILITIES:					
Accounts Payable	\$ 77,951	\$ 34,948	\$ 1,528	\$ 34,550	\$ -
Accrued:					
Salaries	\$ 59,602	\$ 7,354	\$ 11,349	\$ -	\$ -
Workers' Compensation	\$ 123,816	\$ 14,857	\$ 24,992	\$ -	\$ -
Vacation & Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -
Pension	\$ 141,083	\$ 4,598	\$ 36,201	\$ -	\$ -
Deferred Revenues	\$ 991,786	\$ 161,712	\$ 55,591	\$ 46,326	\$ -
TOTAL LIABILITIES	\$ 1,394,238	\$ 223,469	\$ 129,661	\$ 80,876	\$ -
FUND BALANCE					
Fund Balances (Deficits):					
Reserved for Inventory	\$ 12,421	\$ 33,896	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ -	\$ 24,404	\$ 5,332	\$ 5,977	\$ -
Unreserved, Reported in:					
General Fund	\$ 726,775	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	\$ -	\$ 40,260	\$ 152,242	\$ -	\$ -
Capital Project Fund	\$ -	\$ -	\$ -	\$ (148,482)	\$ 1,727,353
Total Fund Balance & Other Credits	\$ 739,196	\$ 98,560	\$ 157,574	\$ (142,505)	\$ 1,727,353
Total Liabilities, Fund Balance, & Other Credits	\$ 2,133,434	\$ 322,029	\$ 287,235	\$ (61,629)	\$ 1,727,353

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 778,828	\$ 2,972,088
\$ 64,208	\$ 898,911
\$ 118,183	\$ 651,035
\$ 15,666	\$ 112,092
\$ 9,280	\$ 198,347
\$ 69,691	\$ 69,691
\$ 150,000	\$ -
\$ 26,123	\$ 691,920
<u>\$ 17,532</u>	<u>\$ 63,849</u>
<u>\$ 1,249,511</u>	<u>\$ 5,657,933</u>
\$ 12,241	\$ 161,218
\$ 3,986	\$ 82,291
\$ 7,407	\$ 171,072
\$ -	\$ -
\$ 2,052	\$ 183,934
<u>\$ 154,488</u>	<u>\$ 1,409,903</u>
<u>\$ 180,174</u>	<u>\$ 2,008,418</u>
\$ 17,532	\$ 63,849
\$ 5,000	\$ 40,713
\$ -	\$ 726,775
\$ 728,699	\$ 921,201
<u>\$ 318,106</u>	<u>\$ 1,896,977</u>
<u>\$ 1,069,337</u>	<u>\$ 3,649,515</u>
<u>\$ 1,249,511</u>	<u>\$ 5,657,933</u>

CITY OF URBANA
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005

Total governmental fund balances	\$3,649,515
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital Assets used in governmental activities are not financial resources	\$ 9,609,429
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred Revenues	\$796,329
Bond Costs	\$137,471
Premium on Bonds	(47,293)
Long-Term Liabilities are not due and payable in the current period and therefore not reported in the funds:	
Bonds & Notes Payable	(\$2,620,000)
Compensated Absences	(\$868,129)
Unfunded P&F Pension Liability	(\$278,492)
Accrued Interest Long-term Debt	(\$39,954)
Landfill Post Closure Costs	<u>(\$1,501,379)</u>
Net Assets of Governmental Activities	<u>\$8,837,497</u>

CITY OF URBANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2005

	MAJOR GOVERNMENTAL ACTIVITY FUNDS				
	GENERAL	STREET FUND	POLICE &FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND	PERPETUAL INVESTMENT FUND
REVENUES:					
Income Taxes	\$ 2,589,009	\$ -	\$ 1,035,593	\$ 862,983	\$ -
Property Taxes	\$ 558,472	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 852,528	\$ 531,319	\$ 20,138	\$ 204,233	\$ -
Charges for Service	\$ 574,973	\$ -	\$ -	\$ -	\$ -
Fines,Licenses, & Permits	\$ 589,096	\$ -	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ 191,182	\$ 6,080	\$ -	\$ 60,435	\$ -
TOTAL REVENUES	\$ 5,355,260	\$ 537,399	\$ 1,055,731	\$ 1,127,651	\$ -
EXPENDITURES					
Current:					
Public Safety	\$ 3,218,495	\$ -	\$ 1,028,388	\$ -	\$ -
Health	\$ 51,409	\$ -	\$ -	\$ -	\$ -
Leisure Time	\$ 294,473	\$ -	\$ -	\$ -	\$ -
Community Development	\$ 78,058	\$ -	\$ -	\$ -	\$ -
Basic Utilities	\$ 132,590	\$ -	\$ -	\$ -	\$ -
Transportation	\$ 11,895	\$ 665,958	\$ -	\$ -	\$ -
General Government	\$ 1,427,487	\$ -	\$ -	\$ 140,024	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ 919,973	\$ -
Debt Service: Principal	\$ -	\$ -	\$ -	\$ 16,000	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 5,214,407	\$ 665,958	\$ 1,028,388	\$ 1,075,997	\$ -
Excess(Deficiency) of Revenues Over(Under) Expenditures	\$ 140,853	\$(128,559)	\$ 27,343	\$ 51,654	\$ -
OTHER FINANCING SOURCES (USES)					
Transfer In	\$ -	\$ 130,000	\$ -	\$ -	\$ -
Transfer Out	\$ (230,000)	\$ -	\$ -	\$ -	\$ -
Refunding Bonds	\$ -	\$ -	\$ -	\$ 80,000	\$ -
Payment to Refund Bond Escrow	\$ -	\$ -	\$ -	\$ (80,000)	\$ -
Bond Premiim	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	\$ (230,000)	\$ 130,000	\$ -	\$ -	\$ -
Excess(Deficiency) of Revenues and Other Sources Over(Under) Expenditures and Other Uses	\$ (89,147)	\$ 1,441	\$ 27,343	\$ 51,654	\$ -
FUND BALANCE JANUARY 1, 2005 (restated)	\$ 828,343	\$ 97,119	\$ 130,231	\$ (194,159)	\$ 1,727,353
FUND BALANCE DECEMBER 31, 2005	\$ 739,196	\$ 98,560	\$ 157,574	\$ (142,505)	\$ 1,727,353

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 341,163	\$ 4,828,748
\$ 108,749	\$ 667,221
\$ 803,291	\$ 2,411,509
\$ 250,940	\$ 825,913
\$ 131,394	\$ 720,490
\$ 88,004	\$ 345,701
<u>\$ 1,723,541</u>	<u>\$ 9,799,582</u>
\$ 278,153	\$ 4,525,036
\$ 209,206	\$ 260,615
\$ -	\$ 294,473
\$ 545,385	\$ 623,443
\$ -	\$ 132,590
\$ 664,593	\$ 1,342,446
\$ 68,202	\$ 1,635,713
\$ 39,687	\$ 959,660
\$ 235,000	\$ 251,000
\$ 169,825	\$ 169,825
<u>\$ 2,210,051</u>	<u>\$ 10,194,801</u>
\$ (486,510)	\$ (395,219)
\$ 100,000	\$ 230,000
\$ -	\$ (230,000)
\$ 2,395,000	\$ 2,475,000
\$ (2,255,000)	\$ (2,335,000)
\$ 47,293	\$ 47,293
\$ (118,299)	\$ (118,299)
<u>\$ 168,994</u>	<u>\$ 68,994</u>
\$ (317,516)	\$ (326,225)
\$ 1,386,853	\$ 3,975,740
<u>\$ 1,069,337</u>	<u>\$ 3,649,515</u>

CITY OF URBANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2005

Net Change in Fund Balances - Total Governmental Funds (\$326,225)

*Amounts reported for governmental activities in the
statement of activities are different because:*

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

Depreciation	(\$930,353)
Capital Asset Additions	707,022
Work In Progress	94,793
Loss on Disposal of Fixed Assets	(24,068)

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

Premium on Bond Issuance	(\$47,293)
Proceeds from the Refinancing Bonds	(\$140,000)
Deferred Revenues	(49,268)

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

Bond Issuance Cost	118,299
Amortization of Bond Issuance Costs	(\$14,648)

Some expenses reported in the statement of activities do
not require the use of current financial resources and therefore
are not reported as expenditures in governmental funds.

Long Term Police & Fire Pension Liability	\$4,633
Long Term Accrued Vacation and Sick Leave	(\$34,780)
Interest Payable	\$21,090

Change in Net Assets (\$369,796)

CITY OF URBANA, OHIO
BALANCE SHEET OF PROPRIETARY FUNDS
DECEMBER 31, 2005

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>COMPOST & MULCHING REVENUE</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Pooled Cash & Investments	\$ 199,463	\$ 973,866	\$ 84,058	\$ 1,257,387
Accounts Receivables	\$ 209,491	\$ 328,430	\$ -	\$ 537,921
Inventory	\$ 39,793	\$ 29,200	\$ -	\$ 68,993
Total Current Assets	<u>\$ 448,747</u>	<u>\$ 1,331,496</u>	<u>\$ 84,058</u>	<u>\$ 1,864,301</u>
Non-Current Assets				
Capital Assets (Net of Depreciation)	\$ 1,951,012	\$ 1,748,828	\$ -	\$ 3,699,840
Work in Progress	\$ 911,758	\$ -	\$ -	\$ 911,758
Bond Issuance Costs	\$ 2,101	\$ 9,012	\$ -	\$ 11,113
Total Non-Current Assets	<u>\$ 2,864,871</u>	<u>\$ 1,757,840</u>	<u>\$ -</u>	<u>\$ 4,622,711</u>
TOTAL ASSETS	<u>\$ 3,313,618</u>	<u>\$ 3,089,336</u>	<u>\$ 84,058</u>	<u>\$ 6,487,012</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 47,996	\$ 72,961	\$ -	\$ 120,957
Accrued Salaries & Wages	\$ 4,219	\$ 8,090	\$ -	\$ 12,309
Accrued Worker Compensation	\$ 8,680	\$ 17,694	\$ -	\$ 26,374
Accrued Interest Payable	\$ 16,389	\$ -	\$ -	\$ 16,389
Accrued Vacation and Sick Leave	\$ 19,802	\$ 32,005	\$ -	\$ 51,807
Accrued Pension	\$ 2,409	\$ 4,354	\$ -	\$ 6,763
Current portion of Bonds Payable	\$ 479,000	\$ -	\$ -	\$ 479,000
Current portion of Loan Payable	\$ 22,314	\$ 286,347	\$ -	\$ 308,661
Total Current Liabilities	<u>\$ 600,809</u>	<u>\$ 421,451</u>	<u>\$ -</u>	<u>\$ 1,022,260</u>
Non-Current Liabilities				
Accrued Vacation and Sick Leave	\$ 27,125	\$ 62,256	\$ -	\$ 89,381
G.O. Bonds Payable	\$ 1,371,000	\$ -	\$ -	\$ 1,371,000
Loans Payable	\$ 334,710	\$ 2,011,705	\$ -	\$ 2,346,415
Deferred Amount of Refunding	\$ (8,952)	\$ (22,544)	\$ -	\$ (31,496)
Total Non-Current Liabilities	<u>\$ 1,723,883</u>	<u>\$ 2,051,417</u>	<u>\$ -</u>	<u>\$ 3,775,300</u>
TOTAL LIABILITIES	<u>\$ 2,324,692</u>	<u>\$ 2,472,868</u>	<u>\$ -</u>	<u>\$ 4,797,560</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	\$ 655,746	\$ (549,224)	\$ -	\$ 106,522
Unrestricted	\$ 333,180	\$ 1,165,692	\$ 84,058	\$ 1,582,930
Total Net Assets	<u>\$ 988,926</u>	<u>\$ 616,468</u>	<u>\$ 84,058</u>	<u>\$ 1,689,452</u>
TOTAL LIABILITIES & Net Assets	<u>\$ 3,313,618</u>	<u>\$ 3,089,336</u>	<u>\$ 84,058</u>	<u>\$ 6,487,012</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR YEAR ENDING DECEMBER 31, 2005

	WATER REVENUE	SEWER REVENUE	COMPOST & MULCHING REVENUE	TOTAL
OPERATING REVENUES:				
Charges for Services	\$ 1,392,545	\$ 1,978,518	\$ -	\$ 3,371,063
Total Operating Revenue	<u>\$ 1,392,545</u>	<u>\$ 1,978,518</u>	<u>\$ -</u>	<u>\$ 3,371,063</u>
OPERATING EXPENSES:				
Personal Services	\$ 328,893	\$ 612,196	\$ -	\$ 941,089
Contractual Services	\$ 250,834	\$ 416,155	\$ -	\$ 666,989
Supplies & Materials	\$ 28,809	\$ 153,675	\$ -	\$ 182,484
Administrative Fees	\$ 272,694	\$ 203,502	\$ -	\$ 476,196
Depreciation	\$ 149,920	\$ 267,003	\$ -	\$ 416,923
Total Operating Expenses	<u>\$ 1,031,150</u>	<u>\$ 1,652,531</u>	<u>\$ -</u>	<u>\$ 2,683,681</u>
Operating Income	<u>\$ 361,395</u>	<u>\$ 325,987</u>	<u>\$ -</u>	<u>\$ 687,382</u>
NON OPERATING REVENUE & EXPENSES:				
Intergovernmental Revenues	\$ 126,127	\$ -	\$ -	\$ 126,127
Premium on Debt Issue	\$ 12,970	\$ -	\$ -	\$ 12,970
Interest Expenses	\$ (64,655)	\$ (108,089)	\$ -	\$ (172,744)
Other Expenses	\$ (4,412)	\$ (8,758)	\$ -	\$ (13,170)
Total Non Operating Revenues & Expenses	<u>\$ 70,030</u>	<u>\$ (116,847)</u>	<u>\$ -</u>	<u>\$ (46,817)</u>
Change in Net Assets	<u>\$ 431,425</u>	<u>\$ 209,140</u>	<u>\$ -</u>	<u>\$ 640,565</u>
Total Net Assets January 1, 2005 (Restated)	<u>\$ 557,501</u>	<u>\$ 407,328</u>	<u>\$ 84,058</u>	<u>\$ 1,048,887</u>
Total Net Assets December 31, 2005	<u>\$ 988,926</u>	<u>\$ 616,468</u>	<u>\$ 84,058</u>	<u>\$ 1,689,452</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDING DECEMBER 31, 2005

	WATER REVENUE	SEWER REVENUE	COMPOST & MULCHING REVENUE	TOTAL
Cash Flow from Operating Activities:				
Cash Received from Customers	\$ 1,401,790	\$ 2,006,726	\$ -	\$ 3,408,516
Cash Paid to Employee Services	\$ (296,438)	\$ (623,625)	\$ -	\$ (920,063)
Cash Paid to Suppliers	\$ (272,502)	\$ (539,082)	\$ -	\$ (811,584)
Cash Paid to Other Funds	\$ (272,694)	\$ (203,502)	\$ -	\$ (476,196)
Net Cash Provided by Operating Activities	<u>\$ 560,156</u>	<u>\$ 640,517</u>	<u>\$ -</u>	<u>\$ 1,200,673</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Capital Grant	\$ 126,127	\$ -	\$ -	\$ 126,127
Proceeds from Debt	\$ 962,970	\$ -	\$ -	\$ 962,970
Acquisition of Capital Assets	\$ (375,853)	\$ (12,500)	\$ -	\$ (388,353)
Principal Paid on Debt	\$ (1,006,314)	\$ (279,797)	\$ -	\$ (1,286,111)
Interest Paid on Debt	\$ (66,318)	\$ (108,087)	\$ -	\$ (174,405)
Net Cash Flows used for Capital and Related Financing Activities	<u>\$ (359,388)</u>	<u>\$ (400,384)</u>	<u>\$ -</u>	<u>\$ (759,772)</u>
Net Increase (Decrease) Cash and Cash Equivaler	<u>\$ 200,768</u>	<u>\$ 240,133</u>	<u>\$ -</u>	<u>\$ 440,901</u>
Beginning Cash & Cash Equivalents	<u>\$ (1,305)</u>	<u>\$ 733,733</u>	<u>\$ 84,058</u>	<u>\$ 816,486</u>
Ending Cash & Cash Equivalents	<u>\$ 199,463</u>	<u>\$ 973,866</u>	<u>\$ 84,058</u>	<u>\$ 1,257,387</u>
Reconciliation of net operating income to net cash provided by operating activities				
Net operating income	<u>\$ 361,395</u>	<u>\$ 325,987</u>	<u>\$ -</u>	<u>\$ 687,382</u>
Adjustments				
Depreciation	\$ 149,920	\$ 267,003	\$ -	\$ 416,923
Assets & Liabilities				
(Increase)Decrease In Accounts Receivable	\$ 9,245	\$ 28,208	\$ -	\$ 37,453
(Increase)Decrease In Inventory	\$ 7,141	\$ 3,427	\$ -	\$ 10,568
Increase(Decrease) In Accounts Payable	\$ 23,891	\$ 27,321	\$ -	\$ 51,212
Increase(Decrease) In Salaries & Wages	\$ (165)	\$ (1,144)	\$ -	\$ (1,309)
Increase(Decrease) In Workers' Compensation	\$ 1,693	\$ 3,536	\$ -	\$ 5,229
Increase(Decrease) In Vacation & Sick Leave	\$ 7,129	\$ (13,583)	\$ -	\$ (6,454)
Increase(Decrease) In Pension	\$ (93)	\$ (238)	\$ -	\$ (331)
Increase(Decrease) In Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Total Adjustments	<u>\$ 198,761</u>	<u>\$ 314,530</u>	<u>\$ -</u>	<u>\$ 513,291</u>
Net cash provided by operating activities	<u>\$ 560,156</u>	<u>\$ 640,517</u>	<u>\$ -</u>	<u>\$ 1,200,673</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA
STATEMENT OF NET ASSETS - ALL FIDUCIARY FUNDS
AS OF DECEMBER 31, 2005

