

*City of Urbana  
Ohio*



*Comprehensive Annual  
Financial Report*

*For the Year Ended  
December 31, 2006*





Mary Taylor, CPA  
Auditor of State

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 Richards, for the audit period January 1, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 28, 2007

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*City of Urbana, Ohio*



*Simon Kenton Recreational Trail  
& Penn Depot Rest Stop*

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# *City of Urbana Ohio*



## *Comprehensive Annual Financial Report*

*For the Year Ended  
December 31, 2006*

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

**The City of Urbana Officials**  
**(937) 652-4300**  
**[www.urbanaohio.org](http://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**  
**Gail Eldridge, Clerk**

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

**Gil Weithman**  
**Susan Fornof-Lippencott**  
**Pat Wagner**  
**Jim McIntosh**  
**Michael Heintz, P.E. P.S.**  
**Ken Watkins**  
**Colin Stien**  
**Chris Stokes**  
**Robert W. Munch**  
**Chad Hall**



CITY OF URBANA, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR YEAR ENDED DECEMBER 31, 2006

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



June 29, 2007

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.

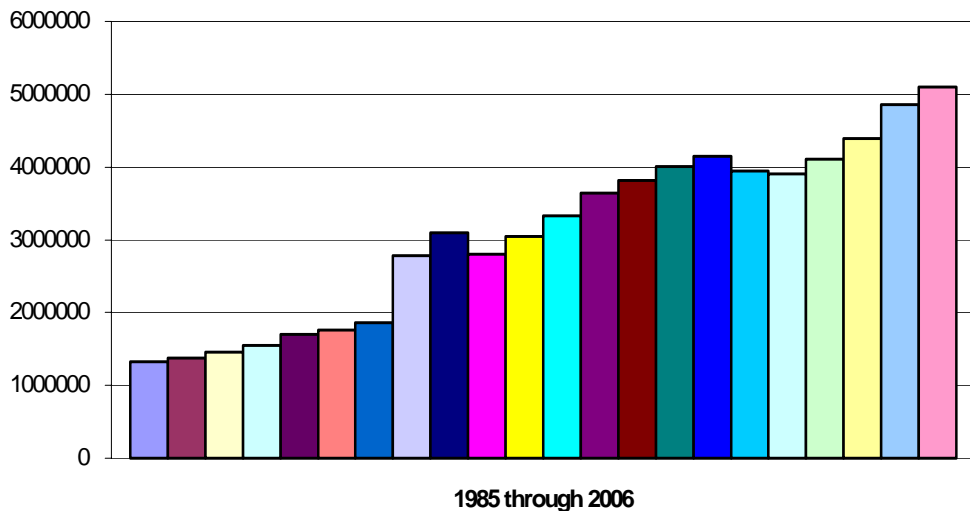
**DEPARTMENTAL HIGHLIGHT**

Depicted on the cover the City of Urbana, Ohio is a picture of the Pennsylvania Depot that was originally constructed in 1891. In 2006 the City in conjunction with the Simon Kenton Pathfinder, a local non-profit organization responsible for the Bike Trail thru Urbana, refurbished the depot to make it a rest area and activity center on the trail. Grant monies from the Ohio Department of Transportation, Ohio Department of Development and Ohio Natural Resources provided funding towards the renovation. The project was completed in 2006 for just over \$506,000. The community is excited about the economic impact that the Simon Kenton Trail and the Depot will provide as on of Urbana’s many tourist attractions.

**ECONOMIC CONDITION AND OUTLOOK**

A twenty two year history of income tax reflects strong average increase of 5.6% 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 has seen growth in several of our smaller withholders and expansion of Rittal. The Income Tax Revenues increased 5.1% in 2006 after an increase of 10.6% in 2005.

City of Urbana's Income Tax



**Economic Environment Today**

Grimes Honeywell, our largest employer of approximately 1300, is a major part of Urbana. The City of Urbana is fortunate and proud 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, the Ohio State Economic Development Department, and the City of Urbana Development Office are continuously researching to attract new industries to our industrial area on the south edge of town and our airport, which includes over 400 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. Unfortunately, Siemans has announced closing in 2010, with a loss of 150 jobs.

### **2006 Economic Activity and Outlook**

Income Tax receipts, the largest single source of revenues, were up 5.1% in 2006, after two years of stronger 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 2007 the income tax appear strong again. The use of an employee health insurance committee has help control health insurance costs with a 18% increase in 2006 and 0% in 2005, major issues have impacted the city cost and we are working with an internal committee assist in controlling this expenditures in the future. The local economy appears to remain strong, the interest revenues are improving. In addition, the State of Ohio has provided for 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 economy. The aggressive approach to the grants has several projects beginning in 2006 and continuing into the future.

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 September, the City and County finally opened a new facility to provide the County residents an improved 9-1-1 emergency system.

### **Major Initiatives**

The City of Urbana has four major projects progressing through 2006 and into 2007. 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 and was completed in December 2006.

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 opened in September 2006, with a handful of problems being addressed the facility continues to improve.

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 was completed in early spring 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.

The fifth project that continues to grow in scope and the engineering office is currently designing improvements to Scioto Street, an estimated 2.5 million project in conjunction with the Ohio Department of Transportation. On Scioto from the square to East Lawn Avenue the project will grind, resurface, and improve sidewalks, the from East Lawn Avenue to the 29/36 split an enhancement grant to completely reconstruct the road, storm sewer, curb cuts, and put the utilities underground, and the final phase will widen 36 to three lanes from the 29/36 split to Dugan Road. The project is schedule for 2009.

### 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	\$92,369
Community Development Block Grant Fund	7,492
Supplemental Investment Fund	10,384
Oak Dale Cemetery Trust Income Trust Fund	2,407
Capital Project Fund (Municipal Court Ordered)	<u>4,014</u>
Total	<u>\$116,666</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, Cottrell, Richards 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.

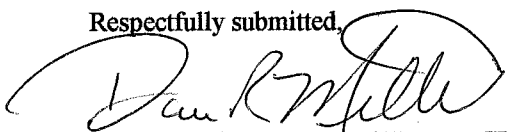
Many other departments and offices also contributed to the preparation of this report. In particular, all division heads provided much assistance in the preparation of fixed asset records and inventory process.

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, Cottrell, Richards in Columbus Ohio, for the timely review of the City's financial reports.

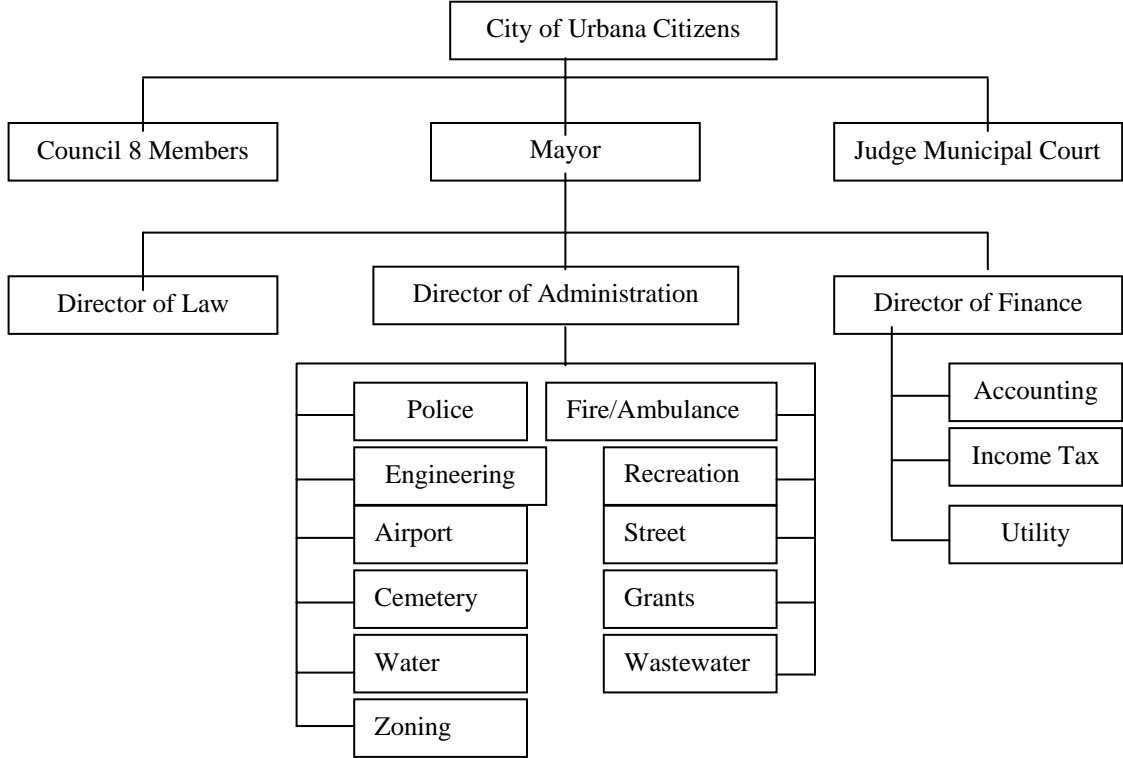
Finally, I wish to acknowledge Mayor, the members of the City Council and the Director of Administration, who have supported this effort to achieve excellence in financial reporting.

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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Financial Section



*City of Urbana, Ohio*



*Simon Kenton Recreational Trail  
& Penn Depot Rest Stop*

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## 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, 2006, 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, 2006, 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 29, 2007 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 budgetary comparison schedules, 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 and budgetary comparison schedules 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.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
June 29, 2007

## **Managements 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, 2006.

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, 2006. 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, 2006. 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, East Water Street Reconstruction, 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 numerous 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 \$15.8 million. Of that amount, approximately \$11.6 was invested in capital assets, net of the debt related to those assets. An additional \$1.8 million was restricted for grants and capital projects and the remaining \$2.4 million was unrestricted and available for future use as directed by City Council.

	Net Assets, December 31, 2006 & December 31, 2005					
	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets:						
Current and Other	\$7,122,356	\$5,795,404	\$2,033,559	\$1,864,301	\$9,155,915	\$7,659,705
Capital Assets	<u>\$13,688,785</u>	<u>\$9,609,429</u>	<u>\$5,851,131</u>	<u>\$4,622,711</u>	<u>\$19,539,916</u>	<u>\$14,232,140</u>
Total Assets	<u>\$20,811,141</u>	<u>\$15,404,833</u>	<u>\$7,884,690</u>	<u>\$6,487,012</u>	<u>\$28,695,831</u>	<u>\$21,891,845</u>
Liabilities:						
Long-Term Liabilities	\$6,465,977	\$5,267,970	\$3,908,602	\$4,694,900	\$10,374,579	\$9,962,870
Other Liabilities	<u>\$1,592,564</u>	<u>\$1,299,366</u>	<u>\$926,305</u>	<u>\$182,792</u>	<u>\$2,518,869</u>	<u>\$1,482,158</u>
Total Liabilities	<u>\$8,058,541</u>	<u>\$6,567,336</u>	<u>\$4,834,907</u>	<u>\$4,877,692</u>	<u>\$12,893,448</u>	<u>\$11,445,028</u>
Net Assets:						
Investment in Capital Assets						
net of Debt	\$10,022,071	\$6,989,429	\$1,596,920	\$106,522	\$11,618,991	\$7,095,951
Restricted for:						
Capital Projects	\$1,208,699	\$231,724	n/a	n/a	\$1,208,699	\$231,724
Other	\$579,456	\$1,007,903	n/a	n/a	\$579,456	\$1,007,903
Unrestricted	<u>\$942,374</u>	<u>\$608,441</u>	<u>\$1,452,863</u>	<u>\$1,502,799</u>	<u>\$2,395,237</u>	<u>\$2,111,240</u>
Total Net Assets	<u>\$12,752,600</u>	<u>\$8,837,497</u>	<u>\$3,049,783</u>	<u>\$1,609,321</u>	<u>\$15,802,383</u>	<u>\$10,446,818</u>