	AGENCY <u>TOTAL</u>
ASSETS:	
Restricted Cash	\$ <u>159,264</u>
TOTAL ASSETS	\$ <u>159,264</u>
LIABILITIES	
Payable from Restricted Assets	\$ <u>159,264</u>
TOTAL LIABILITIES	\$ <u>159,264</u>

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

1. Summary of Significant Accounting Policies:

A. Reporting Entity

The City of Urbana, Ohio (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1868, and has a Council-Mayor form of government. The City provides the following services: public safety (police and fire), highways and streets, water, sewer, recreation, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 criteria for determining the entity and component units. Under the provisions of GASB Statement No. 14, the City of Urbana is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by generally accepted accounting principles, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2005.

Certain units of local governments, over which the City exercises no authority, such as the Champaign County Library, Champaign County Health District and Ohio Hi-Point Joint Vocational School, are other local governmental and non-profit entities with independent elected officials and are excluded from the accompanying basic financial statements. The City is not a component unit of any other entity.

Other local governmental entities that overlap the City's boundaries are Champaign County and the Urbana City School District. These entities do not meet the reporting entity criteria and, therefore, are not included in the City's financial reports.

B. Basis of Presentation

Government-wide financial statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements distinguish between activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Program revenues include charges paid by the recipients of the goods or services as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business-type segment is self-supporting or relies upon general revenues of the City.

The caption "Invested in Capital assets, net of related debt" consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net assets are reported as restricted when constraints placed upon their use are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use. When both restricted and non-restricted resources are available for use, it is the City's policy to use restricted resources first, then non-restricted resources, as they are needed.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements. All other funds are aggregated and reported as non-major governmental funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the GASB. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). Fund accounting segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with financial related legal and contractual provisions.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The City reports the following major governmental funds:

General Fund - The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

Street Repair and Maintenance Fund - To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Police & Fire Tax Levy Fund - To account for the 3/10% income tax for additional patrolmen and firefighters that the General Fund can not financially support.

Capital Improvement Fund - To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

Perpetual Investment Fund - To account for the proceeds from the sales of the City's Gas Lines in 1982. The Fund currently accounts for monies set aside for the 68 by-pass.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Proprietary (Business-type) Funds

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports the following major proprietary funds:

Water Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Compost & Mulching Fund - Accounts for the operation of the Compost and Mulching facility for grass clippings and tree branches.

Additionally, the City reports the following fund types:

Agency Funds- accounts for fund held simply being in custodial in nature. The funds consist of the Champaign County Municipal Court and the employee supplemental health insurance.

C. Basis of Accounting

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

The modified accrual basis of accounting is used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest of general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines and permits revenues are not susceptible to accrual because they are generally not measurable until received in cash.

The City reports deferred revenues on its governmental funds' balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Because governmental funds' financial statements employ a different measurement focus and basis of accounting than the government-wide statements, governmental funds' financial statements include reconciliations to the government-wide statements.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Proprietary Funds. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Agency Funds. The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. The funds are accounted for using the accrual basis of accounting.

D. Budgets and Budgetary Accounting

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The City must submit a tax budget of estimated cash receipts and disbursements for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31.
- (2) The County Budget Commission certifies its actions by September 1 and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available.
- (3) About January 1, the Certificate is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund will not exceed the amount stated in the initial or amended Certificate.
- (4) A temporary appropriation measure may be passed to control cash disbursements for the period January 1 through March 31. Before April 1, a permanent appropriation measure must be passed for the period January 1 through December 31. The budget identifies specific expenditure amounts by object for each division within each fund.
- (5) Unencumbered appropriations lapse at year end. State Statute provides that no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (6) Several City funds are deemed appropriated by local ordinance or City Charter and are therefore exempt from the budget process. The City adopts budgets for the following governmental funds: General Fund, Street, Police and Fire Income Tax Levy, Airport, Oak Dale Cemetery, Highway, Police and Fire Pension Levy, Supplemental Investment, CDBG Program Income, Cemetery Trust Income, Fire Trust, Fire Safety Trust, and Police Trust.

The Mayor acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures at the object level. Council can amend the budget at functional expense lines, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

While reporting financial position, results of operations and changes in fund balances 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 and disbursements. Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

E. Pooled Cash and Investments

For purposes of the statements of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All investments of the City are recorded at fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools. Cash balances for all City funds, as allowed by law, are pooled and invested to improve cash management. Interest earnings from investments are allocated to the General Fund except for funds derived from contract, trust agreement or City ordinance which require crediting otherwise. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as certificates of deposit are reported at cost.

F. Inventory

Inventory is valued at cost (first-in, first-out). The proprietary funds' inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are offset by a fund balance reserve, which indicates they do not constitute "available spendable resources," and are not available for appropriations.

G. Insurance and Risk

The City of Urbana covers most of its risks of loss through commercial insurance. See Note 12.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Pursuant to GASB Statement No. 34, for all fiscal years beginning after June 15, 2006, the City must retroactively report all infrastructure assets acquired before January 1, 2000. The City expects to accomplish retroactive reporting of infrastructure prior to that deadline.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The City does maintain an asset recording system for all assets.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received. Interest on constructed capital assets is capitalized in the proprietary funds.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Useful Life (Years)</u>
Land improvements	25
Buildings and improvements	25
Machinery and equipment	5 to 20

I. Bond Issuance Costs

Bond issuance costs for proprietary fund types are deferred and amortized over the terms of the bonds using methods that approximate the effective interest method. Issuance costs at year-end amounted to \$148,584 net of accumulated amortization. These costs are included in prepaid costs on the statement of net assets.

J. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which such leave was earned. For governmental fund type employees, an expenditure is recorded in the governmental funds' statements for only the portion of vested vacation and sick leave that is expected to be liquidated with expendable available resources. Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

K. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

L. Reserves and Designations

Reserves are portions of fund equity that are not appropriable for expenditures/expenses or that are legally restricted to a specific future use, or both.

Designations are tentative plans for financial resource use in a future period. Such plans or intentions are subject to change. They may never be legally authorized or result in expenditures.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

M. Grants and Other Intergovernmental Revenues

Federal grants and awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

N. Financial Disclosure

The City has elected to report its financial statements in accordance with statements issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989 unless they are superseded by GASB, as outlined by GASB 20.

O. Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

2. Pooled Cash and Investments:

At December 31, 2005 the carrying values of pooled cash and investments and restricted cash and investments were as follows:

	<u>Carrying Amount</u>
Deposits:	
Demand deposits:	
Interest-bearing, .7% to 3.92%	\$1,029,797
Non-interest bearing	959
Time deposits:	
Money Market/Passbook, 1.8% to 3.92%	
Certificates of deposit, 1.44% to 5.0%	
maturing January 30, 2006	
to December 19, 2007	<u>\$3,357,983</u>
Total pooled cash and investments	<u>\$4,388,739</u>

Deposits & Investments

All deposits are collateralized with eligible securities, as described by the Ohio Revised Code, in amounts equal to at least 110% of the City's carrying value of the deposits (demand and time deposits and certificates of deposit). Such collateral, as permitted by the State of Ohio, is held at the respective depository bank's Federal Reserve Bank, or member bank other than the depository bank, in a pool for the City of Urbana. One institution, in accordance with the Ohio Revised Code, has pledged first mortgages equal to twice the City's deposit for collateral.

The year-end bank balance of all City deposits was \$4,485,291 based on criteria described in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, of the bank balance was covered by:

	FDIC Insured Deposits	\$ 400,000
	Deposits collateralized with securities held by pledging financial institution's agent in the City's name or within a governmental pool.	<u>\$4,085,291</u>
	Total	<u>\$4,485,291</u>

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

3. Income Taxes

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City of Urbana levies a tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay city income tax on income earned outside the City; net of a credit limited to 1% for income taxes paid to other municipalities. In 1992 the City Council ordered mandatory income tax filing.

The tax rate applied in 2005 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992, and is designated to fund fire and police personnel and capital improvement costs.

Twenty-five percent (25%) of all income tax revenues are required to be used for the purpose of financing capital improvements, including debt service charges on notes and bonds issued for capital improvements. This portion of income tax revenues is distributed to the Capital Improvement Fund from which capital improvements and related debt service charges are financed.

Honeywell Inc., Grimes Division, a local manufacturing company, accounted for approximately 12.5% of income tax receipts to the City in 2005 through the remittance of employee payroll withholdings.

4. Property Taxes

Property taxes are levied against all real, public utility and tangible (used in business) property located in the City.

Revenues from property taxes are used by the City pursuant to state statutes for General Fund operations and as a partial provision for payment of accrued police and fire pension costs.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% (10 mills) of assessed value without a vote of the people. Under current procedures, the City's share is 0.330% (3.3 mills) of assessed value.

Real property and public utility taxes collected during 2005 were levied on December 31, 2004 on assessed values listed as of January 1, 2004, the lien date. One-half of these taxes were due on March 10, 2005, with the remaining balance due on July 12, 2005. Public utility lien date was December 31, 2004. Tangible personal property taxes collected during 2005 had levy date of December 31, 2004. One-half of these taxes were due between February 15, 2005, and May 10, 2005, with the remaining balance due on October 11, 2005.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2002. Public utility property taxes are assessed on tangible personal property as well as land and improvements at true value (50% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2005 upon which the 2006 levy will be based is approximately \$215,704,137. The assessed value for 2004 upon which the 2005 levy was based was approximately \$212,655,910.

The Champaign County Treasurer collects property taxes on behalf of all taxing districts, including the City of Urbana. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

5. Capital Assets

A summary of Capital Assets for Governmental Activities, excluding the work in progress, for the year ended December 31, 2005 follows:

	<u>Balance</u> <u>1/1/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2005</u>
Capital Assets not Depreciated				
Land	\$3,094,913	\$0	(\$16,500)	\$3,078,413
Capital Assets being Depreciated				
Building & Improvements	\$11,652,071	\$0	\$0	\$11,652,071
Machinery & Equipment	<u>\$3,604,639</u>	<u>\$707,022</u>	<u>(\$78,039)</u>	<u>\$4,233,622</u>
Total	<u>\$18,351,623</u>	<u>\$707,022</u>	<u>(\$94,539)</u>	<u>\$18,964,106</u>
Less Accumulated Depreciation				
Building & Improvements	\$6,250,191	\$667,356	\$0	\$6,917,547
Machinery & Equipment	<u>\$2,339,397</u>	<u>\$262,997</u>	<u>(\$70,471)</u>	<u>\$2,531,923</u>
Total	<u>\$8,589,588</u>	<u>\$930,353</u>	<u>\$0</u>	<u>\$9,449,470</u>
Net Capital Assets	<u>\$9,762,035</u>			<u>\$9,514,636</u>
Loss/Gain on Disposal of Fixed Assets			<u>(\$24,068)</u>	
Depreciation was Charged to Governmental Activities as follows:				
General Government				\$228,227
Security of Person & Property				\$128,187
Transportation				\$514,305
Health				\$21,401
Community Environment				\$0
Leisure Activities				<u>\$38,233</u>
Total Governmental Activities Depreciation Expense				<u>\$930,353</u>

The requirement to retroactively report general infrastructure assets are not incorporated into this report. Retroactive restatement of general infrastructure assets is not required until the report for the year ending December 31, 2007; however, management intends to comply with this requirement in advance of the due date.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

A summary of business-type activities, excluding Work in Progress, Capital Assets at December 31, 2005 follows:

Enterprise Funds					
Water Revenue Fund					
	<u>1/1/05</u>	<u>Additions</u>	<u>Deletions</u>		<u>12/31/05</u>
Land	\$460,028	\$0		\$0	\$460,028
Buildings	\$10,555,736	\$0		\$0	\$10,555,736
Equipment	\$2,641,401	\$61,270		\$0	\$2,702,671
Total	\$13,657,165	\$61,270		\$0	\$13,718,435
Less Accumulated Depreciation					
on Buildings	\$9,808,145	\$101,406		\$0	\$9,909,551
on Equipment	<u>\$1,809,358</u>	<u>\$48,514</u>		<u>\$0</u>	<u>\$1,857,872</u>
Total Accumulated Depreciation	<u>\$11,617,503</u>	\$149,920		\$0	<u>\$11,767,423</u>
Net Capital Assets	<u>\$2,039,662</u>				<u>\$1,951,012</u>
Sewer Revenue Fund					
	<u>1/1/05</u>	<u>Additions</u>	<u>Deletions</u>		<u>12/31/05</u>
Land	\$451,678	\$0		\$0	\$451,678
Buildings	\$20,317,377	\$12,500		\$0	\$20,329,877
Equipment	<u>\$1,638,939</u>	<u>\$0</u>		<u>\$0</u>	<u>\$1,638,939</u>
Total	\$22,407,994	<u>\$12,500</u>		<u>\$0</u>	\$22,420,494
Less Accumulated Depreciation					
on Buildings	\$18,799,355	\$247,850		\$0	\$19,047,205
on Equipment	<u>\$1,605,308</u>	<u>\$19,153</u>		<u>\$0</u>	<u>\$1,624,461</u>
Total Accumulated Depreciation	\$20,404,663	<u>\$267,003</u>		<u>\$0</u>	\$20,671,666
Net Capital Assets	<u>\$2,003,331</u>				<u>\$1,748,828</u>

6. Defined Benefit Pension Plans:

Both the Ohio Police and Fire Pension Fund and the Public Employees Retirement System are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers". Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund or the Public Employees Retirement System of Ohio (PERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Public Employees Retirement System

The City of Urbana participates in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the City's contribution rate for 2005 was 13.55% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2005, 2004, and 2003 were \$399,415, \$333,187, and \$386,744, respectively. The increase is largely due to PERS requiring monthly payments from the City. Approximately 93% has been contributed for 2005 and 100% has been contributed for 2004 and 2003. The unpaid contribution for 2005 is recorded as a liability in the respective funds.

Ohio Police and Fire Pension Fund

The City of Urbana contributes to the Ohio Police and Fire Pension Fund (OP&F); a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

adjustments, and death benefits to plan member 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 statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2005, 2004 and 2003 were \$543,817, \$524,844, and \$497,618, respectively, equal to the required contribution for each year. Approximately 86% has been contributed for 2005 and 100% has been contributed for 2004 and 2003. The unpaid contribution for 2005 is recorded as a liability in the respective funds.

The City also makes payments to OP&F for its portion of past service cost determined at the time the fund was established in the mid-1930's. As of December 31, 2005, the unfunded liability is payable, including principal and interest, in annual installments for \$16,666 through the year 2035. The principal balance of \$278,492 is accounted for as a non-current liability in the governmental activities column of the Statement of Net Assets. The State of Ohio assumed the liability for past service cost at the time PERS was established.

7. Postemployment Benefits:

A. Public Employees Retirement System

The Public Employees Retirement System (PERS) of Ohio provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55% of covered payroll; 4.0% was the portion that was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

Actuarial Review: The following assumptions and calculations were based on the System's latest Actuarial Review as of December 31, 2004.

Funding Method: An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment assumption rate for 2004 was 8.0%.

Active Employee Total Payroll: An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Health Care: Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The OPEB's are advance-funded on an actuarially determined basis. The following disclosures are required:

The Traditional Pension and Combined Plans has 376,109 active contributing participants as of December 31, 2005. The number of active contributing participants for both plans used in the December 31, 2004, actual valuation was 355,287. The rates are the actuarially determined contribution requirements for OPERS. The portion city contributions that was used to fund post-employment benefits is approximately \$117,907.

The amount of \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2004.

The Actuarial Valuation as of December 31, 2004, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$29.5 billion and \$18.7 billion, respectively.

OPERS Retirement Board Adopts Health Care Preservation Plan:

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such persons. An eligible dependent child is any child under the age of eighteen whether or not he is attending school or under twenty-two if attending full-time or on a 2/3 basis. The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care cost paid from the fund shall be included in the employer's contribution rate. The total police employer contribution is 19.5 percent of covered payroll and the total firemen's employer contribution rate is 24 percent of covered payroll.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The allocation is 7.75% of covered payroll in 2005 and 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The statewide number of participants eligible to receive health care benefits as of December 31, 2004, the date of the last actuarial valuation available, were 13,812 for Police and 10,528 for Firefighters. The City's annual contribution for 2005 that were used to fund postemployment benefits was \$88,724 for police and \$103,467 for firemen. The fund's total health care expenses for the year ending December 31, 2004 was \$102,173,796, which was net of members contributions of \$55,665,341.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

8. Long-Term Liabilities:

The following is a summary of changes during 2005 and yearend balances for governmental activities long-term liabilities of the City for the year ended December 31, 2005:

<u>Governmental Activities</u>	<u>Balance</u> <u>1/1/05</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance</u> <u>12/31/05</u>	<u>Due within</u> <u>One-Year</u>
Municipal Bldg Renovations					
GO Bonds 1995-2015 3.25%-4% Police & Fire Capital Improvement Refinanced	\$2,420,000	\$140,000	\$165,000	\$2,395,000	\$150,000
Fire Appartus					
GO Bonds 1997-2007 4.3%-5.85% Police & Fire Capital Improvement	\$215,000	\$0	\$70,000	\$145,000	\$70,000
Airport Runway Expansion					
GO Bonds 1997-2007 4.3%-5.85% Airport Fund	\$96,000	\$0	\$16,000	\$80,000	\$16,000
Accrued Vacation and Sick Leave					
General Fund	\$605,376	\$59,664	\$0	\$665,040	
Street Maintenance Fund	\$89,738	\$0	\$11,376	\$78,362	
Oak Dale Cemetery Fund	\$14,352	\$1,064	\$0	\$15,416	
Police and Fire Income Tax Levy Fund	\$123,883	\$0	\$14,602	\$109,281	
Landfill Closure Liability	\$1,501,379			\$1,501,379	
*Unfunded P&F Pension Obligation					
Special Revenue Police & Fire Pension	<u>\$283,125</u>	<u>\$0</u>	<u>\$4,633</u>	<u>\$278,492</u>	<u>\$4,830</u>
Total Governmental Activities	<u>\$5,348,853</u>	<u>\$200,728</u>	<u>\$281,611</u>	<u>\$5,267,970</u>	<u>\$240,830</u>
Long-term Liabilities					

*(see footnote 6 last paragraph)

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

The following is a summary of changes during 2005 and year end balances for business-type activities long-term liabilities of the City for the year ended December 31, 2005:

<u>Business-type Activities</u>	Balance 1/1/05	Addition	Reduction	Balance 12/31/05	Due within One-Year
Water Fund:					
GO Bonds 1996-2006 3.8%-4.7% Refinance Waterworks 86	\$165,000	\$0	\$0	\$165,000	\$165,000
GO Bonds 1995-2009 3.9%-5.85% Refinance Waterworks 79	\$565,000	\$0	\$100,000	\$465,000	\$105,000
GO Bonds 1997-2007 4.3%-5.85% Gwynne St Water Tower	\$204,000	\$0	\$34,000	\$170,000	\$34,000
GO Bonds 2006-2015 4%-4.75% Water System Improvements	\$0	\$950,000	\$0	\$950,000	\$75,000
Stadler Property Wellfield Note 2%	\$200,000	\$0	\$100,000	\$100,000	\$100,000
OPWC 0% Interest Loan	\$379,338	\$0	\$22,314	\$357,024	\$22,314
Sewer Fund					
OWDA Loan 1995-2012 4.56% Refinanced 1995 Upgrade	\$1,295,597	\$0	\$163,359	\$1,132,238	\$167,083
OWDA Loan 1995-2015 4.56% N-Viro Project	\$378,211	\$0	\$41,683	\$336,528	\$43,605
OWDA Loan 1996-2016 4.04% N-Viro Project	\$562,391	\$0	\$39,296	\$523,095	\$40,090
OWDA Loan 1996-2016 4.12% N-Viro Project	\$11,648	\$0	\$5,457	\$6,191	\$5,569
OPWC 0% Interest Loan	\$330,000	\$0	\$30,000	\$300,000	\$30,000
Accrued Vacation and Sick Leave	<u>\$147,642</u>	<u>\$0</u>	<u>\$6,454</u>	<u>\$141,188</u>	<u>\$51,808</u>
Total Business-type Activities	\$4,238,827	\$950,000	\$542,563	\$4,646,264	\$839,469
Long-term Liabilities					

The City had one short-term debt issue in the amount of \$750,000 to finance water line projects and meter replacements. The note was issued in November 2004 and matured in November 2005, the city combined the note and a new debt for Water Street and issued as long term debt.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

Annual requirements to pay principal and interest on long-term debt at December 31, 2005 reflected in thousands are:

Governmental Activities

	<u>Fire Appartus</u>		<u>Municipal Bldg</u>		<u>Airport Runway</u>		<u>Total</u>	
	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>
2006	\$ 70	\$ 7	\$ 150	\$ 89	\$ 16	\$ 2	\$ 236	\$ 98
2007	\$ 75	\$ 4	\$ 215	\$ 84	\$ 16	\$ 2	\$ 306	\$ 90
2008	\$ -	\$ -	\$ 225	\$ 77	\$ 16	\$ 2	\$ 241	\$ 79
2009	\$ -	\$ -	\$ 230	\$ 70	\$ 16	\$ 1	\$ 246	\$ 71
2010	\$ -	\$ -	\$ 240	\$ 62	\$ 16	\$ 1	\$ 256	\$ 63
2011-15	\$ -	\$ -	\$ 1,335	\$ 164	\$ -	\$ -	\$ 1,335	\$ 164
2016-term	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 145	\$ 11	\$ 2,395	\$ 546	\$ 80	\$ 8	\$ 2,620	\$ 565

All of these debts are paid from the Capital Project Funds

Business-type Activities

<u>Year Ending</u>	<u>Water</u>		<u>Sewer OWDA & OPWC Loans</u>		<u>Business-Type Activities Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$501	\$80	\$286	\$102	\$787	\$182
2007	\$251	\$63	\$298	\$90	\$549	\$153
2008	\$261	\$52	\$310	\$78	\$571	\$130
2009	\$271	\$41	\$323	\$65	\$594	\$106
2010	\$152	\$29	\$336	\$52	\$488	\$81
2011-2015	\$637	\$76	\$677	\$94	\$1,314	\$170
2016-term	\$134	\$0	\$68	\$2	\$202	\$2
Total	\$2,207	\$341	\$2,298	\$483	\$4,505	\$824

Loans payable to the Ohio Water Development Authority (OWDA) are revenue obligations incurred to help finance sewage treatment plants to be repaid from charges for services.

The Ohio Revised Code provides that the net debt of a municipal corporation whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations of debt are measured by a direct ratio of net debt to tax valuation in terms of a percentage. On December 31, 2005, the City's total net debt amounted to 2.0% of the total assessed value of all property within the City. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with Champaign County and the Urbana City School District. As of December 31, 2005, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

9. Advanced Refunding

On February 1, 1995, the City of Urbana advance-refunded the 1991 Wastewater Treatment Plant Upgrade Bonds with a Ohio Water Department Authority (OWDA) Loan. The City signed a loan agreement for \$2,600,000 from the OWDA to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt, as of December 31, 2005, \$ 1,220,000 was the outstanding balance of this loan. As a result, the refunded bonds are considered defeased and the liability was removed from the Sewer Fund. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 105,661. This difference reported in the accompanying financial statements is being charged to operations through the year 2012 using the effective interest method. The advanced refund was taken to reduce total debt service payments over the remaining 17 years by \$655,522 and to obtain an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$ 414,214. As of December 31, 2005 the debt service requirement to maturity of the defeased bonds was \$1,538,661.

On July 1, 1995, the City issued \$4.885 million in General Obligation Bonds to fund a \$3.6 million municipal building upgrade and advance refund the 1979 Water Mortgage Revenue Bonds. The new bonds with an interest rate of 3.9% to 5.5%, refunded the \$1,545,000 revenue bonds with an average rate of 6.75% as of December 31, 2005 \$580,000 was the outstanding balance of this issue. The net proceeds (after the public safety building proceeds, underwriting fees and other closing costs) of \$1,662,373 plus \$341,172 of the 1979 Revenue Bonds' sinking funds were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the 1979 revenue bonds. As a result, the 1979 revenue bonds are considered to be defeased and the liability for those bonds has been removed from the Water Enterprise fund. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$86,172. This difference, reported in the accompanying financial statements, is being charged to operations through the year 2009 using the effective interest method. The advance refunding reduces its total debt service over the next 14 years by \$655,262 and to obtain an economic gain (difference between present values of the old and new debt service payments) of \$120,593. As of December 31, 2005 the debt service requirement to maturity of the defeased bonds was \$685,000.

On August 1, 2005, the City of Urbana advance-refunded the 1995 Municipal Building Bonds, Airport Runway Realignment Bonds, and the Water Tower Maintenance Bonds, the outstanding balances at December 31, 2004 were \$ 2,420,000, \$ 96,000, and \$ 204,000 respectively. The outstanding balances after the refinancing were \$ 2,395,000, \$ 80,000, and \$ 170,000 respectively. The net proceeds (after the public safety building, airport, and water tower proceeds, underwriting fees and other closing costs) of \$2,619,229 was used to purchase U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt.

10. Contingent Liabilities

The City was a defendant in a number of lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and the City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement or covered by insurance.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

11. Deficit Fund Balance/Net Assets

The following individual fund had deficit fund balances/net assets at December 31, 2005:

Oak Dale Cemetery	\$ 5,505
Probation Grant	\$ 4,136
Capital Improvement Fund	\$142,505

These negative fund balances are primarily the result of accrued liabilities recorded with the application of generally accepted accounting principles. The general fund is responsible for fund deficits, however, transfers are recorded when cash is needed rather than when the accruals occurs.

12. Risk Management:

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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductible.

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$2,000,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation. If the losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the City.

Pep's Financial Statements (most current available and audited by other accountants) conform with generally accepted accounting principles, and reported the following:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	\$16,989,918	\$12,872,985
Retained Earnings	\$13,557,131	\$12,415,113
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	\$544,771	\$792,061
Retained Earnings	\$3,108,199	\$2,366,752

The City pays an annual premium to PEP for this coverage. The agreement provides that PEP will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. Liability had a per-occurrence retention limit of \$500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$2,000,000 per occurrence
Automobile Liability	\$2,000,000 per occurrence
Public Officials Liability	\$2,000,000 per occurrence
Boiler and Machinery	BLANKET COVERAGE
Property	BLANKET COVERAGE

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in the past three years.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

13. Landfill Closure/Post Closure Costs

State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. The City stopped accepting waste at the landfill in 1987. The Ohio EPA approved the final closure and post closure plan in January 1988. With the assistance of Arcadis Engineering, the geological engineers, the \$1,501,379 reported as landfill post closure liability at December 31, 2005, represents the estimated costs to maintain and monitor the landfill through 2018. Actual costs may change due to inflation, changes in technology, or changes in regulations. Arcadis has proposed a different solution, which the City will begin in 2006.

14. Interfund Balances

Interfund Balances at December 31, 2005 consisted of the follow which accounts for the administrative charges for the General Fund assessed the Capital Improvement Fund in compliance with the city financial policies. The liability will be paid in 2006. Supplement Investment advances Capital Improvement Fund in compliance with the City Charter.

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 140,024	\$ -
Capital Improvement	\$ -	\$ 140,024
Supplemental Investment	\$ 150,000	\$ -
Capital Improvement	\$ -	\$ 150,000
Total	<u>\$ 290,024</u>	<u>\$ 290,024</u>

15. Interfund Transfers

Interfund transfers for the year ended December 31, 2005 consisted of the following transfers that the General Fund subsidizes with tax dollars the Street Maintenance Fund and Oak Dale Cemetery Fund. Revenues with these fund do not meet expenditures and therefore are subsidized by the General Fund in compliance with the city financial policies.

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Street Maintenance	\$130,000	
Oak Dale Cemetery	\$100,000	
General Fund		\$230,000

16. Significant Construction Commitments

Early in 2006 the City began the complete reconstruction of Water Street, the project will cost \$3,086,230. It includes fund sources from the Ohio Department of Transportation, Ohio Public Works Commission, Ohio Development Department, the City of Urbana Taxes, Water Revenue, and Sewer Revenue.

Also, early in 2006 the City began installing a new sewer main and upgrading the water line in preparation of the new well field main on West Light Street. The project is being funded by the Water Revenue and Sewer Revenue in the amount of \$ 553,118.

CITY OF URBANA, OHIO
Notes to the Basic Financial Statements
December 31, 2005

17. Restatement of Fund Balances/ Net Assets

Prior period adjustments - Prior period adjustments are the net effect of changes resulting from the correction of an error. Because such amounts are the product of errors from a prior period, they are not properly included as part of the results of operations of the current period, rather are reported as a direct adjustment to beginning fund balance/net assets to restate that amount to what it would have been had the error not occurred.

The City recorded five prior period restatements in fiscal year 2004 as a result of the following:

- Error in accruing compensated absences in the governmental funds;
- Error in accruing revenues in the governmental activities;
- Error in capitalizing assets in the water fund; and
- Error in recording loans payable in the sewer fund.