Changes in Net Assets, year ended December 31, 2006 & December 31, 2005

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>Revenues:</u>						
Program Revenues						
Charges for Service	\$ 1,800,654	\$ 1,846,157	\$ 3,348,640	\$ 3,371,063	\$ 5,149,294	\$ 5,217,220
Operating Grants and Contributions	\$ 694,658	\$ 585,243	\$ -	\$ -	\$ 694,658	\$ 585,243
Capital Grants and Contributions	\$ 3,950,213	\$ 877,086	\$ 813,492	\$ 126,127	\$ 4,763,705	\$ 1,003,213
General Revenues:						
Income Taxes	\$ 5,020,970	\$ 4,828,748	\$ -	\$ -	\$ 5,020,970	\$ 4,828,748
Property Taxes	\$ 700,282	\$ 667,221	\$ -	\$ -	\$ 700,282	\$ 667,221
Other Taxes	\$ 182,794	\$ 281,614	\$ -	\$ -	\$ 182,794	\$ 281,614
Grants&Contributions not restricted	\$ 657,825	\$ 375,838	\$ -	\$ -	\$ 657,825	\$ 375,838
Investment Earning	\$ 261,228	\$ 150,166	\$ -	\$ -	\$ 261,228	\$ 150,166
Miscellaneous	\$ 119,123	\$ 78,605	\$ -	\$ 12,970	\$ 119,123	\$ 91,575
<b>Total Revenues</b>	<b>\$ 13,387,747</b>	<b>\$ 9,690,678</b>	<b>\$ 4,162,132</b>	<b>\$ 3,510,160</b>	<b>\$ 17,549,879</b>	<b>\$ 13,200,838</b>
Expenses						
General Government	\$ 1,780,616	\$ 1,989,062	\$ -	\$ -	\$ 1,780,616	\$ 1,989,062
Public Safety	\$ 4,736,665	\$ 4,685,320	\$ -	\$ -	\$ 4,736,665	\$ 4,685,320
Health	\$ 285,521	\$ 282,016	\$ -	\$ -	\$ 285,521	\$ 282,016
Transportation	\$ 1,460,453	\$ 1,859,946	\$ -	\$ -	\$ 1,460,453	\$ 1,859,946
Community Development	\$ 399,554	\$ 630,101	\$ -	\$ -	\$ 399,554	\$ 630,101
Leisure Activities	\$ 346,571	\$ 332,706	\$ -	\$ -	\$ 346,571	\$ 332,706
Basic Utilities	\$ 134,671	\$ 132,590	\$ -	\$ -	\$ 134,671	\$ 132,590
Interest on Long-Term Debt	\$ 123,459	\$ 148,735	\$ -	\$ -	\$ 123,459	\$ 148,735
Water	\$ -	\$ -	\$ 1,123,681	\$ 1,180,348	\$ 1,123,681	\$ 1,180,348
Sewer	\$ -	\$ -	\$ 1,803,123	\$ 1,769,378	\$ 1,803,123	\$ 1,769,378
<b>Total Expenses</b>	<b>\$ 9,267,510</b>	<b>\$ 10,060,476</b>	<b>\$ 2,926,804</b>	<b>\$ 2,949,726</b>	<b>\$ 12,194,314</b>	<b>\$ 13,010,202</b>
Change in Net Assets before Transfers	\$ 4,120,237	\$ (369,798)	\$ 1,235,328	\$ 560,434	\$ 5,355,565	\$ 190,636
Transfer in (Out)	\$ (205,134)	\$ -	\$ 205,134	\$ -	\$ -	\$ -
Increase(decrease) in Net Assets	\$ 3,915,103	\$ (369,798)	\$ 1,440,462	\$ 560,434	\$ 5,355,565	\$ 190,636
Net Assets January 1 (as restated)	\$ 8,837,497	\$ 9,207,295	\$ 1,609,321	\$ 1,048,887	\$ 10,446,818	\$ 10,256,182
<b>Net Assets December 31</b>	<b>\$ 12,752,600</b>	<b>\$ 8,837,497</b>	<b>\$ 3,049,783</b>	<b>\$ 1,609,321</b>	<b>\$ 15,802,383</b>	<b>\$ 10,446,818</b>

Net assets increased by \$ 5,355,565 during the year. The portion of net assets devoted to capital assets net of related debt increased \$ 4,523,040 indicating that the net assets available for other purposes increased by \$ 832,525.

Governmental Activities

Governmental net assets increased by \$ 3,915,103. Net assets invested in capital assets net of related debt increased by \$ 3,032,642, meaning that the net assets available for other governmental purposes increased by \$ 882,461. The increase 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 purchase of additional land (purchased for \$303,000) required for the runway extension. The City also completed the Water Street Reconstruction Project, (sidewalk, curb, gutter, roadway, water and sewer) in the amount of \$2,589,300.

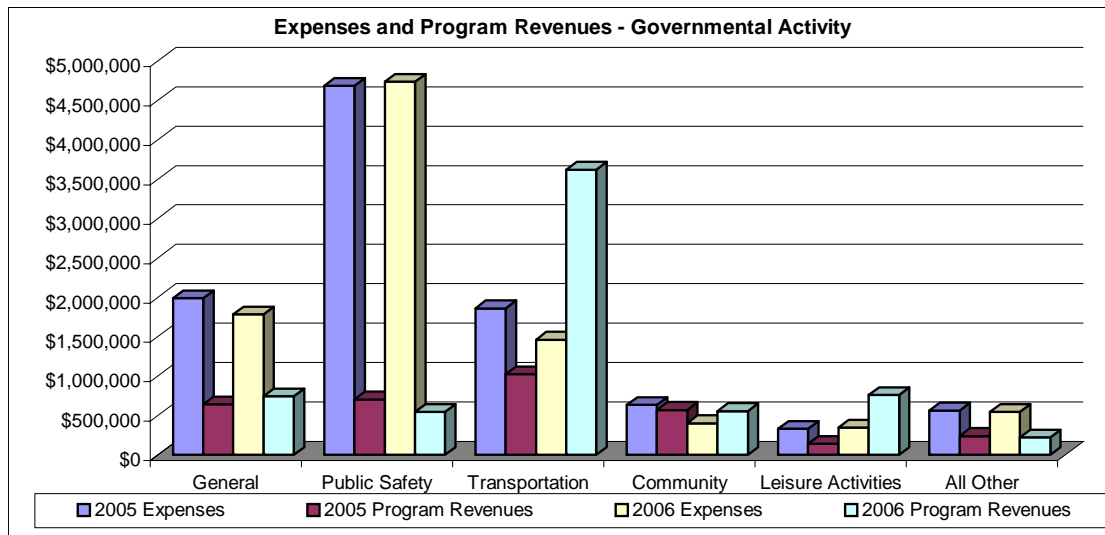
The Statement of Activities reports the expenses of each governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the costs of a program exceeds its program revenues represents the extent to which that program must be subsidized by the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

**Expense and Program Revenue- Governmental Activities**  
**Year Ended December 31, 2006**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>	<u>% Change</u>
General Government	\$1,780,616	\$743,821	\$1,036,795	-23.2%
Public Safety	\$4,736,665	\$546,427	\$4,190,238	5.2%
Transportation	\$1,460,453	\$3,618,625	-\$2,158,172	-357.3%
Community Development	\$399,554	\$554,154	-\$154,600	-354.5%
Leisure Activities	\$346,571	\$760,347	-\$413,776	-310.8%
All Other	\$543,651	\$222,151	\$321,500	-0.9%
<b>Total Governmental Activities</b>	<b>\$9,267,510</b>	<b>\$6,445,525</b>	<b>\$2,821,985</b>	<b>-58.2%</b>

**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 Development	\$630,101	\$569,360	\$60,741	-82.2%
Leisure Activities	\$332,706	\$136,445	\$196,261	-45.3%
All Other	\$563,341	\$239,039	\$324,302	-9.7%
<b>Total Governmental Activities</b>	<b>\$10,060,476</b>	<b>\$3,308,486</b>	<b>\$6,751,990</b>	<b>1.7%</b>



The largest dollar net program cost increase was Transportation accounting for the East Water Reconstruction Project. The significant change in Leisure Time and Other relates to the issuance of debt to finance the local share of the recreation building and the second mausoleum at Oak Dale Cemetery.

Business-type Activities

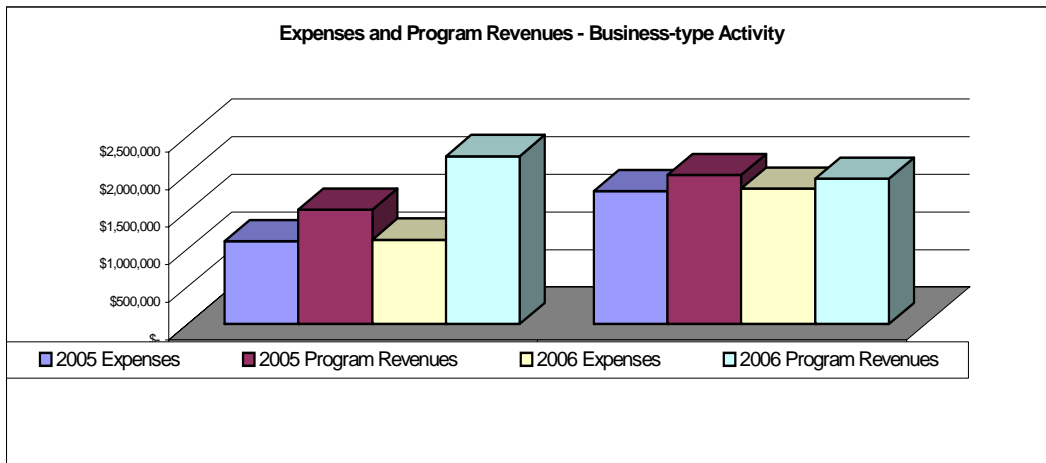
Business-type activities' net assets increased \$ 1,440,462. The project of the new well field continues as the city is looking at a 2009 completion date. There was a rate increases in December of 2006 in Water of 25% and Sewer did not change. The water rate increase was in preparation of funding the installation of the wells in 2008 and 2009. 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. The city received grant money in throughout 2006 to assist in paying expenses related to the well field incurred since the beginning of the project. The increase in Business-like Activity fund balances reflects no change in usage and the water rate increase was so late in 2006 there was no significant impact on revenues. Two major project water line and sewer line replacements were completed in 2006, one included in the East Water Street Reconstruction and the second on Gwynne and Light Streets.

**Expense and Program Revenue- Business-type Activities**  
**for year ended December 31, 2006**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>
Water	\$ 1,123,681	\$ 2,231,675	\$ (1,107,994)
Sewer	\$ 1,803,123	\$ 1,930,447	\$ (127,324)
Compost & Mulching	\$ -	\$ 10	\$ (10)
<b>Total Business-type Activities</b>	<b>\$ 2,926,804</b>	<b>\$ 4,162,132</b>	<b>\$ (1,235,328)</b>

**for year ended December 31, 2005**

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



### **Budget Variations**

There were only two significant variations from budget:

- 1) Income Tax revenues were significant over budget in 2006.
- 2) Airport revenues increase as the City sold more fuel at a higher price, some of this was offset by the high purchase price on the aviation fuel.

### **Capital Assets and Debt Administration**

#### Capital Asset Activity

Significant capital activity for the year includes:

- Expenditures and grant proceeds on a \$2,341,418 East Water Street reconstruction.
- The City purchased a new ambulance.
- 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 2006 were \$98,021.
- The City purchased with grant the Pennsylvania Depot for rehabilitation for \$ 508,219.
- 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.
- Issued a new debt to pay the City share of the new 9-1-1 County wide Communication Center.
- Issued debt for the next phase mausoleum structure to be completed in 2007.
- The City installed new water and sewer lines on Gwynne Street, Light Street, and East Water.
- 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 \$5.81 million of net indebtedness as of December 31, 2006, leaving a legal debt margin for unvoted debt of approximately \$6.08 million.

Four new debts were issued during 2006,

- 9-1-1 Radio Equipment in the amount of \$500,000 for ten years
- Mausoleum Phase II in the amount of \$500,000 for five years.
- A various purpose one year note for \$225,000 water and sewer each and \$150,000 for the recreation building in cooperation with the Urbana Youth Sports and Ohio Department of Natural Resource grant.
- In the State of Ohio debt can be issued to fund energy savings with those savings repaying the debt. Under this program the City issued \$601,000 payable over ten years for numerous projects to save the energy. The largest project in the program is the replacing the roof on the municipal building.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>12/31/2006</u>	<u>12/31/2005</u>	<u>12/31/2006</u>	<u>12/31/2005</u>
General Obligation Notes/Bonds	\$3,985,000	\$2,620,000	\$1,821,000	\$1,850,000
OWDA & OPWC Loans	<u>\$0</u>	<u>\$0</u>	<u>\$2,455,477</u>	<u>\$2,735,207</u>
Total	<u>\$3,985,000</u>	<u>\$2,620,000</u>	<u>\$4,276,477</u>	<u>\$4,585,207</u>

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](http://www.urbanaohio.com/Documents/CAFR.pdf).

CITY OF URBANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2006

	Governmental Activities	Business-Type Activities	Totals 2006
<b>ASSETS</b>			
Pooled Cash & Investments	\$ 4,165,964	\$ 1,096,929	\$ 5,262,893
Receivables			
Income Tax	\$ 918,025	\$ -	\$ 918,025
Property Tax	\$ 711,452	\$ -	\$ 711,452
Interest	\$ 139,471	\$ -	\$ 139,471
Accounts Receivable	\$ 198,742	\$ 614,844	\$ 813,586
Other	\$ 57,112	\$ -	\$ 57,112
Due from Other Governments	\$ 868,549	\$ 224,064	\$ 1,092,613
Inventory	\$ 63,041	\$ 97,722	\$ 160,763
Capital Assets			
Depreciable Capital Assets, Net	\$ 10,027,154	\$ 3,704,109	\$ 13,731,263
Land	\$ 3,365,301	\$ 949,796	\$ 4,315,097
Work in Progress	\$ 173,507	\$ 1,189,215	\$ 1,362,722
Bond Issuance Costs	\$ 122,823	\$ 8,011	\$ 130,834
TOTAL ASSETS	<u>\$ 20,811,141</u>	<u>\$ 7,884,690</u>	<u>\$ 28,695,831</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 386,544	\$ 432,503	\$ 819,047
Accrued:			
Salaries	\$ 81,297	\$ 12,234	\$ 93,531
Workers' Compensation	\$ 105,800	\$ 15,703	\$ 121,503
Interest Payable	\$ 55,998	\$ 9,004	\$ 65,002
Pension	\$ 167,075	\$ 6,861	\$ 173,936
Unearned Revenues	\$ 645,850	\$ -	\$ 645,850
Notes Payable	\$ 150,000	\$ 450,000	\$ 600,000
Long-Term			
Due within one-year	\$ 792,399	\$ 586,470	\$ 1,378,869
Due in more than one year	\$ 5,631,014	\$ 3,344,398	\$ 8,975,412
Premium on Bonds	\$ 42,564	\$ -	\$ 42,564
Deferred Amount of Refunding	\$ -	\$ (22,266)	\$ (22,266)
TOTAL LIABILITIES	<u>\$ 8,058,541</u>	<u>\$ 4,834,907</u>	<u>\$ 12,893,448</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of Related	\$ 10,022,071	\$ 1,596,920	\$ 11,618,991
Restricted for:			
Capital Projects	\$ 1,208,699	\$ -	\$ 1,208,699
Other	\$ 579,456	\$ -	\$ 579,456
Unrestricted	<u>\$ 942,374</u>	<u>\$ 1,452,863</u>	<u>\$ 2,395,237</u>
Total Net Assets	<u>\$ 12,752,600</u>	<u>\$ 3,049,783</u>	<u>\$ 15,802,383</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2006