The effects of these restatements are presented below:

**Governmental Fund
Financial Statements:**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Governmental</u>
Fund Balance, December 31, 2004	\$ 778,473	\$ 76,723	\$ 1,327,492
Compensated absences	49,870	20,396	643
Deferred Revenue	-	-	58,717
Fund Balance, January 1, 2005	<u>\$ 828,343</u>	<u>\$ 97,119</u>	<u>\$ 1,386,852</u>

**Proprietary Fund
Financial Statements:**

	<u>Water</u>	<u>Sewer</u>
Net Assets, December 31, 2004	\$ 343,777	\$ 171,711
Capital Assets	213,724	-
Loans Payable	-	235,617
Net Assets, January 1, 2005	<u>\$ 557,501</u>	<u>\$ 407,328</u>

**Entity-Wide
Financial Statements:**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Assets, December 31, 2004	\$ 8,333,201	\$ 599,546
Deferred Revenue	874,094	-
Capital Assets	-	213,724
Loans Payable	-	235,617
Net Assets, January 1, 2005	<u>\$ 9,207,295</u>	<u>\$ 1,048,887</u>

Required Supplementary Information



City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
General Fund
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Local Taxes	\$2,796,646	\$3,146,646	\$3,153,132	\$6,486
Intergovernmental	\$799,850	\$899,850	\$927,618	\$27,768
Charges for Service	\$365,850	\$465,850	\$470,881	\$5,031
Fines, Licenses & Permits	\$679,500	\$679,500	\$715,128	\$35,628
Investment Income	\$160,000	\$160,000	\$206,215	\$46,215
Miscellaneous & Reimbursements	\$789,100	\$639,100	\$533,599	(\$105,501)
Total Revenues	\$5,590,946	\$5,990,946	\$6,006,573	\$15,627
Expenditures:				
Current:				
General Government				
City Council				
Salaries	\$57,000	\$57,000	\$57,000	\$0
Fringe Benefits	\$10,305	\$10,105	\$10,045	\$60
Contractual/Material	\$2,191	\$2,358	\$1,977	\$381
Total	\$69,496	\$69,463	\$69,022	\$441
Mayor/Administration				
Salaries	\$125,000	\$162,450	\$159,082	\$3,368
Fringe Benefits	\$49,765	\$39,015	\$38,219	\$796
Contractual/Material	\$24,610	\$37,699	\$36,330	\$1,369
Total	\$199,375	\$239,164	\$233,631	\$5,533
Municipal Court				
Salaries	\$356,935	\$392,780	\$390,465	\$2,315
Fringe Benefits	\$129,385	\$133,540	\$133,111	\$429
Contractual/Material	\$60,600	\$60,065	\$59,526	\$539
Total	\$546,920	\$586,385	\$583,102	\$3,283
Engineering				
Salaries	\$134,170	\$129,485	\$124,807	\$4,678
Fringe Benefits	\$46,335	\$46,510	\$39,383	\$7,127
Contractual/Material	\$15,824	\$70,323	\$69,526	\$797
Total	\$196,329	\$246,318	\$233,716	\$12,602
Public Works				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	\$152,052	\$161,367	\$128,460	\$32,907
Total	\$152,052	\$161,367	\$128,460	\$32,907
Finance Accounting				
Salaries	\$141,520	\$142,395	\$141,999	\$396
Fringe Benefits	\$42,405	\$36,930	\$36,583	\$347
Contractual/Material	\$14,845	\$19,445	\$18,687	\$758
Total	\$198,770	\$198,770	\$197,269	\$1,501

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
General Fund
For Year Ended December 31, 2005

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance From Final <u>Budget</u>
Finance Income Tax				
Salaries	\$47,515	\$47,515	\$39,036	\$8,479
Fringe Benefits	\$19,185	\$19,185	\$15,726	\$3,459
Contractual/Material	<u>\$21,013</u>	<u>\$20,921</u>	<u>\$19,681</u>	<u>\$1,240</u>
Total	<u>\$87,713</u>	<u>\$87,621</u>	<u>\$74,443</u>	<u>\$13,178</u>
Law Department				
Salaries	\$65,060	\$65,060	\$63,123	\$1,937
Fringe Benefits	\$35,300	\$34,600	\$24,137	\$10,463
Contractual/Material	<u>\$3,360</u>	<u>\$4,009</u>	<u>\$3,916</u>	<u>\$93</u>
Total	<u>\$103,720</u>	<u>\$103,669</u>	<u>\$91,176</u>	<u>\$12,493</u>
Non-Departmental				
Contractual/Material	<u>\$337,183</u>	<u>\$518,408</u>	<u>\$515,096</u>	<u>\$3,312</u>
Total	<u>\$337,183</u>	<u>\$518,408</u>	<u>\$515,096</u>	<u>\$3,312</u>
Total General Government	<u>\$1,891,558</u>	<u>\$2,211,165</u>	<u>\$2,125,915</u>	<u>\$85,250</u>
Security of Person and Property				
Police Services				
Salaries	\$1,052,350	\$1,032,380	\$1,003,702	\$28,678
Fringe Benefits	\$411,115	\$407,500	\$394,613	\$12,887
Contractual/Material	<u>\$151,657</u>	<u>\$173,852</u>	<u>\$153,606</u>	<u>\$20,246</u>
Total	<u>\$1,615,122</u>	<u>\$1,613,732</u>	<u>\$1,551,921</u>	<u>\$61,811</u>
Fire Services				
Salaries	\$1,088,185	\$1,088,090	\$1,082,203	\$5,887
Fringe Benefits	\$495,610	\$487,125	\$474,350	\$12,775
Contractual/Material	<u>\$51,744</u>	<u>\$60,049</u>	<u>\$54,703</u>	<u>\$5,346</u>
Total	<u>\$1,635,539</u>	<u>\$1,635,264</u>	<u>\$1,611,256</u>	<u>\$24,008</u>
Ambulance Services				
Salaries	\$36,090	\$36,145	\$36,140	\$5
Fringe Benefits	\$9,980	\$9,625	\$9,329	\$296
Contractual/Material	<u>\$39,940</u>	<u>\$49,775</u>	<u>\$33,996</u>	<u>\$15,779</u>
Total	<u>\$86,010</u>	<u>\$95,545</u>	<u>\$79,465</u>	<u>\$16,080</u>
Total Security of P & P	<u>\$3,336,671</u>	<u>\$3,344,541</u>	<u>\$3,242,642</u>	<u>\$101,899</u>
Health				
Contractual/Material	<u>\$51,000</u>	<u>\$50,405</u>	<u>\$50,305</u>	<u>\$100</u>
Total Health	<u>\$51,000</u>	<u>\$50,405</u>	<u>\$50,305</u>	<u>\$100</u>
Leisure Activities				
Recreation Administration				
Salaries	\$43,685	\$47,570	\$45,495	\$2,075
Fringe Benefits	\$18,460	\$17,760	\$17,753	\$7
Contractual/Material	<u>\$3,607</u>	<u>\$6,497</u>	<u>\$6,434</u>	<u>\$63</u>
Total	<u>\$65,752</u>	<u>\$71,827</u>	<u>\$69,682</u>	<u>\$2,145</u>
Recreation Programs				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	<u>\$78,137</u>	<u>\$78,137</u>	<u>\$67,213</u>	<u>\$10,924</u>
Total	<u>\$78,137</u>	<u>\$78,137</u>	<u>\$67,213</u>	<u>\$10,924</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
General Fund
For Year Ended December 31, 2005

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance From Final <u>Budget</u>
Recreation-Pool				
Salaries	\$29,500	\$36,570	\$36,570	\$0
Fringe Benefits	\$5,465	\$5,895	\$5,652	\$243
Contractual/Material	<u>\$38,185</u>	<u>\$47,185</u>	<u>\$46,242</u>	<u>\$943</u>
Total	<u>\$73,150</u>	<u>\$89,650</u>	<u>\$88,464</u>	<u>\$1,186</u>
Recreation Parks				
Salaries	\$30,820	\$33,290	\$33,289	\$1
Fringe Benefits	\$5,610	\$5,925	\$5,698	\$227
Contractual/Material	<u>\$34,172</u>	<u>\$36,244</u>	<u>\$36,120</u>	<u>\$124</u>
Total	<u>\$70,602</u>	<u>\$75,459</u>	<u>\$75,107</u>	<u>\$352</u>
Total Leisure Activities	<u>\$287,641</u>	<u>\$315,073</u>	<u>\$300,466</u>	<u>\$14,607</u>
Community Environment				
Code Enforcement				
Salaries	\$48,835	\$48,835	\$48,835	\$0
Fringe Benefits	\$18,815	\$18,815	\$17,818	\$997
Contractual/Material	<u>\$2,042</u>	<u>\$1,983</u>	<u>\$1,593</u>	<u>\$390</u>
Total Community Environment	<u>\$69,692</u>	<u>\$69,633</u>	<u>\$68,246</u>	<u>\$1,387</u>
Basic Utilities				
Finance Utility Billing				
Salaries	\$75,195	\$75,320	\$75,317	\$3
Fringe Benefits	\$34,420	\$32,000	\$31,393	\$607
Contractual/Material	<u>\$21,540</u>	<u>\$23,765</u>	<u>\$22,854</u>	<u>\$911</u>
Total Basic Utilities	<u>\$131,155</u>	<u>\$131,085</u>	<u>\$129,564</u>	<u>\$1,521</u>
Transportation				
Parking Enforcement				
Salaries	\$8,200	\$8,115	\$6,395	\$1,720
Fringe Benefits	\$1,505	\$1,415	\$1,124	\$291
Contractual/Material	<u>\$450</u>	<u>\$625</u>	<u>\$554</u>	<u>\$71</u>
Total Transportation	<u>\$10,155</u>	<u>\$10,155</u>	<u>\$8,073</u>	<u>\$2,082</u>
Total Expenditures	<u>\$5,777,872</u>	<u>\$6,132,057</u>	<u>\$5,925,211</u>	<u>\$206,846</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$186,926)</u>	<u>(\$141,111)</u>	<u>\$81,362</u>	<u>\$222,473</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>\$285,000</u>	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$0</u>
Total Other Financing Uses	<u>\$285,000</u>	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$0</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	<u>(\$471,926)</u>	<u>(\$371,111)</u>	<u>(\$148,638)</u>	<u>\$222,473</u>
Fund Balance January 1, 2005	<u>\$451,413</u>	<u>\$451,413</u>	<u>\$451,413</u>	
Prior Year Encumbrance	<u>\$25,626</u>	<u>\$25,626</u>	<u>\$25,626</u>	
Fund Balance December 31, 2005	<u>\$5,113</u>	<u>\$105,928</u>	<u>\$328,401</u>	<u>\$222,473</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Street Maintenance Fund
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental Revenues	\$435,000	\$435,000	\$489,515	\$54,515
Miscellaneous & Reimbursements	<u>\$79,500</u>	<u>\$79,500</u>	<u>\$101,955</u>	<u>\$22,455</u>
Total Revenues	<u>\$514,500</u>	<u>\$514,500</u>	<u>\$591,470</u>	<u>\$76,970</u>
Expenditures:				
Current:				
Transportation				
Salaries	\$390,200	\$380,110	\$380,107	\$3
Fringe Benefits	\$168,960	\$157,770	\$147,791	\$9,979
Contractual/Material	<u>\$184,202</u>	<u>\$235,125</u>	<u>\$229,623</u>	<u>\$5,502</u>
Total Transportation	<u>\$743,362</u>	<u>\$773,005</u>	<u>\$757,521</u>	<u>\$15,484</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$228,862)</u>	<u>(\$258,505)</u>	<u>(\$166,051)</u>	<u>\$92,454</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$130,000</u>	<u>(\$100,000)</u>
Total Other Financing Sources	<u>\$230,000</u>	<u>\$230,000</u>	<u>\$130,000</u>	<u>(\$100,000)</u>
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>\$1,138</u>	<u>(\$28,505)</u>	<u>(\$36,051)</u>	<u>(\$7,546)</u>
Fund Balance January 1, 2005	\$10,538	\$10,538	\$10,538	
Prior Year Encumbrances	\$24,577	\$24,577	<u>\$24,577</u>	
Fund Balance December 31, 2005	<u>\$36,253</u>	<u>\$6,610</u>	<u>(\$936)</u>	<u>(\$7,546)</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Police & Fire Income Tax Levy Fund
For Year Ended December 31, 2005

	Original	Final		Variance
	Budget	Budget	Actual	From Final
<u>Revenues:</u>				<u>Budget</u>
Local Taxes	\$855,000	\$955,000	\$1,026,778	\$71,778
Intergovernmental Revenues	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$29,522</u>	<u>(\$20,478)</u>
Total Revenues	<u>\$905,000</u>	<u>\$1,005,000</u>	<u>\$1,056,300</u>	<u>\$51,300</u>
<u>Expenditures:</u>				
Current:				
Security of Persons & Property				
Police Services				
Salaries	\$396,170	\$367,790	\$366,709	\$1,081
Fringe Benefits	\$161,280	\$139,115	\$122,552	\$16,563
Contractual/Material	<u>\$41,715</u>	<u>\$77,890</u>	<u>\$74,828</u>	<u>\$3,062</u>
Total Police Services	<u>\$599,165</u>	<u>\$584,795</u>	<u>\$564,089</u>	<u>\$20,706</u>
Fire Services				
Salaries	\$292,360	\$277,160	\$272,675	\$4,485
Fringe Benefits	\$135,730	\$138,950	\$138,479	\$471
Contractual/Material	<u>\$32,549</u>	<u>\$58,695</u>	<u>\$55,216</u>	<u>\$3,479</u>
Total Fire Services	<u>\$460,639</u>	<u>\$474,805</u>	<u>\$466,370</u>	<u>\$8,435</u>
Total Expenditures	<u>\$1,059,804</u>	<u>\$1,059,600</u>	<u>\$1,030,459</u>	<u>\$29,141</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$154,804)</u>	<u>(\$54,600)</u>	<u>\$25,841</u>	<u>\$80,441</u>
Fund Balance January 1, 2005	\$56,885	\$56,885	\$56,885	
Prior Year Encumbrances	\$6,549	\$6,549	<u>\$6,549</u>	
Fund Balance December 31, 2005	<u>(\$97,919)</u>	<u>\$2,285</u>	<u>\$89,275</u>	<u>\$80,441</u>

The City of Urbana
 Budget Basis of Accounting Adjustments
 GAAP Basis to Budget Basis
 For Year Ended December 31, 2005

	General Fund	Street Maintenance Fund	Police & Fire Tax Fund
GAAP Basis	(\$89,147)	\$1,441	\$27,343
Increase (Decrease)			
Due to Revenues	\$651,313	\$54,071	\$569
Due to Expenditures	(\$646,595)	(\$67,159)	\$3,260
Due to Other Financing Sources and Uses	\$0	\$0	\$0
Prior Year Encumbrances	<u>(\$64,209)</u>	<u>(\$36,051)</u>	<u>(\$5,331)</u>
Budget Basis	<u>(\$148,638)</u>	<u>(\$47,698)</u>	<u>\$25,841</u>

Supplemental Section



GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for revenues from specific sources which legally are restricted to expenditures for specified purposes. A description of those funds follows:

Major Special Revenue Funds:

Street Maintenance and Repair Fund - accounts for the use of state-shared auto license taxes and gasoline taxes as provided in the Ohio Revised Code. These taxes and other resources, including a General Fund subsidy, may be used for general maintenance and repair of city streets, bridges, and traffic equipment.

Police and Fire Income Tax Levy - levy passed by voters in 1992 a 0.4% increase in income tax to fund new hires and capital improvements for the Police and Fire divisions.

Non-Major Special Revenue Funds:

Airport Operation and Maintenance Fund - accounts for the operation and maintenance of the Urbana Municipal Airport/Grimes Field. The revenue is primarily the sale of aviation fuel and hangar rental income. The General Fund subsidizes the operation.

Oak Dale Cemetery Fund - accounts for all financial resources and their uses in operating and maintaining the city's cemetery, excluding capital outlay.

State Highway Fund - accounts for the use of state-shared auto license taxes and gasoline taxes required to be used in maintaining and repairing state highways within the municipal corporation.

Police and Fire Pension Levy - accounts for 0.6 mill property tax authorized by state statute for the payment of current and past Police and Fire Pension liabilities.

Supplemental Investment Fund - accounts for 10% of the interest yielded from invested proceeds of the sale of the city's natural gas line system. In 1989, this fund accumulated \$150,000 of interest. Council designated that this amount of interest shall remain in the fund and all excess interest earned on the gas proceeds, from that point on, shall go to the General Fund. In compliance with Section 133.08 of the City of Urbana Codified Ordinances, the fund shall receive the interest on the fund balance.

Community Development Block Grant (CDBG) Program Income Fund - accounts for revenue generated by completed housing rehabilitation projects. The revenue received is primarily repayment of loans issued to owners of rehabilitated properties and is used to finance other community development projects.

Law Enforcement Fund - accounts for property confiscated and resold as provided by State law.

Mandatory Drug Fine Fund - accounts for mandatory court fine levied in all drug cases, and used for drug investigations as provided by State law.

Indigent Drunk Drivers Fund - accounts for mandatory court fine levied in all drunk-driving cases, and used for law enforcement as provided by State law.

Probation Grant Fund - a grant from the Ohio Department of Corrections to administer probation office for municipal court.

Victims Advocate Fund - a grant from the Attorney General of Ohio to administer assisting victim of crimes for municipal court.

D.A.R.E. Grant- A grant for Drug Abuse Resistance Education from the Attorney General of Ohio.