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	\$ 4,736,665	\$ 471,556	\$ 74,871	\$ -	\$ (4,190,238)		\$ (4,190,238)
Health	\$ 285,521	\$ 87,706	\$ -	\$ -	\$ (197,815)		\$ (197,815)
Leisure Time	\$ 346,571	\$ 136,445	\$ -	\$ 623,902	\$ 413,776		\$ 413,776
Community Development	\$ 399,554	\$ 7,411	\$ -	\$ 546,743	\$ 154,600		\$ 154,600
Basic Utilities	\$ 134,671	\$ 134,445	\$ -	\$ -	\$ (226)		\$ (226)
Transportation	\$ 1,460,453	\$ 219,270	\$ 619,787	\$ 2,779,568	\$ 2,158,172		\$ 2,158,172
General Government	\$ 1,780,616	\$ 743,821	\$ -	\$ -	\$ (1,036,795)		\$ (1,036,795)
Interest on Debt	\$ 123,459	\$ -	\$ -	\$ -	\$ (123,459)		\$ (123,459)
Total Governmental Activities	\$ 9,267,510	\$ 1,800,654	\$ 694,658	\$ 3,950,213	\$ (2,821,985)		\$ (2,821,985)
Business-Type Activities:							
Water	\$ 1,123,681	\$ 1,418,183	\$ -	\$ 813,492	\$ 1,107,994		\$ 1,107,994
Sewer	\$ 1,803,123	\$ 1,930,447	\$ -	\$ -	\$ 127,324		\$ 127,324
Compost & Mulching	\$ -	\$ 10	\$ -	\$ -	\$ 10		\$ 10
Total Business-Type Activities	\$ 2,926,804	\$ 3,348,640	\$ -	\$ 813,492	\$ 1,235,328		\$ 1,235,328
Total	\$ 12,194,314	\$ 5,149,294	\$ 694,658	\$ 4,763,705	\$ (2,821,985)	\$ 1,235,328	\$ (1,586,657)
General Revenues							
<b>Taxes:</b>							
Income Taxes					\$ 5,020,970	\$ -	\$ 5,020,970
Property Taxes					\$ 700,282	\$ -	\$ 700,282
Estate Taxes					\$ 182,794	\$ -	\$ 182,794
<b>Other:</b>							
Interest Earnings					\$ 261,228	\$ -	\$ 261,228
Grants or Contributions not restricted by Program					\$ 657,825	\$ -	\$ 657,825
Miscellaneous					\$ 119,123	\$ -	\$ 119,123
Transfers In (Out)					\$ (205,134)	\$ 205,134	\$ -
Total General Revenues & Transfers					\$ 6,737,088	\$ 205,134	\$ 6,942,222
Change in Net Assets					\$ 3,915,103	\$ 1,440,462	\$ 5,355,565
Net Asset - Beginning (as restated)					\$ 8,837,497	\$ 1,609,321	\$ 10,446,818
Net Asset - Ending					\$ 12,752,600	\$ 3,049,783	\$ 15,802,383

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006

	MAJOR GOVERNMENTAL ACTIVITY FUNDS				
	GENERAL	STREET FUND	POLICE & FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND	EAST WATER RECONSTRUCTION FUND
<b>ASSETS</b>					
Pooled Cash & Investments	\$ 321,238	\$ 54,546	\$ 168,068	\$ 618,854	\$ 157,989
Receivables					
Income Tax	\$ 491,799	\$ -	\$ 196,720	\$ 163,933	\$ -
Property Tax	\$ 586,185	\$ -	\$ -	\$ -	\$ -
Interest	\$ 121,773	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ 186,526	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	\$ 141,460	\$ -	\$ -	\$ -	\$ -
Due from Other Governments	\$ 346,520	\$ 292,788	\$ -	\$ -	\$ 137,727
Inventory	\$ 15,148	\$ 23,025	\$ -	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 2,210,649</b>	<b>\$ 370,359</b>	<b>\$ 364,788</b>	<b>\$ 782,787</b>	<b>\$ 295,716</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 45,816	\$ 14,883	\$ 389	\$ 36,210	\$ 242,995
Accrued:					
Salaries	\$ 59,486	\$ 7,768	\$ 11,158	\$ -	\$ -
Workers' Compensation	\$ 76,292	\$ 9,450	\$ 14,870	\$ -	\$ -
Pension	\$ 128,491	\$ 4,186	\$ 32,526	\$ -	\$ -
Due to Other Funds	\$ -	\$ -	\$ -	\$ 141,460	\$ -
Deferred Revenues	\$ 1,066,755	\$ 206,931	\$ 51,334	\$ 42,778	\$ -
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 1,376,840</b>	<b>\$ 243,218</b>	<b>\$ 110,277</b>	<b>\$ 220,448</b>	<b>\$ 242,995</b>
<b>FUND BALANCE</b>					
Fund Balances (Deficits):					
Reserved for Inventory	\$ 15,148	\$ 23,025	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ 29,348	\$ 10,918	\$ 2,012	\$ 4,120	\$ -
Unreserved, Reported in:					
General Fund	\$ 789,313	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	\$ -	\$ 93,198	\$ 252,499	\$ -	\$ -
Capital Project Fund	\$ -	\$ -	\$ -	\$ 558,219	\$ 52,721
<b>Total Fund Balance</b>	<b>\$ 833,809</b>	<b>\$ 127,141</b>	<b>\$ 254,511</b>	<b>\$ 562,339</b>	<b>\$ 52,721</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 2,210,649</b>	<b>\$ 370,359</b>	<b>\$ 364,788</b>	<b>\$ 782,787</b>	<b>\$ 295,716</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS



<u>PERPETUAL INVESTMENT FUND</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 1,727,353	\$ 1,117,916	\$ 4,165,964
\$ -	\$ 65,573	\$ 918,025
\$ -	\$ 125,267	\$ 711,452
\$ -	\$ 17,698	\$ 139,471
\$ -	\$ 12,216	\$ 198,742
\$ -	\$ 57,112	\$ 57,112
\$ -	\$ -	\$ 141,460
\$ -	\$ 91,514	\$ 868,549
\$ -	\$ 24,868	\$ 63,041
<u>\$ 1,727,353</u>	<u>\$ 1,512,164</u>	<u>\$ 7,263,816</u>
\$ -	\$ 46,251	\$ 386,544
\$ -	\$ 2,885	\$ 81,297
\$ -	\$ 5,188	\$ 105,800
\$ -	\$ 1,872	\$ 167,075
\$ -	\$ -	\$ 141,460
\$ -	\$ 156,643	\$ 1,524,441
\$ -	\$ 150,000	\$ 150,000
\$ -	\$ 362,839	\$ 2,556,617
\$ -	\$ 24,868	\$ 63,041
\$ -	\$ 749,916	\$ 796,314
\$ -	\$ -	\$ 789,313
\$ -	\$ 163,778	\$ 509,475
\$ 1,727,353	\$ 210,763	\$ 2,549,056
<u>\$ 1,727,353</u>	<u>\$ 1,149,325</u>	<u>\$ 4,707,199</u>
<u>\$ 1,727,353</u>	<u>\$ 1,512,164</u>	<u>\$ 7,263,816</u>

CITY OF URBANA  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET  
ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2006

Total governmental fund balances \$ 4,707,199

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

Capital Assets used in governmental activities are not  
financial resources and therefore are not reported in the funds \$ 13,565,962

Other long-term assets are not available to pay for current  
period expenditures and therefore are deferred in the funds:  
Deferred Revenues \$ 878,591  
Bond Costs \$ 122,823

Long-Term Liabilities are not due and payable in the current period  
and therefore not reported in the funds:  
Bonds & Notes Payable (\$3,985,000)  
Compensated Absences (\$799,062)  
Unfunded P&F Pension Liability (\$273,662)  
Accrued Interest Long-term Debt (\$55,998)  
Premium on Bonds (\$42,564)  
Landfill Post Closure Costs (\$1,365,689)

Net Assets of Governmental Activities \$12,752,600

CITY OF URBANA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR YEAR ENDED DECEMBER 31, 2006

	MAJOR GOVERNMENTAL ACTIVITY FUNDS				
	GENERAL	STREET FUND	POLICE &FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND	EAST WATER RECONSTRUCTION FUND
<b>REVENUES:</b>					
Income Taxes	\$ 2,687,905	\$ -	\$ 1,079,419	\$ 899,516	\$ -
Property Taxes	\$ 607,844	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 840,619	\$ 527,690	\$ 9,000	\$ 81,119	\$ 2,374,138
Charges for Service	\$ 671,686	\$ -	\$ -	\$ -	\$ -
Fines,Licenses, & Permits	\$ 629,517	\$ -	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ 171,498	\$ 4,021	\$ -	\$ 59,399	\$ -
<b>TOTAL REVENUES</b>	<b>\$ 5,609,069</b>	<b>\$ 531,711</b>	<b>\$ 1,088,419</b>	<b>\$ 1,040,034</b>	<b>\$ 2,374,138</b>
<b>EXPENDITURES</b>					
Current:					
Public Safety	\$ 3,386,966	\$ -	\$ 991,482	\$ -	\$ -
Health	\$ 52,075	\$ -	\$ -	\$ -	\$ -
Leisure Time	\$ 307,520	\$ -	\$ -	\$ -	\$ -
Community Development	\$ 78,996	\$ -	\$ -	\$ -	\$ -
Basic Utilities	\$ 134,445	\$ -	\$ -	\$ -	\$ -
Transportation	\$ 17,237	\$ 631,130	\$ -	\$ -	\$ -
General Government	\$ 1,257,217	\$ -	\$ -	\$ 151,022	\$ -
Capital Outlay	\$ -	\$ -	\$ -	\$ 766,202	\$ 2,321,417
Debt Service: Principal	\$ -	\$ -	\$ -	\$ 16,000	\$ -
Interest	\$ -	\$ -	\$ -	\$ 2,966	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,234,456</b>	<b>\$ 631,130</b>	<b>\$ 991,482</b>	<b>\$ 936,190</b>	<b>\$ 2,321,417</b>
Excess(Deficiency) of Revenues Over(Under) Expenditures	\$ 374,613	\$ (99,419)	\$ 96,937	\$ 103,844	\$ 52,721
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Issuance of Debt	\$ -	\$ -	\$ -	\$ 601,000	\$ -
Transfer In	\$ -	\$ 128,000	\$ -	\$ -	\$ -
Transfer Out	\$ (280,000)	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (280,000)</b>	<b>\$ 128,000</b>	<b>\$ -</b>	<b>\$ 601,000</b>	<b>\$ -</b>
Excess(Deficiency) of Revenues and Other Sources Over(Under) Expenditures and Other Uses	\$ 94,613	\$ 28,581	\$ 96,937	\$ 704,844	\$ 52,721
FUND BALANCE JANUARY 1, 2006	\$ 739,196	\$ 98,560	\$ 157,574	\$ (142,505)	\$ -
FUND BALANCE DECEMBER 31, 2006	\$ 833,809	\$ 127,141	\$ 254,511	\$ 562,339	\$ 52,721

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PERPETUAL INVESTMENT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 359,806	\$ 5,026,646
\$ -	\$ 120,067	\$ 727,911
\$ -	\$ 1,608,275	\$ 5,440,841
\$ -	\$ 262,343	\$ 934,029
\$ -	\$ 179,158	\$ 808,675
\$ -	\$ 132,435	\$ 367,353
\$ -	\$ 2,662,084	\$ 13,305,455
\$ -	\$ 274,869	\$ 4,653,317
\$ -	\$ 229,233	\$ 281,308
\$ -	\$ -	\$ 307,520
\$ -	\$ 318,935	\$ 397,931
\$ -	\$ -	\$ 134,445
\$ -	\$ 312,135	\$ 960,502
\$ -	\$ 96,409	\$ 1,504,648
\$ -	\$ 2,173,337	\$ 5,260,956
\$ -	\$ 220,000	\$ 236,000
\$ -	\$ 109,178	\$ 112,144
\$ -	\$ 3,734,096	\$ 13,848,771
\$ -	\$ (1,072,012)	\$ (543,316)
\$ -	\$ 1,000,000	\$ 1,601,000
\$ -	\$ 152,000	\$ 280,000
\$ -	\$ -	\$ (280,000)
\$ -	\$ 1,152,000	\$ 1,601,000
\$ -	\$ 79,988	\$ 1,057,684
\$ 1,727,353	\$ 1,069,337	\$ 3,649,515
\$ 1,727,353	\$ 1,149,325	\$ 4,707,199

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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 1,057,684

*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 capital outlays exceeded  
depreciation in the current period 3,956,533

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds:  
Deferred Revenues 82,292

The Issuance of long-term debt (e.g., bonds, leases) provides  
current financial resources to the governmental funds, while the  
repayment of the principal of long-term debt consumes the current  
financial resources of the governmental funds. Neither transaction,  
however, has any effect on net assets.  
Proceeds from the New Debt (\$1,601,000)  
Repayment of Debt 236,000  
Amortization of Bond Issuance Costs (\$14,648)  
Amortization of Bond Premium \$4,729

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.  
Unfunded P&F Pension \$4,830  
Compensated Absences \$69,037  
Interest Payable (\$16,044)  
Landfill Post Closure Care \$135,690