FAA Airport Plan Grant Fund - accounts for the receipts and expenditures of Federal Aviation Administration grant and city monies for carrying out the Grimes Field Master Expansion Plan.

Community Development Block Grant Community Housing Improvement Program (CDBG CHIP) - makes funds available to assist low and moderate income households for residents of the City of Urbana, which has substandard housing occupied by low and moderate income families who can not afford the costs of home repair and other related difficulties.

FY98 Formula Grant - State money for low and moderate income families for a sewer extension project.

Cemetery Trust Income Fund - accounts for income generated by investment of funds in Cemetery Trust Principal Fund. The income must be used for perpetual care of the cemetery.

Fire Donation Trust Fund – accounts for donations designated for use by the city Fire Division.

Police Donation Trust Fund – accounts for donations designated for use by the city Police Division.

City Beautification Trust Fund – accounts for donations designated for the purchase of trees and shrubs to be planted on city property and right-of-way.

Mausoleum Trust Fund – accounts for 20% of total mausoleum sales to be used to maintain and build mausoleums in Oak Dale Cemetery.

Fire Safety Council Fund – accounts for donations designated for use by the city Fire Division to teach child-related fire safety.

Cemetery Trust Principal Fund - accounts for the donations, which is legally restricted. The interest earnings are reported in the Cemetery Trust Income Fund.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the receipt and disbursement of resources for the purpose of building or acquiring major capital assets.

Major Capital Project Funds:

Capital Improvement Fund - accounts for all financial resources, primarily twenty-five percent (25%) of city income tax receipts, required by city ordinance to be used for acquisition or construction of equipment and capital facilities, excluding those financed by the Water, Sewer, or Grant funds.

Perpetual Investment Fund - accounts for the proceeds from the sale of the city's gas system. The proceeds are currently restricted by ordinance to be retained and invested. The interest earned goes to the General Fund.

Non-Major Capital Project Funds

Police & Fire Capital Project Fund - accounts for 1/10% of additional police & fire equipment and/or project needs.

Municipal Court Improvement Project - accounts for an additional \$5.00 per case levied by the Municipal Court Judge for court improvement needs.

ENTERPRISE FUNDS

Enterprise Funds are established to account for operations where the intention is to finance such operations primarily through user charges. By state statute, Enterprise Funds cannot be profit making operations to the extent of benefiting other operations of the city.

Water Revenue Fund - accounts for the operation of the waterworks distribution system and related expenditures, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Revenue Fund - accounts for the operation of the sanitary sewer system and wastewater treatment plant and related expenditures, including capital improvements and debt service. The operation is financed exclusively by customer user charges.

Composting & Mulching Fund - accounts for a \$1.00 monthly charge on utility bills to finance the the operation of the composting & mulching facility.

AGENCY FUNDS

Agency Funds are used to account for assets held on behalf of other parties.

Health Insurance Fund - accounts for city and employee contributions to be used specifically for the city's health and life insurance programs and flexible benefits plan.

Champaign County Municipal Court Fund - accounts for the fines and costs that the court has on record to be disbursed to the agencies.

CITY OF URBANA
 COMBINING BALANCE SHEET
 NON MAJOR FUNDS
 AS OF DECEMBER 31,2005

ASSETS	AIRPORT FUND	STATE HIGHWAY	CEMETERY FUND	P&F PENSION	SUPPLE. INVEST.	CDBG	LAW ENFORCE	DRUG FINE	INDIGENT DRIVER	PROBATION GRANTS	VICTIMS ADVOCATE GRANT	FAA AIRPORT GRANT	CDBG CHIP GRANT
Pooled Cash & Investments	\$ 16,082	\$ 6,859	\$ 8,205	\$ 9,373	\$ 167,432	\$ 61,245	\$ 33,897	\$ 2,512	\$ 29,859	\$ 119	\$ 1,908	\$ 7,219	\$ 85
Receivables:													
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ -	\$ -	\$ -	\$ 118,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ 14,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Funds	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Governments	\$ -	\$ 21,460	\$ -	\$ 4,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ 17,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 33,614	\$ 28,319	\$ 8,205	\$ 132,219	\$ 332,002	\$ 130,936	\$ 33,897	\$ 2,512	\$ 29,859	\$ 119	\$ 1,908	\$ 7,219	\$ 85
LIABILITIES:													
Accounts Payable	\$ 3,608	\$ -	\$ 6,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943	\$ 16	\$ -	\$ -
Accrued:													
Salaries	\$ -	\$ -	\$ 2,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 818	\$ 298	\$ -	\$ -
Workers' Compensation	\$ -	\$ -	\$ 3,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,997	\$ 635	\$ -	\$ -
Vacation & Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension	\$ -	\$ -	\$ 1,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497	\$ 8	\$ -	\$ -
Deferred Revenues	\$ -	\$ 13,112	\$ -	\$ 122,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ 3,608	\$ 13,112	\$ 13,710	\$ 122,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,255	\$ 957	\$ -	\$ -
FUND BALANCE													
Fund Balances (Deficits):													
Reserved for Inventory	\$ 17,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:													
Special Revenue Funds	\$ 12,474	\$ 15,207	\$ (5,505)	\$ 9,373	\$ 332,002	\$ 127,730	\$ 33,897	\$ 2,512	\$ 29,859	\$ (4,136)	\$ 951	\$ 7,219	\$ 85
Capital Project Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balance	\$ 30,006	\$ 15,207	\$ (5,505)	\$ 9,373	\$ 332,002	\$ 130,936	\$ 33,897	\$ 2,512	\$ 29,859	\$ (4,136)	\$ 951	\$ 7,219	\$ 85
Total Fund Balance	\$ 30,006	\$ 15,207	\$ (5,505)	\$ 9,373	\$ 332,002	\$ 130,936	\$ 33,897	\$ 2,512	\$ 29,859	\$ (4,136)	\$ 951	\$ 7,219	\$ 85
Total Liabilities, Fund Balance, & Other Credits	\$ 33,614	\$ 28,319	\$ 8,205	\$ 132,219	\$ 332,002	\$ 130,936	\$ 33,897	\$ 2,512	\$ 29,859	\$ 119	\$ 1,908	\$ 7,219	\$ 85

CITY OF URBANA
 COMBINING BALANCE SHEET
 NON MAJOR FUNDS
 AS OF DECEMBER 31,2005

ASSETS	FORMULA GRANT	DARE GRANT	CEMETERY TRUST INCOME	FIRE DONATION TRUST	FIRE SAFETY TRUST	POLICE DONATION TRUST	CITY BEAUTIFICATION TRUST	MAUSOLEUM TRUST	CEMETERY PERPETUAL TRUST	CAPITAL POLICE & FIRE FUND	MUNICIPAL COURT PROJECT	TOTAL
Pooled Cash & Investments	\$ 5,663	\$ 752	\$ 30,343	\$ 6,695	\$ 395	\$ 1,850	\$ 22,938	\$ 99,785	\$ 86,382	\$ 120,743	\$ 58,487	\$ 778,828
Receivables:												
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,280	\$ 9,280
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,183
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,208	\$ -	\$ 64,208
Interest	\$ -	\$ -	\$ 1,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,666
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,691
Due from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Due from other Governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,123
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,532
TOTAL ASSETS	\$ 5,663	\$ 752	\$ 31,439	\$ 6,695	\$ 395	\$ 1,850	\$ 22,938	\$ 99,785	\$ 86,382	\$ 184,951	\$ 67,767	\$ 1,249,511
LIABILITIES:												
Accounts Payable	\$ -	\$ -	\$ 500	\$ 192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 12,241
Accrued:												
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684	\$ 3,986
Workers' Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,390	\$ 7,407
Vacation & Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371	\$ 2,052
Deferred Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,530	\$ -	\$ 154,488
TOTAL LIABILITIES	\$ -	\$ -	\$ 500	\$ 192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,530	\$ 2,464	\$ 180,174
NET ASSETS												
Restricted for:												
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,532
Encumbrance	\$ -	\$ -	\$ -	\$ 1,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Unreserved, Reported in:												
Special Revenue Funds	\$ 5,663	\$ 752	\$ 30,939	\$ 4,709	\$ 395	\$ 1,850	\$ 22,938	\$ 99,785	\$ -	\$ -	\$ -	\$ 728,699
Capital Project Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,382	\$ 166,421	\$ 65,303	\$ 318,106
Total Fund Balance	<u>\$ 5,663</u>	<u>\$ 752</u>	<u>\$ 30,939</u>	<u>\$ 6,503</u>	<u>\$ 395</u>	<u>\$ 1,850</u>	<u>\$ 22,938</u>	<u>\$ 99,785</u>	<u>\$ 86,382</u>	<u>\$ 166,421</u>	<u>\$ 65,303</u>	<u>\$ 1,046,805</u>
Total Fund Balance	\$ 5,663	\$ 752	\$ 30,939	\$ 6,503	\$ 395	\$ 1,850	\$ 22,938	\$ 99,785	\$ 86,382	\$ 166,421	\$ 65,303	\$ 1,069,337
Total Liabilities, Fund Balance, & Other Credits	<u>\$ 5,663</u>	<u>\$ 752</u>	<u>\$ 31,439</u>	<u>\$ 6,695</u>	<u>\$ 395</u>	<u>\$ 1,850</u>	<u>\$ 22,938</u>	<u>\$ 99,785</u>	<u>\$ 86,382</u>	<u>\$ 184,951</u>	<u>\$ 67,767</u>	<u>\$ 1,249,511</u>

CITY OF URBANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS
 FOR YEAR ENDED DECEMBER 31, 2005

	AIRPORT FUND	STATE HIGHWAY	CEMETERY FUND	P&F PENSION	SUPPLE. INVEST.	CDBG	LAW ENFORCE	DRUG FINE	INDIGENT DRIVER	PROBATION GRANT	VICTIMS ADVOCATE GRANT	FAA AIRPORT GRANT	CDBG C HIP GRANT
REVENUES													
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ 108,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	\$ -	\$ 48,038	\$ -	\$ 11,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,848	\$ 16,566	\$ 318,620	\$ 221,046
Charges for Services	\$ 145,916	\$ -	\$ 99,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,651	\$ 978	\$ 6,289	\$ 9,000	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ 51,858	\$ -	\$ 1,425	\$ -	\$ 7,526	\$ 10,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 197,774	\$ 48,038	\$ 100,519	\$ 120,588	\$ 7,526	\$ 10,894	\$ 9,651	\$ 978	\$ 6,289	\$ 57,848	\$ 16,566	\$ 318,620	\$ 221,046
EXPENDITURES (CURRENT)													
Public Safety	\$ -	\$ -	\$ -	\$ 142,191	\$ -	\$ -	\$ 6,506	\$ -	\$ 13,500	\$ 76,575	\$ 16,912	\$ -	\$ -
Health	\$ -	\$ -	\$ 209,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,345	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319,703
Transportation	\$ 200,999	\$ 41,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,094	\$ -
General Government	\$ -	\$ -	\$ -	\$ 2,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 200,999	\$ 41,500	\$ 209,206	\$ 145,000	\$ -	\$ 93,345	\$ 6,506	\$ -	\$ 13,500	\$ 76,575	\$ 16,912	\$ 422,094	\$ 319,703
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ (3,225)	\$ 6,538	\$ (108,687)	\$ (24,412)	\$ 7,526	\$ (82,451)	\$ 3,145	\$ 978	\$ (7,211)	\$ (18,727)	\$ (346)	\$ (103,474)	\$ (98,657)
OTHER FINANCING SOURCES(USES)													
Operating Transfer In	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment to Refund Bond Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER SOURCES(USES)	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess(Deficiency) of Revenues & Sources Over (Under) Expenditures & Uses	\$ (3,225)	\$ 6,538	\$ (8,687)	\$ (24,412)	\$ 7,526	\$ (82,451)	\$ 3,145	\$ 978	\$ (7,211)	\$ (18,727)	\$ (346)	\$ (103,474)	\$ (98,657)
FUND BALANCE JANUARY 1 (restated)	\$ 33,231	\$ 8,669	\$ 3,182	\$ 33,785	\$ 324,476	\$ 213,387	\$ 30,752	\$ 1,534	\$ 37,070	\$ 14,591	\$ 1,297	\$ 110,693	\$ 98,742
FUND BALANCE DECEMBER 31	\$ 30,006	\$ 15,207	\$ (5,505)	\$ 9,373	\$ 332,002	\$ 130,936	\$ 33,897	\$ 2,512	\$ 29,859	\$ (4,136)	\$ 951	\$ 7,219	\$ 85

CITY OF URBANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS
 FOR YEAR ENDED DECEMBER 31, 2005

	FORMULA GRANT	DARE GRANT	CEMETERY TRUST INCOME	FIRE DONATION TRUST	FIRE SAFETY TRUST	POLICE DONATION TRUST	CITY BEAUTIFICATION TRUST	MAUSOLEUM TRUST	CEMETERY PERPETUAL TRUST	CAPITAL POLICE & FIRE FUND	MUNICIPAL COURT PROJECT	TOTAL
REVENUES												
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,163	\$ -	\$ 341,163
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,749
Intergovernmental Revenues	\$ 138,000	\$ 334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 803,291
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,930	\$ -	\$ -	\$ -	\$ 250,940
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,476	\$ 131,394
Miscellaneous including Interest	\$ -	\$ -	\$ 3,035	\$ 5,237	\$ 500	\$ -	\$ 523	\$ -	\$ 1,000	\$ 3,092	\$ 2,914	\$ 88,004
TOTAL REVENUES	\$ 138,000	\$ 334	\$ 3,035	\$ 5,237	\$ 500	\$ -	\$ 523	\$ 5,930	\$ 1,000	\$ 344,255	\$ 108,390	\$ 1,723,541
EXPENDITURES (CURRENT)												
Public Safety	\$ -	\$ -	\$ -	\$ 19,018	\$ 3,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,153
Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,206
Community Development	\$ 132,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545,385
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 664,593
General Government	\$ -	\$ -	\$ 13,228	\$ -	\$ -	\$ -	\$ 379	\$ -	\$ -	\$ -	\$ 51,786	\$ 68,202
Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,445	\$ -	\$ 26,242	\$ 39,687
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,876	\$ -	\$ 28,124	\$ 235,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,394	\$ -	\$ 24,431	\$ 169,825
TOTAL EXPENDITURES	\$ 132,337	\$ -	\$ 13,228	\$ 19,018	\$ 3,451	\$ -	\$ 379	\$ -	\$ -	\$ 365,715	\$ 130,583	\$ 2,210,051
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ 5,663	\$ 334	\$ (10,193)	\$ (13,781)	\$ (2,951)	\$ -	\$ 144	\$ 5,930	\$ 1,000	\$ (21,460)	\$ (22,193)	\$ (486,510)
OTHER FINANCING SOURCES(USES)												
Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Operating Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,395,000	\$ -	\$ 2,395,000
Payment to Refund Bond Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,255,000)	\$ -	\$ (2,255,000)
Bond Premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,293	\$ -	\$ 47,293
Bond Issuance Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (118,299)	\$ -	\$ (118,299)
TOTAL OTHER SOURCES(USES)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,994	\$ -	\$ 168,994
Excess(Deficiency) of Revenues & Sources Over (Under) Expenditures & Uses	\$ 5,663	\$ 334	\$ (10,193)	\$ (13,781)	\$ (2,951)	\$ -	\$ 144	\$ 5,930	\$ 1,000	\$ 47,534	\$ (22,193)	\$ (317,516)
FUND BALANCE JANUARY 1 (restated)	\$ -	\$ 418	\$ 41,132	\$ 20,284	\$ 3,346	\$ 1,850	\$ 22,794	\$ 93,855	\$ 85,382	\$ 118,887	\$ 87,496	\$ 1,386,853
FUND BALANCE DECEMBER 31	\$ 5,663	\$ 752	\$ 30,939	\$ 6,503	\$ 395	\$ 1,850	\$ 22,938	\$ 99,785	\$ 86,382	\$ 166,421	\$ 65,303	\$ 1,069,337