Change in Net Assets \$3,915,103

CITY OF URBANA, OHIO  
BALANCE SHEET OF PROPRIETARY FUNDS  
DECEMBER 31, 2006

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>COMPOST &amp; MULCHING REVENUE</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Current Assets				
Pooled Cash & Investments	\$ 268,454	\$ 744,407	\$ 84,068	\$ 1,096,929
Receivables				
Accounts	\$ 266,653	\$ 348,191	\$ -	\$ 614,844
Due from Other Government	\$ 224,064	\$ -	\$ -	\$ 224,064
Inventory	\$ 45,742	\$ 51,980	\$ -	\$ 97,722
Total Current Assets	<u>\$ 804,913</u>	<u>\$ 1,144,578</u>	<u>\$ 84,068</u>	<u>\$ 2,033,559</u>
Non-Current Assets				
Capital Assets (Net of Depreciation)	\$ 2,272,013	\$ 2,381,892	\$ -	\$ 4,653,905
Work in Progress	\$ 1,189,215	\$ -	\$ -	\$ 1,189,215
Bond Issuance Costs	\$ 1,264	\$ 6,747	\$ -	\$ 8,011
Total Non-Current Assets	<u>\$ 3,462,492</u>	<u>\$ 2,388,639</u>	<u>\$ -</u>	<u>\$ 5,851,131</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 4,267,405</b></u>	<u><b>\$ 3,533,217</b></u>	<u><b>\$ 84,068</b></u>	<u><b>\$ 7,884,690</b></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 133,709	\$ 298,794	\$ -	\$ 432,503
Accrued Salaries & Wages	\$ 5,142	\$ 7,092	\$ -	\$ 12,234
Accrued Worker Compensation	\$ 6,006	\$ 9,697	\$ -	\$ 15,703
Accrued Interest Payable	\$ 9,004	\$ -	\$ -	\$ 9,004
Accrued Vacation and Sick Leave	\$ 18,257	\$ 26,270	\$ -	\$ 44,527
Accrued Pension	\$ 2,867	\$ 3,994	\$ -	\$ 6,861
Note Payable	\$ 225,000	\$ 225,000	\$ -	\$ 450,000
Bonds Payable	\$ 229,000	\$ -	\$ -	\$ 229,000
Loan Payable	\$ 22,314	\$ 296,624	\$ -	\$ 318,938
Total Current Liabilities	<u>\$ 651,299</u>	<u>\$ 867,471</u>	<u>\$ -</u>	<u>\$ 1,518,770</u>
Non-Current Liabilities				
Accrued Vacation and Sick Leave	\$ 25,845	\$ 34,019	\$ -	\$ 59,864
G.O. Bonds Payable	\$ 1,142,000	\$ -	\$ -	\$ 1,142,000
Loans Payable	\$ 426,195	\$ 1,710,344	\$ -	\$ 2,136,539
Deferred Amount of Refunding	\$ (5,387)	\$ (16,879)	\$ -	\$ (22,266)
Total Non-Current Liabilities	<u>\$ 1,588,653</u>	<u>\$ 1,727,484</u>	<u>\$ -</u>	<u>\$ 3,316,137</u>
<b>TOTAL LIABILITIES</b>	<u><b>\$ 2,239,952</b></u>	<u><b>\$ 2,594,955</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,834,907</b></u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	\$ 1,423,370	\$ 173,550	\$ -	\$ 1,596,920
Unrestricted	\$ 604,083	\$ 764,712	\$ 84,068	\$ 1,452,863
Total Net Assets	<u>\$ 2,027,453</u>	<u>\$ 938,262</u>	<u>\$ 84,068</u>	<u>\$ 3,049,783</u>
<b>TOTAL LIABILITIES &amp; Net Assets</b>	<u><b>\$ 4,267,405</b></u>	<u><b>\$ 3,533,217</b></u>	<u><b>\$ 84,068</b></u>	<u><b>\$ 7,884,690</b></u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR YEAR ENDING DECEMBER 31, 2006

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>COMPOST &amp; MULCHING REVENUE</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 1,418,183	\$ 1,930,447	\$ 10	\$ 3,348,640
Total Operating Revenue	<u>\$ 1,418,183</u>	<u>\$ 1,930,447</u>	<u>\$ 10</u>	<u>\$ 3,348,640</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	\$ 343,495	\$ 557,144	\$ -	\$ 900,639
Contractual Services	\$ 202,382	\$ 427,707	\$ -	\$ 630,089
Supplies & Materials	\$ 50,274	\$ 183,224	\$ -	\$ 233,498
Administrative Fees	\$ 291,250	\$ 256,216	\$ -	\$ 547,466
Depreciation	<u>\$ 159,262</u>	<u>\$ 274,102</u>	<u>\$ -</u>	<u>\$ 433,364</u>
Total Operating Expenses	<u>\$ 1,046,663</u>	<u>\$ 1,698,393</u>	<u>\$ -</u>	<u>\$ 2,745,056</u>
Operating Income	<u>\$ 371,520</u>	<u>\$ 232,054</u>	<u>\$ 10</u>	<u>\$ 603,584</u>
<b>NON OPERATING REVENUE &amp; EXPENSES:</b>				
Intergovernmental Revenues	\$ 813,492	\$ -	\$ -	\$ 813,492
Interest Expenses	\$ (73,453)	\$ (96,800)	\$ -	\$ (170,253)
Other Expenses	<u>\$ (3,565)</u>	<u>\$ (7,930)</u>	<u>\$ -</u>	<u>\$ (11,495)</u>
Total Non Operating Revenues & Expenses	<u>\$ 736,474</u>	<u>\$ (104,730)</u>	<u>\$ -</u>	<u>\$ 631,744</u>
Income(Loss) before contributions and transfer	<u>\$ 1,107,994</u>	<u>\$ 127,324</u>	<u>\$ 10</u>	<u>\$ 1,235,328</u>
Operating Transfer In	\$ 10,664	\$ 194,470	\$ -	\$ 205,134
Change in Net Assets	<u>\$ 1,118,658</u>	<u>\$ 321,794</u>	<u>\$ 10</u>	<u>\$ 1,440,462</u>
Total Net Assets January 1, 2006 (as restated)	<u>\$ 908,795</u>	<u>\$ 616,468</u>	<u>\$ 84,058</u>	<u>\$ 1,609,321</u>
Total Net Assets December 31, 2006	<u>\$ 2,027,453</u>	<u>\$ 938,262</u>	<u>\$ 84,068</u>	<u>\$ 3,049,783</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDING DECEMBER 31, 2006

	<u>WATER REVENUE</u>	<u>SEWER REVENUE</u>	<u>COMPOST &amp; MULCHING REVENUE</u>	<u>TOTAL</u>
<b>Cash Flow from Operating Activities:</b>				
Cash Received from Customers	\$ 1,361,021	\$ 1,910,686	\$ 10	\$ 3,271,717
Cash Paid to Employee Services	\$ (347,613)	\$ (600,471)		\$ (948,084)
Cash Paid to Suppliers	\$ (195,575)	\$ (605,272)	\$ -	\$ (800,847)
Cash Paid to Other Funds	\$ (291,250)	\$ (256,216)	\$ -	\$ (547,466)
Net Cash Provided by Operating Activities	<u>\$ 526,583</u>	<u>\$ 448,727</u>	<u>\$ 10</u>	<u>\$ 975,320</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from Capital Grant	\$ 589,428	\$ -	\$ -	\$ 589,428
Proceeds from Debt	\$ 258,668	\$ 225,000	\$ -	\$ 483,668
Acquisition of Capital Assets	\$ (724,373)	\$ (515,302)	\$ -	\$ (1,239,675)
Principal Paid on Debt	\$ (501,314)	\$ (291,084)	\$ -	\$ (792,398)
Interest Paid on Debt	\$ (80,001)	\$ (96,800)	\$ -	\$ (176,801)
Net Cash Flows used for Capital and Related Financing Activities	<u>\$ (457,592)</u>	<u>\$ (678,186)</u>	<u>\$ -</u>	<u>\$ (1,135,778)</u>
Net Increase (Decrease) Cash and Cash Equivalent:	<u>\$ 68,991</u>	<u>\$ (229,459)</u>	<u>\$ 10</u>	<u>\$ (160,458)</u>
Beginning Cash & Cash Equivalents	\$ 199,463	\$ 973,866	\$ 84,058	\$ 1,257,387
Ending Cash & Cash Equivalents	<u>\$ 268,454</u>	<u>\$ 744,407</u>	<u>\$ 84,068</u>	<u>\$ 1,096,929</u>
<b>Reconciliation of net operating income to net cash provided by operating activities</b>				
Net operating income	\$ 371,520	\$ 232,054	\$ 10	\$ 603,584
<b>Adjustments</b>				
Depreciation	\$ 159,262	\$ 274,102	\$ -	\$ 433,364
Assets & Liabilities				
(Increase)Decrease In Accounts Receivable	\$ (57,162)	\$ (19,761)	\$ -	\$ (76,923)
(Increase)Decrease In Inventory	\$ (5,949)	\$ (22,780)	\$ -	\$ (28,729)
Increase(Decrease) In Accounts Payable	\$ 63,030	\$ 28,439	\$ -	\$ 91,469
Increase(Decrease) In Salaries & Wages	\$ 923	\$ (998)	\$ -	\$ (75)
Increase(Decrease) In Workers' Compensation	\$ (2,674)	\$ (7,997)	\$ -	\$ (10,671)
Increase(Decrease) In Vacation & Sick Leave	\$ (2,825)	\$ (33,972)	\$ -	\$ (36,797)
Increase(Decrease) In Pension	\$ 458	\$ (360)	\$ -	\$ 98
Increase(Decrease) In Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Total Adjustments	<u>\$ 155,063</u>	<u>\$ 216,673</u>	<u>\$ -</u>	<u>\$ 371,736</u>
Net cash provided by operating activities	<u>\$ 526,583</u>	<u>\$ 448,727</u>	<u>\$ 10</u>	<u>\$ 975,320</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
STATEMENT OF NET ASSETS - ALL FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2006

	AGENCY <u>TOTAL</u>
ASSETS:	
Restricted Cash	\$163,331
TOTAL ASSETS	<u>\$163,331</u>
 LIABILITIES	
Payable from Restricted Assets	<u>\$163,331</u>
TOTAL LIABILITIES	<u>\$163,331</u>

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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, 2006.

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.

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. 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.



**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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.

Water Street Reconstruction Fund - To account for the reconstruction of East Water Street with grant monies and local capital water and sewer investment.

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.

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:

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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.

**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

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

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.

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

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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 expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. 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, 1981. The City expects to accomplish retroactive reporting of infrastructure prior to that deadline.

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.

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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
Infrastructure	25

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 \$130,834 net of accumulated amortization.

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.

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

Pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 are followed in both government-wide and business type fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards

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Board. Governments also have the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to this same limitation; however, the City has elected not to follow subsequent FASB guidance.

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:

State statutes classify monies held by the City into three categories.

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

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

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

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

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

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

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

Deposits - At year-end, the carrying amount of the City's deposits was \$4,912,948, which includes a certificates of deposit totaling \$3,060,210, and the bank balance was \$5,108,360. Of the bank balance, \$400,000 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions in amounts equal to at least 105% of the City's carrying value of deposits. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments - At year-end, the City's only investment was a money market mutual fund account totaling \$510,850. The money market mutual fund account was unrated. The City was not exposed to any other investment related risks.

### 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 2006 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 10.8% of income tax receipts to the City in 2006 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 2006 were levied on December 31, 2005 on assessed values listed as of January 1, 2005, the lien date. One-half of these taxes were due on March 10, 2006, with

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the remaining balance due on July 12, 2006. Public utility lien date was December 31, 2005. Tangible personal property taxes collected during 2006 had levy date of December 31, 2005. One-half of these taxes were due between February 15, 2006, and May 10, 2006, with the remaining balance due on October 11, 2006.

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 2006 upon which the 2007 levy will be based is approximately \$216,076,164. The assessed value for 2005 upon which the 2006 levy was based was approximately \$215,704,137.

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.

5. Capital Assets

A summary of Capital Assets for Governmental Activities for the year ended December 31, 2006 follows:

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
<b>Capital Assets not Depreciated</b>				
Land	\$3,078,413	\$303,663	(\$16,775)	\$3,365,301
Construction in Process	<u>\$94,793</u>	<u>\$2,589,300</u>	<u>(\$2,510,586)</u>	<u>\$173,507</u>
Sub-Total Non Depreciable	<u>\$3,173,206</u>	<u>\$2,892,963</u>	<u>(\$2,527,361)</u>	<u>\$3,538,808</u>
<b>Capital Assets being Depreciated</b>				
Building & Improvements	\$11,652,071	\$1,182,561	\$0	\$12,834,632
Machinery & Equipment	\$4,233,622	\$698,430	(\$299,957)	\$4,632,095
Infrastructure	<u>\$0</u>	<u>\$2,838,353</u>	<u>(\$205,134)</u>	<u>\$2,633,219</u>
Sub-Total Depreciable	<u>\$15,885,693</u>	<u>\$4,719,344</u>	<u>(\$505,091)</u>	<u>\$20,099,946</u>
Less Accumulated Depreciation				
Building & Improvements	\$6,917,547	\$679,075	\$0	\$7,596,622
Machinery & Equipment	<u>\$2,531,923</u>	<u>\$252,641</u>	<u>(\$308,394)</u>	<u>\$2,476,170</u>
Total	<u>\$9,449,470</u>	<u>\$931,716</u>	<u>(\$308,394)</u>	<u>\$10,072,792</u>
Net Capital Assets	<u>\$9,609,429</u>	<u>\$6,680,591</u>	<u>(\$2,724,058)</u>	<u>\$13,565,962</u>

Depreciation was Charged to Governmental Activities as follows:

General Government	\$203,569
Security of Person & Property	\$157,252
Transportation	\$512,018
Health	\$19,805
Community Environment	\$0
Leisure Activities	<u>\$39,072</u>
Total Governmental Activities Depreciation Expense	<u>\$931,716</u>



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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.