CITY OF URBANA
 COMBINING STATEMENT OF ASSETS - ALL FIDUCIARY FUNDS
 AS OF DECEMBER 31, 2005

	<u>HEALTH INSURANCE</u>	<u>MUNICIPAL COURT</u>	<u>AGENCY TOTAL</u>
ASSETS:			
Restricted Cash	\$ <u>19,759</u>	\$ <u>139,505</u>	\$ <u>159,264</u>
TOTAL ASSETS	\$ <u>19,759</u>	\$ <u>139,505</u>	\$ <u>159,264</u>
LIABILITIES			
Accounts Payables	\$ -	\$ -	\$ -
Payable from Restricted Assets	\$ <u>19,759</u>	\$ <u>139,505</u>	\$ <u>159,264</u>
TOTAL LIABILITIES	\$ <u>19,759</u>	\$ <u>139,505</u>	\$ <u>159,264</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
<u>State Highway Fund</u>				
Revenues:				
Intergovernmental	\$ 38,000	\$ 38,000	\$ 39,690	\$ 1,690
Total Revenues	\$ 38,000	\$ 38,000	\$ 39,690	\$ 1,690
<u>Other Financing Uses</u>				
Operating Transfer Out	\$ 31,500	\$ 41,500	\$ 41,500	\$ -
Total Other Uses	\$ 31,500	\$ 41,500	\$ 41,500	\$ -
Excess of Revenues Over/(Under) Expenditures	\$ 6,500	\$ (3,500)	\$ (1,810)	\$ 1,690
Fund Balance January 1, 2005	\$ 8,669	\$ 8,669	\$ 8,669	
Fund Balance December 31, 2005	\$ 15,169	\$ 5,169	\$ 6,859	\$ 1,690

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
<u>Airport Operation & Maintenance Fund</u>				
Revenues:				
Charges for Service	\$100,000	\$ 147,500	\$ 145,916	\$ (1,584)
Miscellaneous & Reimbursements	\$37,500	\$ 37,500	\$ 51,858	\$ 14,358
Total Revenues	\$ 137,500	\$ 185,000	\$ 197,774	\$ 12,774
Expenditures:				
Transportation				
Salaries	\$ 16,250	\$ 16,250	\$ 16,229	\$ 21
Contractual/Material	\$ 133,680	\$ 203,596	\$ 201,672	\$ 1,924
Total Transportation	\$ 149,930	\$ 219,846	\$ 217,901	\$ 1,945
Total Expenditures	\$ 149,930	\$ 219,846	\$ 217,901	\$ 1,945
Excess of Revenues Over/(Under) Expenditures	\$ (12,430)	\$ (34,846)	\$ (20,127)	\$ 14,719
Fund Balance January 1, 2005	\$ 35,736	\$ 35,736	\$ 35,736	
Prior Year Encumbrances			\$ 215	
Fund Balance December 31, 2005	\$ 23,306	\$ 890	\$ 15,824	\$ 14,719

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

<u>Oak Dale Cemetery Fund</u>	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
<u>Revenues:</u>				<u>Budget</u>
Charges for Service	\$ 98,000	\$ 98,000	\$ 99,094	\$ 1,094
Miscellaneous & Reimbursements	\$ 500	\$ 500	\$ 1,425	\$ 925
Total Revenues	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 100,519</u>	<u>\$ 2,019</u>
 <u>Expenditures:</u>				
<u>Health</u>				
Salaries	\$ 119,475	\$ 106,080	\$ 86,597	\$ 19,483
Fringe Benefits	\$ 51,500	\$ 44,345	\$ 35,037	\$ 9,308
Contractual/Material	<u>\$ 73,058</u>	<u>\$ 91,159</u>	<u>\$ 85,459</u>	<u>\$ 5,700</u>
Total Health	<u>\$ 244,033</u>	<u>\$ 241,584</u>	<u>\$ 207,093</u>	<u>\$ 34,491</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (145,533)</u>	<u>\$ (143,084)</u>	<u>\$ (106,574)</u>	<u>\$ 36,510</u>
 <u>Other Financing Sources (Uses)</u>				
Operating Transfers In	<u>\$ 120,000</u>	<u>\$ 135,000</u>	<u>\$ 100,000</u>	<u>\$ (35,000)</u>
Total Other Financing Sources	<u>\$ 120,000</u>	<u>\$ 135,000</u>	<u>\$ 100,000</u>	<u>\$ (35,000)</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	<u>\$ (25,533)</u>	<u>\$ (8,084)</u>	<u>\$ (6,574)</u>	<u>\$ 1,510</u>
Fund Balance January 1, 2005	\$ 10,833	\$ 10,833	\$ 10,833	\$ -
Prior Year Encumbrances			<u>\$ 2,114</u>	
Fund Balance December 31, 2005	<u>\$ (14,700)</u>	<u>\$ 2,749</u>	<u>\$ 6,373</u>	<u>\$ 3,624</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

<u>Police and Fire Pension Levy Fund</u>	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
<u>Revenues:</u>				<u>Budget</u>
Local Taxes	<u>\$ 121,400</u>	<u>\$ 121,400</u>	<u>\$ 129,444</u>	<u>\$ 8,044</u>
Total Revenues	<u>\$ 121,400</u>	<u>\$ 121,400</u>	<u>\$ 129,444</u>	<u>\$ 8,044</u>
 <u>Expenditures:</u>				
General Government	\$ 2,100	\$ 2,809	\$ 2,809	\$ -
 <u>Other Financing Uses</u>				
Operating Transfer Out	<u>\$ 117,900</u>	<u>\$ 142,191</u>	<u>\$ 142,191</u>	<u>\$ -</u>
Total Expenditures & Uses	<u>\$ 120,000</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ -</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 1,400</u>	<u>\$ (23,600)</u>	<u>\$ (15,556)</u>	<u>\$ 8,044</u>
Fund Balance January 1, 2005	\$ 24,929	\$ 24,929	\$ 24,929	
Prior Year Encumbrances			<u>\$ -</u>	<u>\$ -</u>
Fund Balance December 31, 2005	<u>\$ 26,329</u>	<u>\$ 1,329</u>	<u>\$ 9,373</u>	<u>\$ 8,044</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

<u>Supplemental Investment Fund</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest Income	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Total Revenues	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (6,000)</u>
Other Financing Uses				
Operating Transfer Out	\$ -	\$ 150,000	\$ 150,000	\$ -
Total Other Uses	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
Excess of Revenues Over/(Under) Expenditures	\$ 6,000	\$ (144,000)	\$ (150,000)	\$ (6,000)
Fund Balance January 1, 2005	\$ 317,432	\$ 317,432	\$ 317,432	
Prior Year Encumbrances			\$ -	\$ -
Fund Balance December 31, 2005	<u>\$ 323,432</u>	<u>\$ 173,432</u>	<u>\$ 167,432</u>	<u>\$ (6,000)</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

<u>CDBG Program Income</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 23,854	\$ 13,854
Total Revenues	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 23,854</u>	<u>\$ 13,854</u>
Expenditures:				
Community Environment	\$ 194,884	\$ 96,555	\$ 96,552	\$ 3
Total Expenditures	<u>\$ 194,884</u>	<u>\$ 96,555</u>	<u>\$ 96,552</u>	<u>\$ 3</u>
Excess of Revenues Over/(Under) Expenditures	\$ (184,884)	\$ (86,555)	\$ (72,698)	\$ 13,857
Fund Balance January 1, 2005	\$ 25,005	\$ 25,005	\$ 25,005	
Prior Year Encumbrances			\$ 92,442	
Fund Balance December 31, 2005	<u>\$ (159,879)</u>	<u>\$ (61,550)</u>	<u>\$ 44,749</u>	<u>\$ 13,857</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

<u>Cemetery Trust Income Fund</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest Income	\$ 2,000	\$ 2,000	\$ 4,296	\$ 2,296
Total Revenues	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 4,296</u>	<u>\$ 2,296</u>
Expenditures				
General Government	\$ 4,000	\$ 18,500	\$ 17,326	\$ 1,174
Total Expenditures	<u>\$ 4,000</u>	<u>\$ 18,500</u>	<u>\$ 17,326</u>	<u>\$ 1,174</u>
Excess of Revenues Over/(Under) Expenditures	\$ (2,000)	\$ (16,500)	\$ (13,030)	\$ 3,470
Fund Balance January 1, 2005	\$ 38,775	\$ 38,775	\$ 38,775	
Fund Balance December 31, 2005	<u>\$ 36,775</u>	<u>\$ 22,275</u>	<u>\$ 25,745</u>	<u>\$ 3,470</u>

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
<u>Fire Donation Trust Fund</u>				
Revenues:				
Miscellaneous Donations	\$ 5,000	\$ 5,000	\$ 5,237	\$ 237
Total Revenues	\$ 5,000	\$ 5,000	\$ 5,237	\$ 237
Expenditures:				
Public Safety	\$ 15,567	\$ 21,773	\$ 21,127	\$ 646
Total Expenditures	\$ 15,567	\$ 21,773	\$ 21,127	\$ 646
Excess of Revenues Over/(Under) Expenditures	\$ (10,567)	\$ (16,773)	\$ (15,890)	\$ 883
Fund Balance January 1, 2005	\$ 20,033	\$ 20,033	\$ 20,033	
Prior Year Encumbrances			\$ 567	
Fund Balance December 31, 2005	\$ 9,466	\$ 3,260	\$ 4,710	\$ 883

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
<u>Fire Safety Council Fund</u>				
Revenues:				
Miscellaneous Donations	\$ 500	\$ 1,000	\$ 500	\$ (500)
Total Revenues	\$ 500	\$ 1,000	\$ 500	\$ (500)
Expenditures				
Public Safety	\$ 4,000	\$ 4,345	\$ 3,451	\$ 894
Total Expenditures	\$ 4,000	\$ 4,345	\$ 3,451	\$ 894
Excess of Revenues Over/(Under) Expenditures	\$ (3,500)	\$ (3,345)	\$ (2,951)	\$ 394
Fund Balance January 1, 2005	\$ 3,346	\$ 3,346	\$ 3,346	
Fund Balance December 31, 2005	\$ (154)	\$ 1	\$ 395	\$ 394

City of Urbana, Ohio
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis
Non-Major Special Revenue Funds
For Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget
<u>Police Donation Trust Fund</u>				
Revenues:				
Miscellaneous Donations	\$ 300	\$ 300	\$ -	\$ (300)
Total Revenues	\$ 300	\$ 300	\$ -	\$ (300)
Expenditures:				
Public Safety	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
Total Expenditures	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
Excess of Revenues Over/(Under) Expenditures	\$ (1,200)	\$ (1,200)	\$ -	\$ 1,200
Fund Balance January 1, 2005	\$ 1,850	\$ 1,850	\$ 1,850	
Fund Balance December 31, 2005	\$ 650	\$ 650	\$ 1,850	\$ 1,200

Statistical Section

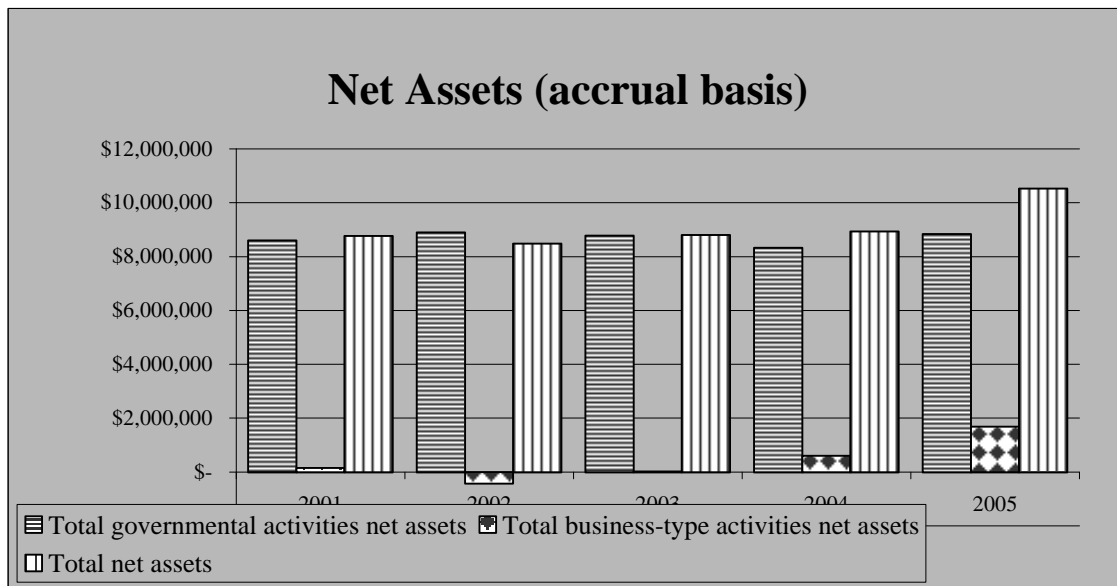


**CITY OF URBANA, OHIO
NET ASSETS BY CATEGORY
LAST FIVE FISCAL YEARS**

Schedule 1

	Year Ended December 31,				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 5,524,527	\$ 3,598,073	\$ 3,202,734	\$ 7,031,035	6,989,429
Restricted for:					
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627
Unrestricted	<u>1,813,647</u>	<u>3,713,957</u>	<u>3,883,237</u>	<u>(242,096)</u>	<u>608,441</u>
Total governmental activities net assets	<u>8,606,174</u>	<u>8,899,401</u>	<u>8,782,366</u>	<u>8,333,201</u>	<u>8,837,497</u>
Business-type activities					
Invested in capital assets, net of related debt	(942,728)	(1,957,660)	(1,885,783)	(650,358)	106,522
Unrestricted	<u>1,099,582</u>	<u>1,540,028</u>	<u>1,904,203</u>	<u>1,249,904</u>	<u>1,582,930</u>
Total business-type activities net assets	<u>156,854</u>	<u>(417,632)</u>	<u>18,420</u>	<u>599,546</u>	<u>1,689,452</u>
Total					
Invested in capital assets, net of related debt	4,581,799	1,640,413	1,316,951	6,380,677	7,095,951
Restricted for:					
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627
Unrestricted	<u>2,913,229</u>	<u>5,253,985</u>	<u>5,787,440</u>	<u>1,007,808</u>	<u>2,191,371</u>
Total net assets	<u>\$ 8,763,028</u>	<u>\$ 8,481,769</u>	<u>\$ 8,800,786</u>	<u>\$ 8,932,747</u>	<u>\$ 10,526,949</u>

Note: Accounting standards require that the net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.



Note: The following restatements of prior years' balances are reflected in the above schedule:
 -- Change in threshold for recording capital assets was raised from \$2,500 to \$5,000.

**CITY OF URBANA, OHIO
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS**

Schedule 2

	Year Ended December 31,				
	2001	2002	2003	2004	2005
Expenses					
Governmental activities:					
General government	1,794,545	1,701,976	1,512,995	1,603,012	1,989,062
Public safety	4,228,483	4,132,561	4,443,104	4,885,236	4,685,320
Health	229,527	220,333	250,120	308,315	282,016
Transportation	1,240,739	1,076,096	1,696,649	1,582,314	1,859,946
Community Development	720,536	431,608	420,659	735,964	630,101
Leisure Time	348,031	337,793	288,206	481,627	332,706
Basic utility services	117,721	125,902	122,403	128,537	132,590
Interest on long-term debt	214,145	141,261	149,541	164,376	148,735
Total governmental activities expenses	<u>8,893,727</u>	<u>8,167,530</u>	<u>8,883,677</u>	<u>9,889,381</u>	<u>10,060,476</u>
Business-type activities:					
Water	759,073	1,185,834	1,004,984	1,284,327	1,100,217
Sewer	1,856,752	1,820,864	1,704,783	1,810,374	1,769,378
Other business-type activities	-	-	11,300	-	-
Total business-type activities expenses	<u>2,615,825</u>	<u>3,006,698</u>	<u>2,721,067</u>	<u>3,094,701</u>	<u>2,869,595</u>
Total Expenses	<u>11,509,552</u>	<u>11,174,228</u>	<u>11,604,744</u>	<u>12,984,082</u>	<u>12,930,071</u>
Program Revenues					
Governmental activities:					
Public safety	262,524	636,481	557,953	649,379	703,236
Health	113,503	80,340	97,850	113,678	106,449
Transportation	3,422,452	637,459	697,334	1,204,929	1,021,257
Community Development	326,886	423,339	364,660	394,362	569,360
Leisure Time	102,506	107,834	115,556	122,875	136,445
Basic utility	117,721	125,902	122,403	128,537	132,590
General government	345,933	93,181	641,906	637,435	639,149
Total governmental activities program revenues	<u>4,691,525</u>	<u>2,104,536</u>	<u>2,597,662</u>	<u>3,251,195</u>	<u>3,308,486</u>
Business-type activities:					
Water	944,234	1,171,719	1,185,088	1,609,209	1,518,672
Sewer	1,849,291	1,926,734	1,828,305	1,944,923	1,978,518
Other business-type activities	-	26,939	54,426	14,695	-
Total business-type activities program revenues	<u>2,793,525</u>	<u>3,125,392</u>	<u>3,067,819</u>	<u>3,568,827</u>	<u>3,497,190</u>
Net (Expense) Revenue ^(a)					
Governmental activities:					
General government	(1,448,612)	(1,608,795)	(871,089)	(965,577)	(1,349,913)
Public safety	(3,965,959)	(3,496,080)	(3,885,151)	(4,235,857)	(3,982,084)
Health	(116,024)	(139,993)	(152,270)	(194,637)	(175,567)
Transportation	2,181,713	(438,637)	(999,315)	(377,385)	(838,689)
Community Development	(393,650)	(8,269)	(55,999)	(341,602)	(60,741)
Leisure Time	(245,525)	(229,959)	(172,650)	(358,752)	(196,261)
Basic utility	-	-	-	-	-
Interest on long-term debt	(214,145)	(141,261)	(149,541)	(164,376)	(148,735)
Total governmental activities	<u>(4,202,202)</u>	<u>(6,062,994)</u>	<u>(6,286,015)</u>	<u>(6,638,186)</u>	<u>(6,751,990)</u>
Business-type activities:					
Water	185,161	(14,115)	180,104	324,882	418,455
Sewer	(7,461)	105,870	123,522	134,549	209,140
Other business-type activities	-	26,939	43,126	14,695	-
Total business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>627,595</u>
Total	<u>(4,024,502)</u>	<u>(5,944,300)</u>	<u>(5,939,263)</u>	<u>(6,164,060)</u>	<u>(6,124,395)</u>

**CITY OF URBANA, OHIO
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS**

(continued) **Schedule 2**

	Year Ended December 31,				
	2001	2002	2003	2004	2005
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Income taxes	4,048,812	4,053,078	4,044,104	4,247,561	4,828,748
Property taxes	563,089	471,537	520,599	707,875	667,221
Other taxes	212,439	124,684	467,531	331,484	281,614
Grants and contributions not restricted to specific programs	1,000,698	1,548,677	656,050	688,799	375,838
Investment earnings	272,826	97,684	221,279	124,123	150,166
(Loss) gain on sale/disposal of capital assets	-	-	-	-	-
Miscellaneous	111,261	298,349	259,417	89,179	78,605
Transfers	-	-	-	-	-
Total governmental activities	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,382,192</u>
Business-type activities:					
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment earnings	-	-	-	-	12,970
(Loss) gain on sale/disposal of capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,970</u>
Total	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,395,162</u>
Change in Net Assets					
Governmental activities	2,006,923	531,015	(117,035)	(449,165)	(369,798)
Business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>640,565</u>
Total	<u>2,184,623</u>	<u>649,709</u>	<u>229,717</u>	<u>24,961</u>	<u>270,767</u>

(a) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program.

It indicates the degree to which a function or program is supported by its own fees and program-specific grants versus its reliance upon funding from taxes and other governmental revenues.

Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

**CITY OF URBANA, OHIO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Schedule 3

	December 31,									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund										
Reserved for:										
Inventory	\$ 10,549	\$ 14,740	\$ 18,123	\$ 18,592	\$ 15,989	\$ 11,023	\$ 15,039	\$ 11,018	\$ 11,347	\$ 12,421
Encumbrances	1,355	18,959	22,948	29,542	80,150	98,853	43,181	28,120	28,120	-
Unreserved	<u>1,002,608</u>	<u>1,155,718</u>	<u>959,614</u>	<u>1,372,572</u>	<u>757,788</u>	<u>647,686</u>	<u>515,096</u>	<u>562,504</u>	<u>739,006</u>	<u>726,775</u>
Total general fund	<u>\$ 1,014,512</u>	<u>\$ 1,189,417</u>	<u>\$ 1,000,685</u>	<u>\$ 1,420,706</u>	<u>\$ 853,927</u>	<u>\$ 757,562</u>	<u>\$ 573,316</u>	<u>\$ 601,642</u>	<u>\$ 778,473</u>	<u>\$ 739,196</u>
All Other Governmental Funds										
Reserved for:										
Inventory	\$ 33,295	\$ 35,002	\$ 49,364	\$ 58,669	\$ 40,685	\$ 38,691	\$ 45,249	\$ 38,006	\$ 44,759	\$ 51,428
Encumbrances	102,470	51,161	50,691	80,686	599,073	212,968	118,866	62,127	90,012	40,713
Unreserved, reported in:										
Special revenue funds	846,276	1,010,449	1,025,466	1,070,018	1,265,757	823,358	999,180	1,230,571	1,166,015	921,201
Capital projects funds	<u>2,123,194</u>	<u>1,935,853</u>	<u>2,089,045</u>	<u>2,125,152</u>	<u>1,886,958</u>	<u>2,047,855</u>	<u>2,453,529</u>	<u>2,379,809</u>	<u>1,766,855</u>	<u>1,896,977</u>
Total all other governmental funds	<u>\$ 3,105,235</u>	<u>\$ 3,032,465</u>	<u>\$ 3,214,566</u>	<u>\$ 3,334,525</u>	<u>\$ 3,792,473</u>	<u>\$ 3,122,872</u>	<u>\$ 3,616,824</u>	<u>\$ 3,710,513</u>	<u>\$ 3,067,641</u>	<u>\$ 2,910,319</u>

**CITY OF URBANA, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Schedule 4

	For Year Ended December 31,									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUES:										
Income Tax	\$3,333,666	\$3,693,326	\$3,787,651	\$3,931,531	\$4,127,995	\$4,048,812	\$4,053,078	\$4,044,104	\$4,247,561	\$4,828,748
Property Tax	\$427,861	\$435,365	\$475,660	\$511,939	\$542,760	\$563,089	\$471,537	\$520,599	\$677,655	\$667,221
Intergovernmental	\$1,500,178	\$1,414,839	\$1,388,068	\$1,486,316	\$1,420,217	\$4,525,529	\$1,897,207	\$2,290,560	\$2,888,105	\$2,411,509
Charges for Services	\$396,985	\$387,117	\$392,165	\$406,296	\$482,635	\$418,819	\$611,794	\$541,713	\$690,212	\$825,913
Fees, Licenses, & Permits	\$469,326	\$462,298	\$533,904	\$551,858	\$535,660	\$677,946	\$742,169	\$706,361	\$715,000	\$720,490
Other	<u>\$421,441</u>	<u>\$367,413</u>	<u>\$449,799</u>	<u>\$1,066,855</u>	<u>\$2,579,529</u>	<u>\$563,245</u>	<u>\$391,687</u>	<u>\$633,085</u>	<u>\$230,054</u>	<u>\$345,701</u>
Total Revenues	<u>\$6,549,457</u>	<u>\$6,760,358</u>	<u>\$7,027,247</u>	<u>\$7,954,795</u>	<u>\$9,688,796</u>	<u>\$10,797,440</u>	<u>\$8,167,472</u>	<u>\$8,736,422</u>	<u>\$9,448,587</u>	<u>\$9,799,582</u>
EXPENDITURES:										
Current:										
General Government	\$1,049,036	\$982,123	\$1,087,948	\$1,056,782	\$1,513,914	\$1,263,511	\$1,295,634	\$1,282,542	\$1,370,497	\$1,635,713
Public Safety	\$2,922,526	\$3,314,674	\$3,523,250	\$3,541,050	\$3,981,491	\$4,109,908	\$3,971,066	\$4,260,049	\$4,382,113	\$4,525,036
Health	\$153,718	\$201,760	\$220,508	\$217,898	\$217,155	\$223,178	\$211,091	\$219,449	\$255,968	\$260,615
Recreation	\$246,064	\$275,702	\$317,074	\$298,938	\$314,165	\$299,809	\$287,733	\$239,977	\$267,674	\$294,473
Community Development	\$115,503	\$88,545	\$132,367	\$299,842	\$421,279	\$720,536	\$431,608	\$420,659	\$735,964	\$623,443
Basic Utility Services	\$79,151	\$88,031	\$94,650	\$93,270	\$102,454	\$117,721	\$125,902	\$122,403	\$128,537	\$132,590
Transportation	\$647,013	\$686,095	\$699,741	\$923,339	\$2,422,271	\$3,715,914	\$800,983	\$874,774	\$988,379	\$1,342,446
Capital Outlays	\$2,938,179	\$1,744,051	\$591,223	\$656,501	\$627,233	\$905,032	\$617,827	\$872,108	\$1,385,120	\$959,660
Debt Service:										
Principal	\$180,000	\$97,500	\$165,083	\$177,083	\$173,333	\$191,667	\$182,917	\$172,905	\$236,000	\$251,000
Interest	<u>\$188,527</u>	<u>\$203,689</u>	<u>\$209,030</u>	<u>\$199,594</u>	<u>\$200,334</u>	<u>\$217,792</u>	<u>\$141,261</u>	<u>\$149,541</u>	<u>\$164,376</u>	<u>\$169,825</u>
TOTAL	<u>\$8,519,717</u>	<u>\$7,682,170</u>	<u>\$7,040,874</u>	<u>\$7,464,297</u>	<u>\$9,973,629</u>	<u>\$11,765,068</u>	<u>\$8,066,022</u>	<u>\$8,614,407</u>	<u>\$9,914,628</u>	<u>\$10,194,801</u>
Excess (deficiency) of revenues over (under) expenditures	(\$1,970,260)	(\$921,812)	(\$13,627)	\$490,498	(\$284,833)	(\$967,628)	\$101,450	\$122,015	(\$466,041)	(\$395,219)
OTHER FINANCING SOURCES (USES):										
Transfers in	359,267	362,410	375,611	411,900	498,100	438,900	800,525	521,037	514,400	\$230,000
Net Proceeds from issuance of bonds	-	774,950	-	-	160,000	-	-	-	-	\$68,994
Transfers out	<u>(329,267)</u>	<u>(362,410)</u>	<u>(375,611)</u>	<u>(411,900)</u>	<u>(498,100)</u>	<u>(438,900)</u>	<u>(800,525)</u>	<u>(521,037)</u>	<u>(514,400)</u>	<u>(\$230,000)</u>
Total other financing sources (uses)	<u>30,000</u>	<u>774,950</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,994</u>
Net change in fund balances	<u>\$ (1,940,260)</u>	<u>\$ (146,862)</u>	<u>\$ (13,627)</u>	<u>\$ 490,498</u>	<u>\$ (124,833)</u>	<u>\$ (967,628)</u>	<u>\$ 101,450</u>	<u>\$ 122,015</u>	<u>\$ (466,041)</u>	<u>\$ (326,225)</u>
Debt service as a percentage of noncapital expenditures	7.1%	5.3%	6.2%	5.9%	4.2%	3.9%	4.6%	4.3%	4.9%	4.8%

CITY OF URBANA, OHIO

Schedule 5

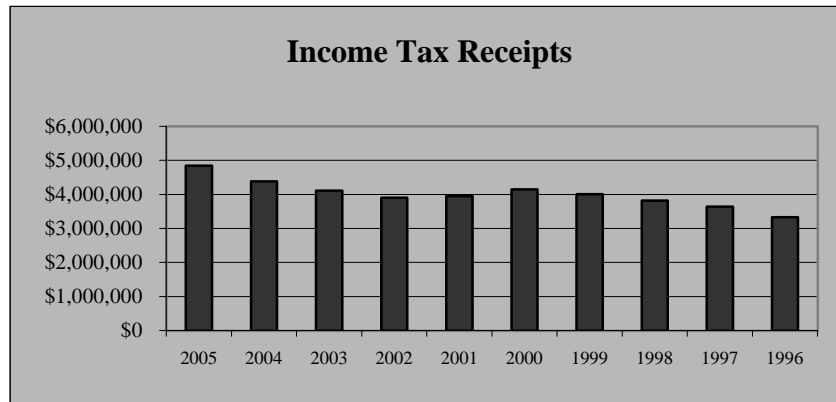
INCOME TAX BY PAYER TYPE AND INCOME TAX RATE

LAST TEN FISCAL YEARS (*cash basis of accounting -- excluding refunds*)

Year	Individuals			Total	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer	Net Profits		
2005	\$ 3,732,831	\$ 459,105	\$ 655,515	\$ 4,847,451	1.40%
2004	\$ 3,558,448	\$ 347,712	\$ 480,731	\$ 4,386,891	1.40%
2003	\$ 3,452,078	\$ 317,680	\$ 340,670	\$ 4,110,428	1.40%
2002	\$ 3,299,851	\$ 359,982	\$ 246,004	\$ 3,905,837	1.40%
2001	\$ 3,185,804	\$ 434,032	\$ 328,279	\$ 3,948,115	1.40%
2000	\$ 3,201,927	\$ 340,615	\$ 603,103	\$ 4,145,645	1.40%
1999	\$ 3,013,095	\$ 385,947	\$ 608,581	\$ 4,007,623	1.40%
1998	\$ 3,074,672	\$ 350,979	\$ 397,132	\$ 3,822,783	1.40%
1997	\$ 2,952,797	\$ 376,649	\$ 311,535	\$ 3,640,981	1.40%
1996	\$ 2,691,747	\$ 349,695	\$ 283,630	\$ 3,325,072	1.40%

Source: City of Urbana, Ohio, Income Tax Department

This City levies a 1.4% income tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



CITY OF URBANA, OHIO
RANKING OF TOP TEN INCOME TAX WITHHOLDERS
CURRENT YEAR AND TEN YEARS AGO (cash basis of accounting)

Schedule 6

2005	
Rank	Name
1	Fl Aerospace/Honeywell
2	Rittal
3	Menasha Corp
4	Johnson Welding
5	Honda of America Manufacturing, Inc.
6	Fox River Paper Company
7	Urbana Board of Education
8	Siemens-Allis
9	Mercy Health Systems
10	Champaign County, Ohio
Combined percentage of Total income taxes 41.51%	

1996			
2005 Rank	Rank	Name	
1	1	Fl Aerospace/Honeywell	
5	2	Honda of America Manufacturing, Inc.	
8	3	Siemens-Allis	
6	4	Fox River Paper Company	
7	5	Urbana Board of Education	
9	6	Mercy Health Systems	
-	7	Dow Brands	
10	8	Champaign County, Ohio	
3	9	Menasha Corp	
-	10	KTH Industries	
Combined percentage of Total income taxes		39.93%	

Source: City of Urbana, Ohio, Income Tax Department

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, nor can it obtain, this type of information.