A summary of business-type activities Capital Assets at December 31, 2006 follows:

<b>Enterprise Funds</b>						
<b>Water Revenue Fund</b>						
	<u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>		<u>12/31/2006</u>	
Land	\$460,028	\$0	\$0		\$460,028	
Work in Progress	\$911,758	\$277,457	\$0		\$1,189,215	
Buildings	\$10,555,736	\$480,263	\$0		\$11,035,999	
Equipment	<u>\$2,702,671</u>	<u>\$0</u>	<u>\$0</u>		<u>\$2,702,671</u>	
Total	\$14,630,193	<u>\$757,720</u>	<u>\$0</u>		\$15,387,913	
Less Accumulated Depreciation						
on Buildings	\$9,909,551	\$109,267	\$0		\$10,018,818	
on Equipment	<u>\$1,857,872</u>	<u>\$49,995</u>	<u>\$0</u>		<u>\$1,907,867</u>	
Total Accumulated Depreciation	<u>\$11,767,423</u>	<u>\$159,262</u>	<u>\$0</u>		<u>\$11,926,685</u>	
Net Capital Assets	<u>\$2,862,770</u>				<u>\$3,461,228</u>	
<b>Sewer Revenue Fund</b>						
	<u>1/1/2006</u>	<u>Additions</u>	<u>Deletions</u>		<u>12/31/2006</u>	
Land	\$451,678	\$448,090	\$410,000		\$489,768	
Work in Progress	\$0	\$0	\$0		\$0	
Buildings	\$20,329,877	\$441,178	\$0		\$20,771,055	
Equipment	<u>\$1,638,939</u>	<u>\$436,719</u>	<u>\$41,435</u>		<u>\$2,034,223</u>	
Total	\$22,420,494	<u>\$1,325,987</u>	<u>\$451,435</u>		\$23,295,046	
Less Accumulated Depreciation						
on Buildings	\$19,047,205	\$242,174	\$0		\$19,289,379	
on Equipment	<u>\$1,624,461</u>	<u>\$31,928</u>	<u>-\$32,614</u>		<u>\$1,623,775</u>	
Total Accumulated Depreciation	<u>\$20,671,666</u>	<u>\$274,102</u>	<u>-\$32,614</u>		<u>\$20,913,154</u>	
Net Capital Assets	<u>\$1,748,828</u>				<u>\$2,381,892</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. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: 1) The Traditional Pension – a cost sharing, multiple-employer defined benefit pension plan. 2) The Member-Directed Plan- a defined contribution in which the member invests both member and employer contributions. Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and employer contributions plus investment earnings. 3) The Combined Plan- under the Combined Plan OPERS invests employer contribution to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan. 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 9.0% of their annual covered salary and the City's contribution rate for 2006 was 13.7% of covered payroll. The City's contributions, representing 100% of employer contributions

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for the periods ended December 31, 2006, 2005, and 2004 were \$392,841, \$399,415, and \$333,187, respectively. Approximately 93% has been contributed for 2006 and 100% has been contributed for 2005 and 2004. The unpaid contribution for 2006 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 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, 2006, 2005 and 2004 were \$559,114, \$543,817, and \$524,844, respectively, equal to the required contribution for each year. Approximately 74% has been contributed for 2006 and 100% has been contributed for 2004 and 2003. The unpaid contribution for 2006 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, 2006, the unfunded liability is payable, including principal and interest, in annual installments for \$16,666 through the year 2035. The principal balance of \$273,662 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 Post employment 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 13.7% 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, 2005.

**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, not to exceed a 12% corridor.

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**Investment Return:** The investment assumption rate for 2005 was 6.5%.

**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%.

**Health Care:** Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 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 had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actual valuation was 358,804. The rates are the actuarially determined contribution requirements for OPERS. The portion city contributions that was used to fund post-employment benefits is approximately \$129,048.

The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005.

The Actuarial Valuation as of December 31, 2005, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$31.3 billion and \$20.2 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 and January 1, 2007, 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.

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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 13,922 for Police and 10,537 for Firefighters. The City's annual contribution for 2005 that were used to fund postemployment benefits was \$91,863 for police and \$105,854 for firemen. The fund's total health care expenses for the year ending December 31, 2005 was \$108,039,449, which was net of members contributions of \$55,271,881.

8. Long-Term Liabilities:

The following is a summary of changes during 2006 and yearend balances for governmental activities long-term liabilities of the City for the year ended December 31, 2006:

<u>Governmental Activities</u>	<u>Balance</u> <u>1/1/2006</u>	<u>Addition</u>	<u>Reduction</u>	<u>Balance</u> <u>12/31/2006</u>	<u>Due within</u> <u>One-Year</u>
Municipal Bldg Renovations GO Bonds 1995-2015 3.25%-4% Police & Fire Capital Improvement Refinanced	\$2,395,000	\$0	\$150,000	\$2,245,000	\$215,000
Fire Appartus GO Bonds 1997-2007 4.3%-5.85% Police & Fire Capital Improvement	\$145,000	\$0	\$70,000	\$75,000	\$75,000
Airport Runway Expansion GO Bonds 1997-2010 4.3%-5.85% Airport Fund	\$80,000	\$0	\$16,000	\$64,000	\$16,000
9-1-1 Radio Equipment GO Bonds 2006-2016 4.25%-4.3% Police & Fire Capital Improvement	\$0	\$500,000	\$0	\$500,000	\$40,000
Mausoluem Phase II GO Bonds 2006-2011 4.25% Mausoluem Trust Fund	\$0	\$500,000	\$0	\$500,000	\$90,000
HB 300 Energy Savings	\$0	\$601,000	\$0	\$601,000	\$49,260
Capital Improvement Fund					
Accrued Vacation and Sick Leave					
General Fund	\$665,040	\$0	\$37,817	\$627,223	\$189,640
Street Maintenance Fund	\$78,362	\$0	\$7,142	\$71,220	\$3,484
Oak Dale Cemetery Fund	\$15,416	\$0	\$15,154	\$262	\$729
Police and Fire Income Tax Levy Fund	\$109,281	\$0	\$8,924	\$100,357	\$38,251
Landfill Post Closure Liability	\$1,501,379		\$135,690	\$1,365,689	\$70,000
*Unfunded P&F Pension Obligation					
Special Revenue Police & Fire Pension	<u>\$278,492</u>	<u>\$0</u>	<u>\$4,830</u>	<u>\$273,662</u>	<u>\$5,035</u>
<b>Total Governmental Activities</b>	<b><u>\$5,267,970</u></b>	<b><u>\$1,601,000</u></b>	<b><u>\$445,557</u></b>	<b><u>\$6,423,413</u></b>	<b><u>\$792,399</u></b>

**Long-term Liabilities**

\*(see footnote 6 last paragraph)

The City had one short-term debt issue in the amount of \$150,000 to finance the local share of the recreation building. The note was issued in December 2006 and matured in December 2007, the Capital Improvement Fund will repay this debt.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

The following is a summary of changes during 2006 and year end balances for business-type activities long-term liabilities of the City for the year ended December 31, 2006:

<u>Business-type Activities</u>	<u>1/1/2006</u>	<u>Addition</u>	<u>Reduction</u>	<u>12/31/2006</u>	<u>One-Year</u>
Water Fund:					
GO Bonds 1996-2006 3.8%-4.7% Refinance Waterworks 86	\$165,000	\$0	\$165,000	\$0	\$0
GO Bonds 1995-2009 3.9%-5.85% Refinance Waterworks 79	\$465,000	\$0	\$105,000	\$360,000	\$115,000
GO Bonds 1997-2010 4.3%-5.85% Gwynne St Water Tower	\$170,000	\$0	\$34,000	\$136,000	\$34,000
GO Bonds 2006-2015 4%-4.75% Water System Improvements	\$950,000	\$0	\$75,000	\$875,000	\$80,000
Stadler Property Wellfield Note 2%	\$100,000	\$0	\$100,000	\$0	\$0
OPWC 0% Interest Loan	\$357,024	\$0	\$22,314	\$334,710	\$22,314
OPWC 0% Interest Loan Well Field	\$80,131	\$33,668	\$0	\$113,799	\$0
Sewer Fund					
OWDA Loan 1995-2012 4.56% Refinanced 1995 Upgrade	\$1,132,238	\$0	\$170,893	\$961,345	\$174,789
OWDA Loan 1995-2015 4.56% N-Viro Project	\$336,528	\$0	\$43,607	\$292,921	\$43,605
OWDA Loan 1996-2016 4.04% N-Viro Project	\$523,095	\$0	\$40,900	\$482,195	\$41,728
OWDA Loan 1996-2016 4.12% N-Viro Project	\$6,191	\$0	\$5,684	\$507	\$507
OPWC 0% Interest Loan	\$300,000	\$0	\$30,000	\$270,000	\$30,000
Accrued Vacation and Sick Leave	\$141,188	\$0	\$36,797	\$104,391	\$44,527
<b>Total Business-type Activities</b>	<u>\$4,726,395</u>	<u>\$33,668</u>	<u>\$829,195</u>	<u>\$3,930,868</u>	<u>\$586,470</u>
<b>Long-term Liabilities</b>					

The City had one short-term debt issue in the amount of \$450,000 to finance water line and sewer line projects. The note was issued in December 2006 and matures in December 2007.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

Annual requirements to pay principal and interest on long-term debt at December 31, 2006 reflected in thousands are:

Governmental Activities

	<u>Fire Appartus</u>		<u>Municipal Bldg</u>		<u>Airport Runway</u>		<u>Mausoleum</u>		<u>House Bill 300</u>		<u>9-1-1 Radios</u>		<u>Total</u>	
	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.
2007	\$ 75	\$ 4	\$ 215	\$ 84	\$ 16	\$ 2	\$ 90	\$ 21	\$ 49	\$ 25	\$ 40	\$ 21	\$ 485	\$ 157
2008	\$ -	\$ -	\$ 225	\$ 77	\$ 16	\$ 2	\$ 95	\$ 17	\$ 51	\$ 23	\$ 45	\$ 20	\$ 432	\$ 139
2009	\$ -	\$ -	\$ 230	\$ 70	\$ 16	\$ 1	\$ 100	\$ 15	\$ 54	\$ 21	\$ 45	\$ 17	\$ 445	\$ 124
2010	\$ -	\$ -	\$ 240	\$ 62	\$ 16	\$ 1	\$ 105	\$ 9	\$ 56	\$ 19	\$ 45	\$ 16	\$ 462	\$ 107
2011	\$ -	\$ -	\$ 250	\$ 53	\$ -	\$ -	\$ 110	\$ 5	\$ 58	\$ 16	\$ 50	\$ 14	\$ 468	\$ 88
2012-term	\$ -	\$ -	\$ 1,085	\$ 111	\$ -	\$ -	\$ -	\$ -	\$ 333	\$ 41	\$ 275	\$ 36	\$ 1,693	\$ 188
Total	\$ 75	\$ 4	\$ 2,245	\$ 457	\$ 64	\$ 6	\$ 500	\$ 67	\$ 601	\$ 145	\$ 500	\$ 124	\$ 3,985	\$ 803

Debts are paid from the Capital Project Funds, except Mausoleum from sales in the Mausoleum Trust

Business-type Activities

<u>Year Ending</u>	<u>Water</u>		<u>Sewer OWDA &amp; 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>
2007	\$251	\$63	\$297	\$90	\$548	\$153
2008	\$261	\$52	\$308	\$78	\$569	\$130
2009	\$271	\$41	\$321	\$65	\$592	\$106
2010	\$152	\$29	\$334	\$52	\$486	\$81
2011	\$117	\$24	\$328	\$50	\$445	\$74
2012-term	\$767	\$52	\$419	\$31	\$1,186	\$83
Total	<u>\$1,819</u>	<u>\$261</u>	<u>\$2,007</u>	<u>\$366</u>	<u>\$3,826</u>	<u>\$627</u>

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, 2006, the City's total net debt amounted to 2.5% 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, 2006, 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, 2006**

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, 2006, \$1,050,000 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, 2006 the debt service requirement to maturity of the defeased bonds was \$1,282,651.

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, 2006 \$450,000 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, 2006 the debt service requirement to maturity of the defeased bonds was \$514,400.

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, 2005 were \$ 2,245,000, \$ 80,000, and \$ 136,000 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, 2006**

11. Deficit Fund Balance/Net Assets

The following individual fund had deficit fund balances/net assets at December 31, 2006:

Probation Grant	\$ 11,238
Victims Advocate Grant Fund	\$ 689
ODNR Natureworks Grant Fund	\$114,729

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>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	<u>\$15,875,741</u>	<u>\$15,994,168</u>
Retained Earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	<u>\$863,163</u>	<u>\$1,065,245</u>
Retained Earnings	<u>\$4,262,163</u>	<u>\$3,378,087</u>

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, 2006**

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 \$1,365,689 reported as landfill post closure liability at December 31, 2006, 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.

14. Interfund Balances

Interfund Balances at December 31, 2006 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.

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 141,460	\$ -
Capital Improvement	\$ -	\$ 141,460
Total	<u>\$ 141,460</u>	<u>\$ 141,460</u>

15. Interfund Transfers

Interfund transfers for the year ended December 31, 2006 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	\$128,000	
Oak Dale Cemetery	\$152,000	
General Fund		\$280,000

At the entity wide level, grant funds included in the East Water Street Reconstruction Capital Project Fund were used to fund Water and Sewer portion of the project. The result was transferred from the Governmental Activities to Business Type Activities in the following amount:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Business Type Activity</u>		
Water Fund	\$10,664	
Sewer Fund	\$194,470	
<u>Governmental Activity</u>		
Governmental Activity		\$205,134

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2006**

16. Significant Construction Commitments

Several State Route paving projects in conjunction with the Ohio Department of Transportation have been approved and will be funded with Capital Improvement monies through 2012.

The City is in the process of engineering the complete reconstruction of East Lawn Avenue in 2008 to be funded with grant, water and sewer monies. The engineering division have also drafted plans for the Scioto Street Enhancement and widen project scheduled for 2009, grants, tax increment financing, and water monies will finance the \$2.2 million project.

The Wastewater Treatment facility is in the process of bidding and financing a Microwave System to enhance the facility in 2007 in the amount \$1.5 million.

And finally, the City continues planning, engineering and preparing financing for the new north well field to be completed in 2009 at a cost of \$ 8 million.

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.

<b>Proprietary Fund</b>	
<b>Financial Statements:</b>	
	<u>Water</u>
Net Assets, December 31, 2005	\$ 988,926
OWDA Loan Adjustment	(80,131)
	<u>\$ 908,795</u>
<b>Entity-Wide</b>	
<b>Financial Statements:</b>	
	<u>Business-Type Activities</u>
Net Assets, December 31, 2005	\$ 1,689,452
OWDA Loan Adjustment	(80,131)
	<u>\$ 1,609,321</u>

Required  
Supplementary  
Information



*City of Urbana, Ohio*



*Simon Kenton Recreational Trail  
& Penn Depot Rest Stop*

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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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Local Taxes	\$2,954,000	\$3,254,000	\$3,278,265	\$24,265
Intergovernmental	\$725,500	\$725,500	\$879,755	\$154,255
Charges for Service	\$425,850	\$425,850	\$482,652	\$56,802
Fines, Licenses & Permits	\$708,500	\$708,500	\$735,858	\$27,358
Investment Income	\$150,000	\$150,000	\$163,076	\$13,076
Miscellaneous & Reimbursements	\$707,790	\$836,800	\$737,688	(\$99,112)
<b>Total Revenues</b>	<b>\$5,671,640</b>	<b>\$6,100,650</b>	<b>\$6,277,294</b>	<b>\$176,644</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
City Council				
Salaries	\$57,200	\$56,900	\$56,728	\$172
Fringe Benefits	\$9,810	\$10,900	\$10,813	\$87
Contractual/Material	\$2,111	\$1,186	\$1,153	\$33
Total	\$69,121	\$68,986	\$68,694	\$292
Mayor/Administration				
Salaries	\$181,395	\$182,520	\$182,034	\$486
Fringe Benefits	\$54,695	\$50,650	\$49,859	\$791
Contractual/Material	\$29,086	\$21,668	\$20,644	\$1,024
Total	\$265,176	\$254,838	\$252,537	\$2,301
Municipal Court				
Salaries	\$395,855	\$405,230	\$401,934	\$3,296
Fringe Benefits	\$135,565	\$133,065	\$131,976	\$1,089
Contractual/Material	\$73,507	\$78,722	\$75,493	\$3,229
Total	\$604,927	\$617,017	\$609,403	\$7,614
Engineering				
Salaries	\$179,320	\$178,340	\$178,337	\$3
Fringe Benefits	\$58,565	\$61,140	\$61,123	\$17
Contractual/Material	\$11,810	\$9,270	\$9,192	\$78
Total	\$249,695	\$248,750	\$248,652	\$98
Public Works				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	\$159,153	\$141,553	\$140,871	\$682
Total	\$159,153	\$141,553	\$140,871	\$682
Finance Accounting				
Salaries	\$146,380	\$146,680	\$146,643	\$37
Fringe Benefits	\$43,075	\$44,385	\$43,166	\$1,219
Contractual/Material	\$16,662	\$14,981	\$13,531	\$1,450
Total	\$206,117	\$206,046	\$203,340	\$2,706

**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, 2006**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance From Final <u>Budget</u>
Finance Income Tax				
Salaries	\$50,285	\$49,950	\$49,303	\$647
Fringe Benefits	\$19,480	\$19,480	\$19,406	\$74
Contractual/Material	<u>\$21,563</u>	<u>\$21,898</u>	<u>\$21,642</u>	<u>\$256</u>
Total	<u>\$91,328</u>	<u>\$91,328</u>	<u>\$90,351</u>	<u>\$977</u>
Law Department				
Salaries	\$65,915	\$64,785	\$64,776	\$9
Fringe Benefits	\$33,680	\$35,320	\$35,237	\$83
Contractual/Material	<u>\$4,623</u>	<u>\$3,964</u>	<u>\$3,770</u>	<u>\$194</u>
Total	<u>\$104,218</u>	<u>\$104,069</u>	<u>\$103,783</u>	<u>\$286</u>
Non-Departmental				
Contractual/Material	<u>\$329,962</u>	<u>\$424,835</u>	<u>\$422,990</u>	<u>\$1,845</u>
Total	<u>\$329,962</u>	<u>\$424,835</u>	<u>\$422,990</u>	<u>\$1,845</u>
<b>Total General Government</b>	<b><u>\$2,079,697</u></b>	<b><u>\$2,157,422</u></b>	<b><u>\$2,140,621</u></b>	<b><u>\$16,801</u></b>
<b>Security of Person and Property</b>				
Police Services				
Salaries	\$1,034,590	\$984,255	\$984,135	\$120
Fringe Benefits	\$399,100	\$436,590	\$436,157	\$433
Contractual/Material	<u>\$154,806</u>	<u>\$146,069</u>	<u>\$141,786</u>	<u>\$4,283</u>
Total	<u>\$1,588,496</u>	<u>\$1,566,914</u>	<u>\$1,562,078</u>	<u>\$4,836</u>
Fire Services				
Salaries	\$1,120,400	\$1,120,400	\$1,139,378	(\$18,978)
Fringe Benefits	\$503,900	\$503,900	\$531,209	(\$27,309)
Contractual/Material	<u>\$58,830</u>	<u>\$58,830</u>	<u>\$45,342</u>	<u>\$13,488</u>
Total	<u>\$1,683,130</u>	<u>\$1,683,130</u>	<u>\$1,715,929</u>	<u>(\$32,799)</u>
Ambulance Services				
Salaries	\$39,690	\$37,070	\$37,015	\$55
Fringe Benefits	\$10,390	\$11,010	\$10,369	\$641
Contractual/Material	<u>\$52,338</u>	<u>\$52,933</u>	<u>\$52,816</u>	<u>\$117</u>
Total	<u>\$102,418</u>	<u>\$101,013</u>	<u>\$100,200</u>	<u>\$813</u>
<b>Total Security of P &amp; P</b>	<b><u>\$3,374,044</u></b>	<b><u>\$3,351,057</u></b>	<b><u>\$3,378,207</u></b>	<b><u>(\$27,150)</u></b>
<b>Health</b>				
Contractual/Material	<u>\$50,305</u>	<u>\$51,015</u>	<u>\$51,011</u>	<u>\$4</u>
<b>Total Health</b>	<b><u>\$50,305</u></b>	<b><u>\$51,015</u></b>	<b><u>\$51,011</u></b>	<b><u>\$4</u></b>
<b>Leisure Activities</b>				
Recreation Administration				
Salaries	\$49,075	\$49,180	\$49,176	\$4
Fringe Benefits	\$19,470	\$21,165	\$21,108	\$57
Contractual/Material	<u>\$6,800</u>	<u>\$4,850</u>	<u>\$4,535</u>	<u>\$315</u>
Total	<u>\$75,345</u>	<u>\$75,195</u>	<u>\$74,819</u>	<u>\$376</u>
Recreation Programs				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	<u>\$73,465</u>	<u>\$73,465</u>	<u>\$71,461</u>	<u>\$2,004</u>
Total	<u>\$73,465</u>	<u>\$73,465</u>	<u>\$71,461</u>	<u>\$2,004</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, 2006**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance From Final <u>Budget</u>
Recreation-Pool				
Salaries	\$34,200	\$35,995	\$35,994	\$1
Fringe Benefits	\$6,205	\$7,160	\$6,892	\$268
Contractual/Material	<u>\$45,895</u>	<u>\$43,145</u>	<u>\$42,929</u>	<u>\$216</u>
Total	<u>\$86,300</u>	<u>\$86,300</u>	<u>\$85,815</u>	<u>\$485</u>
Recreation Parks				
Salaries	\$31,000	\$37,550	\$37,542	\$8
Fringe Benefits	\$5,620	\$7,135	\$7,122	\$13
Contractual/Material	<u>\$35,275</u>	<u>\$32,077</u>	<u>\$31,883</u>	<u>\$194</u>
Total	<u>\$71,895</u>	<u>\$76,762</u>	<u>\$76,547</u>	<u>\$215</u>
<b>Total Leisure Activities</b>	<u>\$307,005</u>	<u>\$311,722</u>	<u>\$308,642</u>	<u>\$3,080</u>
<b>Community Environment</b>				
Code Enforcement				
Salaries	\$50,365	\$50,440	\$50,436	\$4
Fringe Benefits	\$18,500	\$19,250	\$19,224	\$26
Contractual/Material	<u>\$1,588</u>	<u>\$753</u>	<u>\$674</u>	<u>\$79</u>
<b>Total Community Environment</b>	<u>\$70,453</u>	<u>\$70,443</u>	<u>\$70,334</u>	<u>\$109</u>
<b>Basic Utilities</b>				
Finance Utility Billing				
Salaries	\$77,295	\$77,795	\$77,792	\$3
Fringe Benefits	\$35,355	\$35,355	\$34,934	\$421
Contractual/Material	<u>\$24,874</u>	<u>\$24,341</u>	<u>\$23,964</u>	<u>\$377</u>
<b>Total Basic Utilities</b>	<u>\$137,524</u>	<u>\$137,491</u>	<u>\$136,690</u>	<u>\$801</u>
<b>Transportation</b>				
Parking Enforcement				
Salaries	\$8,500	\$10,490	\$9,396	\$1,094
Fringe Benefits	\$1,500	\$1,980	\$1,651	\$329
Contractual/Material	<u>\$300</u>	<u>\$2,830</u>	<u>\$1,463</u>	<u>\$1,367</u>
<b>Total Transportation</b>	<u>\$10,300</u>	<u>\$15,300</u>	<u>\$12,510</u>	<u>\$2,790</u>
<b>Total Expenditures</b>	<u>\$6,029,328</u>	<u>\$6,094,450</u>	<u>\$6,098,015</u>	<u>(\$3,565)</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$357,688)</u>	<u>\$6,200</u>	<u>\$179,279</u>	<u>\$173,079</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>\$230,000</u>	<u>\$280,000</u>	<u>\$280,000</u>	<u>\$0</u>
<b>Total Other Financing Uses</b>	<u>\$230,000</u>	<u>\$280,000</u>	<u>\$280,000</u>	<u>\$0</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	<u>(\$587,688)</u>	<u>(\$273,800)</u>	<u>(\$100,721)</u>	<u>\$173,079</u>
Fund Balance January 1, 2006	<u>\$328,403</u>	<u>\$328,403</u>	<u>\$328,403</u>	
Prior Year Encumbrance	<u>\$64,208</u>	<u>\$64,208</u>	<u>\$64,208</u>	
Fund Balance December 31, 2006	<u>(\$195,077)</u>	<u>\$118,811</u>	<u>\$291,890</u>	<u>\$173,079</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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Intergovernmental Revenues	\$505,000	\$550,000	\$544,786	(\$5,214)
Miscellaneous & Reimbursements	\$90,000	\$90,000	\$100,627	\$10,627
<b>Total Revenues</b>	<b>\$595,000</b>	<b>\$640,000</b>	<b>\$645,413</b>	<b>\$5,413</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Transportation</b>				
Salaries	\$398,475	\$448,615	\$410,636	\$37,979
Fringe Benefits	\$169,185	\$164,125	\$163,326	\$799
Contractual/Material	\$183,724	\$187,787	\$179,291	\$8,496
<b>Total Transportation</b>	<b>\$751,384</b>	<b>\$800,527</b>	<b>\$753,253</b>	<b>\$47,274</b>
Excess of Revenues Over/(Under) Expenditures	(\$156,384)	(\$160,527)	(\$107,840)	\$52,687
Other Financing Sources (Uses)				
Operating Transfers In	\$150,000	\$150,000	\$128,000	(\$22,000)
<b>Total Other Financing Sources</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$128,000</b>	<b>(\$22,000)</b>
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(\$6,384)	(\$10,527)	\$20,160	\$30,687
Fund Balance January 1, 2006	(\$936)	(\$936)	(\$936)	
Prior Year Encumbrances	\$24,404	\$24,404	\$24,404	
Fund Balance December 31, 2006	<u>\$17,084</u>	<u>\$12,941</u>	<u>\$43,628</u>	<u>\$30,687</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, 2006**

	Original	Final		Variance
	Budget	Budget	Actual	From Final
<u>Revenues:</u>				<u>Budget</u>
Local Taxes	\$964,000	\$964,000	\$1,071,066	\$107,066
Intergovernmental Revenues	\$0	\$0	\$9,000	\$9,000
<b>Total Revenues</b>	<b>\$964,000</b>	<b>\$964,000</b>	<b>\$1,080,066</b>	<b>\$116,066</b>
<u>Expenditures:</u>				
<b>Current:</b>				
<b>Security of Persons &amp; Property</b>				
Police Services				
Salaries	\$386,790	\$335,420	\$335,403	\$17
Fringe Benefits	\$154,500	\$156,880	\$154,086	\$2,794
Contractual/Material	\$42,980	\$55,955	\$49,962	\$5,993
Total Police Services	\$584,270	\$548,255	\$539,451	\$8,804
Fire Services				
Salaries	\$281,240	\$286,440	\$286,419	\$21
Fringe Benefits	\$130,950	\$143,860	\$143,827	\$33
Contractual/Material	\$26,432	\$40,610	\$38,922	\$1,688
Total Fire Services	\$438,622	\$470,910	\$469,168	\$1,742
<b>Total Expenditures</b>	<b>\$1,022,892</b>	<b>\$1,019,165</b>	<b>\$1,008,619</b>	<b>\$10,546</b>
Excess of Revenues Over/(Under) Expenditures	(\$58,892)	(\$55,165)	\$71,447	\$126,612
Fund Balance January 1, 2006	\$89,277	\$89,277	\$89,277	
Prior Year Encumbrances	\$5,332	\$5,332	\$5,332	
Fund Balance December 31, 2006	<u>\$35,717</u>	<u>\$39,444</u>	<u>\$166,056</u>	<u>\$126,612</u>

**CITY OF URBANA, OHIO**  
**Notes to the Required Supplementary Information**  
**December 31, 2006**

1. The City of Urbana  
 Budget Basis of Accounting Adjustments  
 GAAP Basis to Budget Basis  
 For Year Ended December 31, 2006

	General Fund	Street Maintenance Fund	Police & Fire Tax Fund
GAAP Basis	\$ 94,613	\$ 28,581	\$ 96,937
Increase (Decrease)			
Due to Revenues	\$ 668,225	\$ 113,702	(\$8,353)
Due to Expenditures	(\$799,351)	(\$97,719)	(\$11,805)
Due to Other Financing Sources and Uses	\$0	\$0	\$0
Prior Year Encumbrances	(\$64,208)	(\$24,404)	(\$5,332)
Budget Basis	<u>(\$100,721)</u>	<u>\$20,160</u>	<u>\$71,447</u>

# Supplemental Section



*City of Urbana, Ohio*



*Simon Kenton Recreational Trail  
& Penn Depot Rest Stop*

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## 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.