CITY OF URBANA, OHIO
RATIOS OF OUTSTANDING DEBT AND LEGAL DEBT MARGINS
LAST TEN YEARS

Schedule 7

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Obligation Bonds	\$ 9,425,566	\$ 10,117,589	\$ 10,127,526	\$ 9,820,301	\$ 9,579,527	\$ 9,415,512	\$ 9,135,999	\$ 7,594,778	\$ 7,057,802	\$ 7,285,223
Assessed value of taxable property ^(a)	\$ 152,287,302	\$ 154,484,112	\$ 176,292,911	\$ 176,766,955	\$ 191,150,506	\$ 197,842,239	\$ 199,086,696	\$ 202,384,025	\$ 212,655,910	\$ 215,704,137
General Obligation Bonds as percent of total assessed value of taxable property	6.19%	6.55%	5.74%	5.56%	5.01%	4.76%	4.59%	3.75%	3.32%	3.38%
Population ^(b)	11,353	11,353	11,353	11,353	11,613	11,613	11,613	11,613	11,613	11,613
General Obligation Bonds Per capita	\$ 830	\$ 891	\$ 892	\$ 865	\$ 825	\$ 811	\$ 787	\$ 654	\$ 608	\$ 627
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (1,295,000)	\$ (1,800,000)	\$ (1,665,000)	\$ (1,830,000)	\$ (1,925,000)	\$ (2,441,000)	\$ (2,570,966)	\$ (1,549,652)	\$ (1,513,338)	\$ (2,127,024)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (4,557,566)	\$ (4,714,589)	\$ (4,489,526)	\$ (4,245,301)	\$ (3,999,527)	\$ (3,560,512)	\$ (3,372,033)	\$ (3,078,126)	\$ (2,813,464)	\$ (2,538,199)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation ^(c)	\$ 3,573,000	\$ 3,603,000	\$ 3,973,000	\$ 3,745,000	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 15,990,167	\$ 16,220,832	\$ 18,510,756	\$ 18,560,530	\$ 20,070,803	\$ 20,773,435	\$ 20,904,103	\$ 21,250,323	\$ 22,328,871	\$ 22,648,934
Legal Debt Margin within 10-1/2% Limitation	\$ 12,417,167	\$ 12,617,832	\$ 14,537,756	\$ 14,815,530	\$ 16,415,803	\$ 17,359,435	\$ 17,711,103	\$ 18,283,323	\$ 19,597,871	\$ 20,028,934
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	22.34%	22.21%	21.46%	20.18%	18.21%	16.43%	15.27%	13.96%	12.23%	11.57%
Net debt subject to 5-1/2% limitation ^(d)	\$ 3,573,000	\$ 3,603,000	\$ 3,973,000	\$ 3,745,000	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 8,375,802	\$ 8,496,626	\$ 9,696,110	\$ 9,722,183	\$ 10,513,278	\$ 10,881,323	\$ 10,949,768	\$ 11,131,121	\$ 11,696,075	\$ 11,863,728
Legal Debt Margin within 5-1/2% Limitation	\$ 4,802,802	\$ 4,893,626	\$ 5,723,110	\$ 5,977,183	\$ 6,858,278	\$ 7,467,323	\$ 7,756,768	\$ 8,164,121	\$ 8,965,075	\$ 9,243,728
Net debt within limitations for Unvoted debt as a percentage of debt limit	42.66%	42.41%	40.98%	38.52%	34.77%	31.37%	29.16%	26.65%	23.35%	22.08%

^(a) Source for assessed value data: Champaign County Auditor

^(b) Source for population: For years 1996 - 1999, U.S. Bureau of the Census-Population Estimates Program. For years 2000 - 2004, U.S. Bureau of the Census-2000 Federal Census.

^(c) The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.

^(d) The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

**CITY OF URBANA, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT
 DECEMBER 31, 2005**

Schedule 8

<u>Governmental Entity</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Urbana</u>	<u>Amount Applicable to City of Urbana</u>
City of Urbana	\$2,620,000	100%	\$2,620,000
Champaign County	\$0	0%	\$0
Urbana City Schools	\$0	0%	\$0
Urbana Township	\$0	0%	\$0
Salem Township	\$0	0%	\$0

Sources: Champaign County Auditor, Urbana Local School District,
 City of Urbana, Urbana Township, and Salem Township

(A) Includes Real, Tangible Personal, and Public Utility Property.

(B) Based on Fiscal Year ending June 30, 2005

**CITY OF URBANA, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Schedule 9

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ^{(1)(b)}	Median Age ^{(1)(b)}	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾	Total Assessed Property Value ⁽⁴⁾	Estimated Actual Property Value ⁽⁴⁾
1996	11,353 (1)(a)	\$26,684	37.3 yrs	2,409	4.7%	\$152,109,980	\$477,946,092
1997	11,353 (1)(a)	\$26,684	37.3 yrs	2,359	4.0%	\$151,030,157	\$478,471,548
1998	11,353 (1)(a)	\$26,684	37.3 yrs	2,439	3.7%	\$176,292,911	\$550,485,964
1999	11,353 (1)(a)	\$26,684	37.3 yrs	2,378	3.4%	\$176,766,955	\$552,973,070
2000	11,613 (1)(b)	\$33,702	34.9 yrs	2,355	3.4%	\$191,150,506	\$608,595,944
2001	11,613 (1)(a)	\$33,702	34.9 yrs	2,371	4.6%	\$197,842,239	\$614,155,881
2002	11,613 (1)(a)	\$33,702	34.9 yrs	2,382	6.8%	\$199,086,696	\$618,388,617
2003	11,613 (1)(a)	\$33,702	34.9 yrs	2,353	6.6%	\$202,384,025	\$628,973,430
2004	11,613 (1)(a)	\$33,702	34.9 yrs	2,331	6.7%	\$212,655,910	\$659,600,260
2005	11,613 (1)(a)	\$33,702	34.9 yrs	2,319	6.7%	\$215,704,137	\$667,535,679

⁽¹⁾ Source: ^(a) U.S. Bureau of the Census - Population Estimates Program, Population Division; ^(b) U.S. Bureau of the Census - 2000 Federal Census

⁽²⁾ Source: Urbana City Schools Board of Education

⁽³⁾ Source: Bureau of Labor Statistics, U.S. Dept. of Labor

⁽⁴⁾ Source: Champaign County Auditor

**CITY OF URBANA, OHIO
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TWO YEARS AGO**

Schedule 10

2005		2003	
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Employer</u>	<u>Approximate Number of Employees</u>
1 Copeland Corporation	2,100	1 Copeland Corporation	2,200
2 NK Parts Industries	1,100	2 NK Parts Industries	1,100
3 Stolle Products	800	3 Stolle Products	800
4 Wilson Memorial Hospital	775	4 Wilson Memorial Hospital	665
5 Wal-Mart Super Center	600	5 Wal-Mart Super Center	600
6 Norcold	500	6 Con Agra	484
7 Sidney Board of Education	500	7 Sidney Board of Education	459
8 Con Agra	484	8 Alcoa Building Products	450
9 Alcoa Home Exteriors	450	9 Ross Aluminum Foundries	425
10 Ross Aluminum Foundries	425	10 Cargill, Inc.	373
Total	7,734	Total	7,556

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Urbana is not available.

**CITY OF URBANA, OHIO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Schedule 11

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<u>Governmental Activities</u>										
General Government										
Administration	4.0	3.2	3.0	3.0	3.6	4.0	4.0	4.0	2.1	2.7
Finance	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.0	4.0	4.2
Engineering	2.0	1.8	1.0	1.0	1.0	1.0	1.2	0.9	1.0	2.2
Municipal Court	7.9	9.4	9.1	8.9	12.8	11.2	15.1	15.3	16.3	13.0
Law	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Sub-total	19.9	20.5	19.1	18.9	24.4	23.2	27.1	26.2	25.4	24.1
Public Safety										
Police Officers	22.2	21.3	17.7	20.9	21.7	22.2	19.2	19.1	20.9	21.5
Police Civilians	3.6	4.4	4.5	5.3	6.1	5.2	5.2	4.9	4.2	3.9
Fire Officers	23.0	23.0	23.6	22.9	23.0	23.0	23.2	22.0	22.5	23.0
Fire Civilians	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Sub-total	49.8	49.7	46.8	50.1	51.8	51.4	48.6	47.0	48.6	49.4
Health										
Cemetery	3.9	2.6	3.1	3.2	2.0	2.0	2.0	2.0	3.0	2.3
Recreation										
Recreation	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.7	1.0	1.0
Seasonal Staffing	<u>5.8</u>	<u>5.8</u>	<u>6.3</u>	<u>6.7</u>	<u>6.3</u>	<u>4.7</u>	<u>3.6</u>	<u>3.0</u>	<u>4.6</u>	<u>3.8</u>
Sub-total	6.8	6.8	7.3	7.7	7.3	5.7	4.6	3.7	5.6	4.8
Community Environment										
Code Enforcement	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Basic Utilities										
Utility Billing	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Transportation										
Parking Officer	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.6	0.6	0.4
Street	10.0	11.0	12.2	12.8	13.3	<u>13.3</u>	<u>10.3</u>	<u>10.5</u>	<u>9.5</u>	<u>9.7</u>
Sub-total	<u>10.4</u>	<u>11.4</u>	<u>12.6</u>	<u>13.2</u>	<u>13.7</u>	<u>13.6</u>	<u>10.6</u>	<u>11.1</u>	<u>10.1</u>	<u>10.2</u>
Total Governmental Activities	<u>93.8</u>	<u>94.0</u>	<u>91.9</u>	<u>96.2</u>	<u>102.2</u>	<u>98.9</u>	<u>95.9</u>	<u>92.9</u>	<u>95.7</u>	<u>93.7</u>
Business Activities										
Water	5.0	4.5	4.7	4.5	4.3	4.3	4.3	5.0	5.0	5.0
Sewer	<u>11.0</u>	<u>11.3</u>	<u>11.0</u>	<u>10.2</u>	<u>10.8</u>	<u>10.8</u>	<u>9.3</u>	<u>8.8</u>	<u>9.0</u>	8.2
Total Business Activities	<u>16.0</u>	<u>15.8</u>	<u>15.7</u>	<u>14.7</u>	<u>15.1</u>	<u>15.1</u>	<u>13.6</u>	<u>13.8</u>	<u>14.0</u>	<u>13.2</u>
Total City FTE	<u>109.8</u>	<u>109.7</u>	<u>107.5</u>	<u>110.9</u>	<u>117.3</u>	<u>114.0</u>	<u>109.5</u>	<u>106.7</u>	<u>109.7</u>	<u>107.0</u>

Source: City of Urbana Payroll Office

CITY OF URBANA, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Schedule 12

For Year Ended December 31,

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Function/program						
General Government						
Accounts payable checks processed	n/a	6,783	6,571	6,138	6,150	6,202
Purchase orders issued	n/a	1,915	1,850	1,865	1,900	1,896
Number of Utility Bills mailed	63,029	64,921	65,245	65,465	66,152	70,575
Police						
Calls for service processed	15,782	17,381	16,827	15,598	14,894	16,228
Adult & juvenile arrests	1,518	1,588	1,265	975	1,022	1,331
Traffic citations	1,234	1,303	1,197	1,186	953	1,210
Parking Tickets	747	714	520	932	678	774
Fire						
Fire calls	301	280	271	294	340	353
EMS calls	1,431	1,464	1,583	1,556	1,648	1,695
Municipal Court						
New cases filed	6,747	7,043	5,687	n/a	4,903	5,693
Cemetery						
Burials	134	118	105	126	91	111
Grave sales	105	55	36	40	39	55
Streets and highways						
Miles of street responsibility	58.6	58.6	58.6	58.6	58.6	58.6
Traffic signal intersections	26	26	26	26	26	26
Code Enforcement						
Family Dwellings	17	21	49	36	55	18
Commercial New Construction	7	3	3	4	3	6
Nuisances Abated	274	192	423	298	528	490
Water						
Gallons of water pumped (in millions)	697.7	741.1	716.0	701.7	751.1	724.3
Sewer						
Wastewater processed (million gallons per day)	649.9	585.4	689.4	641.5	746.6	803.3
Service Calls	66	86	55	55	39	90

CITY OF URBANA, OHIO
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Schedule 13

<u>Function/Program</u>	<u>Year Ended December 31,</u>									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Street Repair & Maintenance										
Miles of streets	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60
Basic utility services - stormwater management										
Miles of storm sewers	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50
Parks and recreation										
Acres of parks maintained	165	165	165	165	165	165	165	165	165	165
Neighborhood parks	6	6	6	6	6	6	6	6	6	6
Sewer										
Miles of sanitary sewers	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50
Water										
Miles of water mains	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50

CITY OF URBANA, OHIO

Reports Issued Pursuant to
Government Auditing Standards
and
OMB Circular A-133

For the year ended December 31, 2005



**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

TABLE OF CONTENTS

DECEMBER 31, 2005

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance With Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance With OMB Circular A-133 and Schedule of Expenditures of Federal Awards	2
Schedule of Expenditures of Federal Awards.....	4
Notes to the Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs.....	6
Summary Schedule of Prior Audit Findings	8



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

To the City Council
City of Urbana, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2005-1.

We also noted certain additional matters that we reported to management of the City in a separate letter dated June 28, 2006.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the City Council
City of Urbana, Ohio

Compliance

We have audited the compliance of The City of Urbana, Champaign County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 for the information and use of the City Council, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Disbursements
U.S. Department of Housing and Urban Development			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	14.228	A-C-05-190-1	\$ 3,000
		A-F-03-190-1	68,000
		A-F-04-190-1	64,337
		A-C-03-190-1	167,010
Total Community Development Block Grants/State's Program			<u>302,347</u>
Home Investment Partnerships Program	14.239	A-C-05-190-2	7,000
		A-C-03-190-2	75,799
Total Home Investment Partnerships Program			<u>82,799</u>
Total U.S. Department of Housing and Urban Development			<u>385,146</u>
U. S. Department of Justice			
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Crime Victims Assistance	16.575	2004VAGENE591	16,243
Local Law Enforcement Block Grants Program	16.592	2004-LE-LEB-3600	12,000
Bulletproof Vest Partnership Program	16.607	N/A	1,597
Total U. S. Department of Justice			<u>29,840</u>
U. S. Department of Transportation			
Federal Aviation Administrator			
<i>(Direct Program)</i>			
Airport Improvement Program	20.106	3-39-0080-0800	98,275
		3-39-0080-1003	7,007
		3-39-0080-1104	296,467
		3-39-0080-1205	11,161
Total Airport Improvement Program			<u>412,910</u>
Federal Highway Administrator			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Program	20.205	PID #78652	162,613
Total U. S. Department of Transportation			<u>575,523</u>
Federal Emergency Management Agency			
<i>(Direct Program)</i>			
Emergency Measures	97.044	EMW-2003-FP-01799	12,115
Total Federal Emergency Management Agency			<u>12,115</u>
Total Federal Financial Assistance			<u>\$ 1,002,624</u>

The accompanying notes are an integral part of this schedule.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2005

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City of Urbana, Ohio (City) as the primary government and is presented on the cash basis of accounting. Except as described below, all federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

In December of 2005, the City made application for certain federal funds to provide reimbursement for expenditures incurred by the City in fiscal year 2005, as well as previous fiscal years. The City was subsequently awarded this federal grant funding in February of 2006. The expenditures reimbursed by this award will be reflected in the fiscal year 2006 Schedule of Expenditures of Federal Awards.

Note 2. Matching Requirements

Certain federal programs require that the City contribute non-federal funds (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.

Note 3. Community Development Block Grant (CDBG) Revolving Loan Programs

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by second mortgages on the property. At December 31, 2005, the gross amount of loans outstanding under this program was \$69,691 and no delinquent amounts are due.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

DECEMBER 31, 2005

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Airport Improvement Program CFDA #20.106
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

CITY OF URBANA, OHIO
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505

DECEMBER 31, 2005

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

2005-1 LACK OF SUPPORTING DOCUMENTATION – SWIMMING POOL RECEIPTS

The City's swimming pool revenues are predominantly collected in cash and accountability for the cash is not established until revenues are recorded. It is imperative that the City implement effective internal controls and maintain adequate supporting documentation to ensure the accuracy and completeness of swimming pool revenues recorded.

A cash register utilized by the swimming pool provides daily tapes, which are sufficient to ensure completeness of daily admission receipts. However, the City lacks adequate documentation to support of all other swimming pool receipts, including season pass receipts, concession receipts and rental receipts. In addition, we noted that cash receipts were utilized to purchase concession items throughout the summer.

We recommend the City establish appropriate internal control procedures and begin maintaining adequate documentation to support swimming pool receipts. Such documentation could include sequentially prenumbered season passes and sequentially prenumbered receipt documents. The City may also consider purchasing a more advanced cash register capable of providing daily tapes to support concession receipts. Tally sheets of concession items sold could be generated as an alternative. We also recommend the City discontinue the practice of utilizing cash receipts to purchase concession items.

Official's Response

The City of Urbana is preparing and improving daily reporting and controls at the swimming pool at the current time.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CITY OF URBANA, OHIO
CHAMPAIGN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2005

<u>Fiscal Year</u>	<u>Finding Number</u>	<u>Status</u>
2004	2004-1	Partially Corrected.



**Auditor of State
Betty Montgomery**

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**CITY OF URBANA
CHAMPAIGN 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
AUGUST 24, 2006**