**Formula Grant** – Community Distress – Northwest Neighborhood Flood Drainage Improvements – funds available through the Ohio Department of Development to assist low and moderate income households in the Northwest Neighborhood were utilized for upgrades to the drainage problems in the area including improvements to the storm sewer system. Dollars utilized in the project include CDBG FY04 Formula/Community Distress, local capital and utilities, Program Income.

**CHIP Penn Depot Grant** - various funding sources were utilized for the renovation of the 1890's Pennsylvania Railroad Depot located on Miami Street including Ohio Department of Transportation Enhancement and Earmark monies, Ohio Department of Natural Resources Clean Ohio Trails grant, Champaign County Community Development Block Grant, and local funds.

**ODNR Natureworks Grant** – Ohio Department of Natural Resources provided the City matching grant dollars to construct a block building for the safety of the citizens using the park in case of severe weather.

**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.

**East Water Street Reconstruction Fund** - multiple funding sources were utilized including Ohio Department of Transportation FHWA funds, Ohio Public Works Commission funds, local water and sewer funds, and Community Development Block Grant FY05 Formula monies in the widening and reconstruction of Water Street including curbs, gutters, sidewalks, drive aprons, storm sewer, sanitary sewer and water modifications.

**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 31,2006

	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	FORMULA GRANT
<b>ASSETS</b>														
Pooled Cash & Investments	\$ 29,690	\$ 4,551	\$ 10,525	\$ 7,417	\$ 327,816	\$ 30,194	\$ 31,425	\$ 5,849	\$ 8,478	\$ 743	\$ 73	\$ 2,286	\$ 43,803	\$ -
Receivables (Net of Allowance):														
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ -	\$ -	\$ -	\$ 125,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ 15,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Governments	\$ -	\$ 23,693	\$ -	\$ 4,663	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventry	\$ 24,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 54,558</b>	<b>\$ 28,244</b>	<b>\$ 10,525</b>	<b>\$ 137,347</b>	<b>\$ 343,727</b>	<b>\$ 87,306</b>	<b>\$ 31,425</b>	<b>\$ 5,849</b>	<b>\$ 8,478</b>	<b>\$ 743</b>	<b>\$ 73</b>	<b>\$ 2,286</b>	<b>\$ 43,803</b>	<b>\$ -</b>
<b>LIABILITIES:</b>														
Accounts Payable	\$ 13,018	\$ -	\$ 4,241	\$ -	\$ -	\$ 1,551	\$ 244	\$ -	\$ -	\$ 8,748	\$ 8	\$ 1,930	\$ 9,410	\$ -
Accrued:														
Salaries	\$ -	\$ -	\$ 648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,207	\$ 312	\$ -	\$ -	\$ -
Workers' Compensation	\$ -	\$ -	\$ 2,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,366	\$ 434	\$ -	\$ -	\$ -
Pension	\$ -	\$ -	\$ 817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660	\$ 8	\$ -	\$ -	\$ -
Deferred Revenues	\$ -	\$ 16,732	\$ -	\$ 122,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 13,018</b>	<b>\$ 16,732</b>	<b>\$ 8,223</b>	<b>\$ 122,800</b>	<b>\$ -</b>	<b>\$ 1,551</b>	<b>\$ 244</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,981</b>	<b>\$ 762</b>	<b>\$ 1,930</b>	<b>\$ 9,410</b>	<b>\$ -</b>
<b>FUND BALANCE</b>														
Fund Balances (Deficits):														
Reserved for Inventory	\$ 24,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ 461	\$ -	\$ 3,260	\$ -	\$ -	\$ 13,016	\$ -	\$ -	\$ -	\$ 983	\$ -	\$ 49,889	\$ 285,060	\$ -
Unreserved, Reported in:														
Special Revenue Funds	\$ 16,211	\$ 11,512	\$ (958)	\$ 14,547	\$ 343,727	\$ 72,739	\$ 31,181	\$ 5,849	\$ 8,478	\$ (12,221)	\$ (689)	\$ (49,533)	\$ (250,667)	\$ -
Capital Project Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balance	<b>\$ 41,540</b>	<b>\$ 11,512</b>	<b>\$ 2,302</b>	<b>\$ 14,547</b>	<b>\$ 343,727</b>	<b>\$ 85,755</b>	<b>\$ 31,181</b>	<b>\$ 5,849</b>	<b>\$ 8,478</b>	<b>\$ (11,238)</b>	<b>\$ (689)</b>	<b>\$ 356</b>	<b>\$ 34,393</b>	<b>\$ -</b>
<b>Total Liabilities, Fund Balance, &amp; Other Credits</b>	<b>\$ 54,558</b>	<b>\$ 28,244</b>	<b>\$ 10,525</b>	<b>\$ 137,347</b>	<b>\$ 343,727</b>	<b>\$ 87,306</b>	<b>\$ 31,425</b>	<b>\$ 5,849</b>	<b>\$ 8,478</b>	<b>\$ 743</b>	<b>\$ 73</b>	<b>\$ 2,286</b>	<b>\$ 43,803</b>	<b>\$ -</b>



CITY OF URBANA  
 COMBINING BALANCE SHEET  
 NON MAJOR FUNDS  
 AS OF DECEMBER 31,2006

	DARE GRANT	CHIP PENN DEPOT GRANT	ODNR NATUREWORKS 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
<b>ASSETS</b>													
Pooled Cash & Investments	\$ 752	\$ -	\$ (27,887)	\$ 23,544	\$ 8,735	\$ 1,245	\$ 1,970	\$ 17,483	\$ 302,333	\$ 87,382	\$ 124,055	\$ 75,454	\$ 1,117,916
Receivables (Net of Allowance):													
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,216	\$ 12,216
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,267
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,573	\$ -	\$ 65,573
Other	\$ -	\$ -	\$ -	\$ 1,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,698
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,112
Due from other Governments	\$ -	\$ -	\$ 63,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,514
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,868
<b>TOTAL ASSETS</b>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 35,271</u>	<u>\$ 25,331</u>	<u>\$ 8,735</u>	<u>\$ 1,245</u>	<u>\$ 1,970</u>	<u>\$ 17,483</u>	<u>\$ 302,333</u>	<u>\$ 87,382</u>	<u>\$ 189,628</u>	<u>\$ 87,670</u>	<u>\$ 1,512,164</u>
<b>LIABILITIES:</b>													
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,301	\$ 4,800	\$ 46,251
Accrued:													
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 718	\$ 2,885
Workers' Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 871	\$ 5,188
Pension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387	\$ 1,872
Deferred Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,111	\$ -	\$ 156,643
Notes Payable	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,412</u>	<u>\$ 6,776</u>	<u>\$ 362,839</u>
<b>FUND BALANCE</b>													
Restricted for:													
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,868
Encumbrance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,518	\$ -	\$ 127,729	\$ -	\$ 749,916
Unreserved, Reported in:													
Special Revenue Funds	\$ 752	\$ -	\$ (114,729)	\$ 25,331	\$ 8,735	\$ 1,245	\$ 1,970	\$ 17,483	\$ 32,815	\$ -	\$ -	\$ -	\$ 163,778
Capital Project Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,382	\$ 42,487	\$ 80,894	\$ 210,763
<b>Total Fund Balance</b>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ (114,729)</u>	<u>\$ 25,331</u>	<u>\$ 8,735</u>	<u>\$ 1,245</u>	<u>\$ 1,970</u>	<u>\$ 17,483</u>	<u>\$ 302,333</u>	<u>\$ 87,382</u>	<u>\$ 170,216</u>	<u>\$ 80,894</u>	<u>\$ 1,149,325</u>
<b>Total Liabilities, Fund Balance, &amp; Other Credits</b>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 35,271</u>	<u>\$ 25,331</u>	<u>\$ 8,735</u>	<u>\$ 1,245</u>	<u>\$ 1,970</u>	<u>\$ 17,483</u>	<u>\$ 302,333</u>	<u>\$ 87,382</u>	<u>\$ 189,628</u>	<u>\$ 87,670</u>	<u>\$ 1,512,164</u>

CITY OF URBANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS  
 FOR YEAR ENDED DECEMBER 31, 2006

	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	FORMULA GRANT
<b>REVENUES</b>														
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ 120,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	\$ -	\$ 42,785	\$ -	\$ 4,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,848	\$ 17,011	\$ 324,311	\$ 248,743	\$ 298,000
Charges for Services	\$ 175,085	\$ -	\$ 84,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,101	\$ 3,337	\$ 10,025	\$ 37,520	\$ -	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ 44,185	\$ -	\$ 448	\$ -	\$ 11,725	\$ 7,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,908	\$ -
<b>TOTAL REVENUES</b>	<b>\$ 219,270</b>	<b>\$ 42,785</b>	<b>\$ 85,040</b>	<b>\$ 124,742</b>	<b>\$ 11,725</b>	<b>\$ 7,411</b>	<b>\$ 6,101</b>	<b>\$ 3,337</b>	<b>\$ 10,025</b>	<b>\$ 86,368</b>	<b>\$ 17,011</b>	<b>\$ 324,311</b>	<b>\$ 300,651</b>	<b>\$ 298,000</b>
<b>EXPENDITURES (CURRENT)</b>														
Public Safety	\$ -	\$ -	\$ -	\$ 117,900	\$ -	\$ -	\$ 8,817	\$ -	\$ 31,406	\$ 93,470	\$ 18,651	\$ -	\$ -	\$ -
Health	\$ -	\$ -	\$ 229,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,343	\$ -
Transportation	\$ 207,736	\$ 46,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,919	\$ -	\$ -
General Government	\$ -	\$ -	\$ -	\$ 1,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,255	\$ -	\$ 303,663
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 207,736</b>	<b>\$ 46,480</b>	<b>\$ 229,233</b>	<b>\$ 119,568</b>	<b>\$ -</b>	<b>\$ 52,592</b>	<b>\$ 8,817</b>	<b>\$ -</b>	<b>\$ 31,406</b>	<b>\$ 93,470</b>	<b>\$ 18,651</b>	<b>\$ 331,174</b>	<b>\$ 266,343</b>	<b>\$ 303,663</b>
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ 11,534	\$ (3,695)	\$ (144,193)	\$ 5,174	\$ 11,725	\$ (45,181)	\$ (2,716)	\$ 3,337	\$ (21,381)	\$ (7,102)	\$ (1,640)	\$ (6,863)	\$ 34,308	\$ (5,663)
<b>OTHER FINANCING SOURCES(USES)</b>														
Proceed from the Issuance of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer In	\$ -	\$ -	\$ 152,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER SOURCES(USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 152,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Excess(Deficiency) of Revenues & Sources Over (Under) Expenditures & Uses	\$ 11,534	\$ (3,695)	\$ 7,807	\$ 5,174	\$ 11,725	\$ (45,181)	\$ (2,716)	\$ 3,337	\$ (21,381)	\$ (7,102)	\$ (1,640)	\$ (6,863)	\$ 34,308	\$ (5,663)
<b>FUND BALANCE JANUARY 1</b>	<b>\$ 30,006</b>	<b>\$ 15,207</b>	<b>\$ (5,505)</b>	<b>\$ 9,373</b>	<b>\$ 332,002</b>	<b>\$ 130,936</b>	<b>\$ 33,897</b>	<b>\$ 2,512</b>	<b>\$ 29,859</b>	<b>\$ (4,136)</b>	<b>\$ 951</b>	<b>\$ 7,219</b>	<b>\$ 85</b>	<b>\$ 5,663</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 41,540</b>	<b>\$ 11,512</b>	<b>\$ 2,302</b>	<b>\$ 14,547</b>	<b>\$ 343,727</b>	<b>\$ 85,755</b>	<b>\$ 31,181</b>	<b>\$ 5,849</b>	<b>\$ 8,478</b>	<b>\$ (11,238)</b>	<b>\$ (689)</b>	<b>\$ 356</b>	<b>\$ 34,393</b>	<b>\$ -</b>

CITY OF URBANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS  
 FOR YEAR ENDED DECEMBER 31, 2006

	FORMULA GRANT	CHIP PENN DEPOT GRANT	ODNR NATUREWORKS 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
<b>REVENUES</b>													
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,806	\$ -	\$ 359,806
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,067
Intergovernmental Revenues	\$ -	\$ 508,219	\$ 115,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,608,275
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,666	\$ -	\$ -	\$ -	\$ 262,343
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,175	\$ 179,158
Miscellaneous including Interest	\$ -	\$ -	\$ -	\$ 3,098	\$ 6,857	\$ 850	\$ 120	\$ 550	\$ -	\$ 1,000	\$ -	\$ 4,283	\$ 132,435
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 508,219</b>	<b>\$ 115,683</b>	<b>\$ 3,098</b>	<b>\$ 6,857</b>	<b>\$ 850</b>	<b>\$ 120</b>	<b>\$ 550</b>	<b>\$ 2,666</b>	<b>\$ 1,000</b>	<b>\$ 359,806</b>	<b>\$ 126,458</b>	<b>\$ 2,662,084</b>
<b>EXPENDITURES (CURRENT)</b>													
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ 4,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,869
Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,233
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,935
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,135
General Government	\$ -	\$ -	\$ -	\$ 8,706	\$ -	\$ -	\$ -	\$ 6,005	\$ -	\$ -	\$ -	\$ 80,030	\$ 96,409
Capital Outlays	\$ -	\$ 508,219	\$ 230,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 288,001	\$ -	\$ 569,787	\$ -	\$ 2,173,337
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,450	\$ 22,550	\$ 220,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,117	\$ -	\$ 88,774	\$ 8,287	\$ 109,178
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 508,219</b>	<b>\$ 230,412</b>	<b>\$ 8,706</b>	<b>\$ 4,625</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,005</b>	<b>\$ 300,118</b>	<b>\$ -</b>	<b>\$ 856,011</b>	<b>\$ 110,867</b>	<b>\$ 3,734,096</b>
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (114,729)	\$ (5,608)	\$ 2,232	\$ 850	\$ 120	\$ (5,455)	\$ (297,452)	\$ 1,000	\$ (496,205)	\$ 15,591	\$ (1,072,012)
<b>OTHER FINANCING SOURCES(USES)</b>													
Proceed from the Issuance of Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 1,000,000
Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,000
<b>TOTAL OTHER SOURCES(USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 1,152,000</b>
Excess(Deficiency) of Revenues & Sources Over (Under) Expenditures & Uses	\$ -	\$ -	\$ (114,729)	\$ (5,608)	\$ 2,232	\$ 850	\$ 120	\$ (5,455)	\$ 202,548	\$ 1,000	\$ 3,795	\$ 15,591	\$ 79,988
<b>FUND BALANCE JANUARY 1</b>	<b>\$ 752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,939</b>	<b>\$ 6,503</b>	<b>\$ 395</b>	<b>\$ 1,850</b>	<b>\$ 22,938</b>	<b>\$ 99,785</b>	<b>\$ 86,382</b>	<b>\$ 166,421</b>	<b>\$ 65,303</b>	<b>\$ 1,069,337</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 752</b>	<b>\$ -</b>	<b>\$ (114,729)</b>	<b>\$ 25,331</b>	<b>\$ 8,735</b>	<b>\$ 1,245</b>	<b>\$ 1,970</b>	<b>\$ 17,483</b>	<b>\$ 302,333</b>	<b>\$ 87,382</b>	<b>\$ 170,216</b>	<b>\$ 80,894</b>	<b>\$ 1,149,325</b>

CITY OF URBANA  
 COMBINING STATEMENT OF NET ASSETS - ALL FIDUCIARY FUNDS  
 AS OF DECEMBER 31, 2006

	<u>HEALTH</u> <u>INSURANCE</u>	<u>MUNICIPAL</u> <u>COURT</u>	<u>AGENCY</u> <u>TOTAL</u>
ASSETS:			
Restricted Cash	\$15,155	\$148,176	\$163,331
TOTAL ASSETS	<u>\$15,155</u>	<u>\$148,176</u>	<u>\$163,331</u>
LIABILITIES			
Accounts Payables	\$ -	\$ -	\$ -
Payable from Restricted Assets	\$15,155	\$148,176	\$163,331
TOTAL LIABILITIES	<u>\$15,155</u>	<u>\$148,176</u>	<u>\$163,331</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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>State Highway Fund</u></b>				
<b>Revenues:</b>				
Intergovernmental	\$ 44,500	\$ 44,500	\$ 44,172	\$ (328)
<b>Total Revenues</b>	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 44,172</u>	<u>\$ (328)</u>
<b><u>Other Financing Uses</u></b>				
Operating Transfer Out	\$ 31,500	\$ 46,500	\$ 46,480	\$ 20
<b>Total Other Uses</b>	<u>\$ 31,500</u>	<u>\$ 46,500</u>	<u>\$ 46,480</u>	<u>\$ 20</u>
Excess of Revenues Over/(Under) Expenditures	\$ 13,000	\$ (2,000)	\$ (2,308)	\$ (308)
Fund Balance January 1, 2006	\$ 6,859	\$ 6,859	\$ 6,859	
Fund Balance December 31, 2006	<u>\$ 19,859</u>	<u>\$ 4,859</u>	<u>\$ 4,551</u>	<u>\$ (308)</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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>Airport Operation &amp; Maintenance Fund</u></b>				
<b>Revenues:</b>				
Charges for Service	\$110,000	\$ 150,000	\$ 177,159	\$ 27,159
Miscellaneous & Reimbursements	\$44,000	\$ 44,000	\$ 44,184	\$ 184
<b>Total Revenues</b>	<u>\$ 154,000</u>	<u>\$ 194,000</u>	<u>\$ 221,343</u>	<u>\$ 27,343</u>
<b>Expenditures:</b>				
<b>Transportation</b>				
Salaries	\$ 16,750	\$ 14,100	\$ 14,096	\$ 4
Contractual/Material	\$ 148,854	\$ 194,422	\$ 194,100	\$ 322
<b>Total Transportation</b>	<u>\$ 165,604</u>	<u>\$ 208,522</u>	<u>\$ 208,196</u>	<u>\$ 326</u>
<b>Total Expenditures</b>	<u>\$ 165,604</u>	<u>\$ 208,522</u>	<u>\$ 208,196</u>	<u>\$ 326</u>
Excess of Revenues Over/(Under) Expenditures	\$ (11,604)	\$ (14,522)	\$ 13,147	\$ 27,669
Fund Balance January 1, 2006	\$ 15,823	\$ 15,823	\$ 15,823	
Prior Year Encumbrances	\$ 259	\$ 259	\$ 259	
Fund Balance December 31, 2006	<u>\$ 4,478</u>	<u>\$ 1,560</u>	<u>\$ 29,229</u>	<u>\$ 27,669</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, 2006**

<u>Oak Dale Cemetery Fund</u>	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
<b>Revenues:</b>				
Charges for Service	\$ 90,000	\$ 98,000	\$ 84,592	\$ (13,408)
Miscellaneous & Reimbursements	\$ 500	\$ 500	\$ 448	\$ (52)
<b>Total Revenues</b>	<u>\$ 90,500</u>	<u>\$ 98,500</u>	<u>\$ 85,040</u>	<u>\$ (13,460)</u>
<b>Expenditures:</b>				
<b>Health</b>				
Salaries	\$ 118,560	\$ 109,490	\$ 99,387	\$ 10,103
Fringe Benefits	\$ 42,120	\$ 44,275	\$ 54,255	\$ (9,980)
Contractual/Material	\$ 70,021	\$ 84,414	\$ 84,337	\$ 77
<b>Total Health</b>	<u>\$ 230,701</u>	<u>\$ 238,179</u>	<u>\$ 237,979</u>	<u>\$ 200</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (140,201)</u>	<u>\$ (139,679)</u>	<u>\$ (152,939)</u>	<u>\$ (13,260)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	<u>\$ 140,000</u>	<u>\$ 135,000</u>	<u>\$ 152,000</u>	<u>\$ 17,000</u>
<b>Total Other Financing Sources</b>	<u>\$ 140,000</u>	<u>\$ 135,000</u>	<u>\$ 152,000</u>	<u>\$ 17,000</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	<u>\$ (201)</u>	<u>\$ (4,679)</u>	<u>\$ (939)</u>	<u>\$ 3,740</u>
Fund Balance January 1, 2006	\$ 6,373	\$ 6,373	\$ 6,373	\$ -
Prior Year Encumbrances	\$ 1,831	\$ 1,831	<u>\$ 1,831</u>	
Fund Balance December 31, 2006	<u>\$ 8,003</u>	<u>\$ 3,525</u>	<u>\$ 7,265</u>	<u>\$ 3,740</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, 2006**

<u>Police and Fire Pension Levy Fund</u>	Original	Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
<b>Revenues:</b>				
Local Taxes	\$ 120,800	\$ 121,400	\$ 117,612	\$ (3,788)
<b>Total Revenues</b>	<u>\$ 120,800</u>	<u>\$ 121,400</u>	<u>\$ 117,612</u>	<u>\$ (3,788)</u>
<b>Expenditures:</b>				
General Government	\$ 2,100	\$ 2,100	\$ 1,668	\$ 432
<b>Other Financing Uses</b>				
Operating Transfer Out	<u>\$ 117,900</u>	<u>\$ 117,900</u>	<u>\$ 117,900</u>	<u>\$ -</u>
<b>Total Expenditures &amp; Uses</b>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 119,568</u>	<u>\$ 432</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 800</u>	<u>\$ 1,400</u>	<u>\$ (1,956)</u>	<u>\$ (3,356)</u>
Fund Balance January 1, 2006	\$ 9,373	\$ 9,373	\$ 9,373	
Prior Year Encumbrances			<u>\$ -</u>	<u>\$ -</u>
Fund Balance December 31, 2006	<u>\$ 10,173</u>	<u>\$ 10,773</u>	<u>\$ 7,417</u>	<u>\$ (3,356)</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, 2006

<u>Supplemental Investment Fund</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Interest Income	\$ -	\$ 4,000	\$ 10,384	\$ 6,384
<b>Total Revenues</b>	\$ -	\$ 4,000	\$ 10,384	\$ 6,384
<b>Other Financing Sources/Uses</b>				
Operating Transfer In	\$ -	\$ 150,000	\$ 150,000	\$ -
Operating Transfer Out	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
<b>Total Other Sources/Uses</b>	\$ (150,000)	\$ -	\$ 150,000	\$ (150,000)
Excess of Revenues Over/(Under) Expenditures	\$ (150,000)	\$ 4,000	\$ 160,384	\$ 156,384
Fund Balance January 1, 2006	\$ 167,432	\$ 167,432	\$ 167,432	
Prior Year Encumbrances			\$ -	\$ -
Fund Balance December 31, 2006	\$ 17,432	\$ 171,432	\$ 327,816	\$ 156,384

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, 2006

<u>CDBG Program Income</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 15,662	\$ 5,662
<b>Total Revenues</b>	\$ 10,000	\$ 10,000	\$ 15,662	\$ 5,662
<b>Expenditures:</b>				
Community Environment	\$ 33,206	\$ 54,000	\$ 50,768	\$ 3,232
<b>Total Expenditures</b>	\$ 33,206	\$ 54,000	\$ 50,768	\$ 3,232
Excess of Revenues Over/(Under) Expenditures	\$ (23,206)	\$ (44,000)	\$ (35,106)	\$ 8,894
Fund Balance January 1, 2006	\$ 44,750	\$ 44,750	\$ 44,750	
Prior Year Encumbrances	\$ 3,206	\$ 3,206	\$ 3,206	
Fund Balance December 31, 2006	\$ 24,750	\$ 3,956	\$ 12,850	\$ 8,894

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, 2006

<u>Cemetery Trust Income Fund</u>	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Interest Income	\$ 2,000	\$ 2,000	\$ 2,407	\$ 407
<b>Total Revenues</b>	\$ 2,000	\$ 2,000	\$ 2,407	\$ 407
<b>Expenditures</b>				
General Government	\$ 8,598	\$ 10,098	\$ 9,205	\$ 893
<b>Total Expenditures</b>	\$ 8,598	\$ 10,098	\$ 9,205	\$ 893
Excess of Revenues Over/(Under) Expenditures	\$ (6,598)	\$ (8,098)	\$ (6,798)	\$ 1,300
Fund Balance January 1, 2006	\$ 25,744	\$ 25,744	\$ 25,744	
Prior Year Encumbrances	\$ 4,598	\$ 4,598	\$ 4,598	
Fund Balance December 31, 2006	\$ 23,744	\$ 22,244	\$ 23,544	\$ 1,300

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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>Fire Donation Trust Fund</u></b>				
<b>Revenues:</b>				
Miscellaneous Donations	\$ 5,000	\$ 5,000	\$ 6,857	\$ 1,857
<b>Total Revenues</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>	<b>\$ 6,857</b>	<b>\$ 1,857</b>
<b>Expenditures:</b>				
Public Safety	\$ 16,986	\$ 8,482	\$ 4,818	\$ 3,664
<b>Total Expenditures</b>	<b>\$ 16,986</b>	<b>\$ 8,482</b>	<b>\$ 4,818</b>	<b>\$ 3,664</b>
Excess of Revenues Over/(Under) Expenditures	\$ (11,986)	\$ (3,482)	\$ 2,039	\$ 5,521
Fund Balance January 1, 2006	\$ 4,710	\$ 4,710	\$ 4,710	
Prior Year Encumbrances			\$ 1,986	
Fund Balance December 31, 2006	\$ (7,276)	\$ 1,228	\$ 8,735	\$ 5,521

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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>Fire Safety Council Fund</u></b>				
<b>Revenues:</b>				
Miscellaneous Donations	\$ 500	\$ 350	\$ 850	\$ 500
<b>Total Revenues</b>	<b>\$ 500</b>	<b>\$ 350</b>	<b>\$ 850</b>	<b>\$ 500</b>
<b>Expenditures</b>				
Public Safety	\$ -	\$ 500	\$ -	\$ 500
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 500</b>	<b>\$ -</b>	<b>\$ 500</b>
Excess of Revenues Over/(Under) Expenditures	\$ 500	\$ (150)	\$ 850	\$ 1,000
Fund Balance January 1, 2006	\$ 395	\$ 395	\$ 395	
Fund Balance December 31, 2006	\$ 895	\$ 245	\$ 1,245	\$ 1,000

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, 2006

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>Police Donation Trust Fund</u></b>				
<b>Revenues:</b>				
Miscellaneous Donations	\$ 300	\$ 300	\$ 155	\$ (145)
<b>Total Revenues</b>	<b>\$ 300</b>	<b>\$ 300</b>	<b>\$ 155</b>	<b>\$ (145)</b>
<b>Expenditures:</b>				
Public Safety	\$ 1,500	\$ 1,500	\$ 35	\$ 1,465
<b>Total Expenditures</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 35</b>	<b>\$ 1,465</b>
Excess of Revenues Over/(Under) Expenditures	\$ (1,200)	\$ (1,200)	\$ 120	\$ 1,320
Fund Balance January 1, 2006	\$ 1,850	\$ 1,850	\$ 1,850	
Fund Balance December 31, 2006	\$ 650	\$ 650	\$ 1,970	\$ 1,320



# Statistical Section



*City of Urbana, Ohio*



*Simon Kenton Recreational Trail  
& Penn Depot Rest Stop*

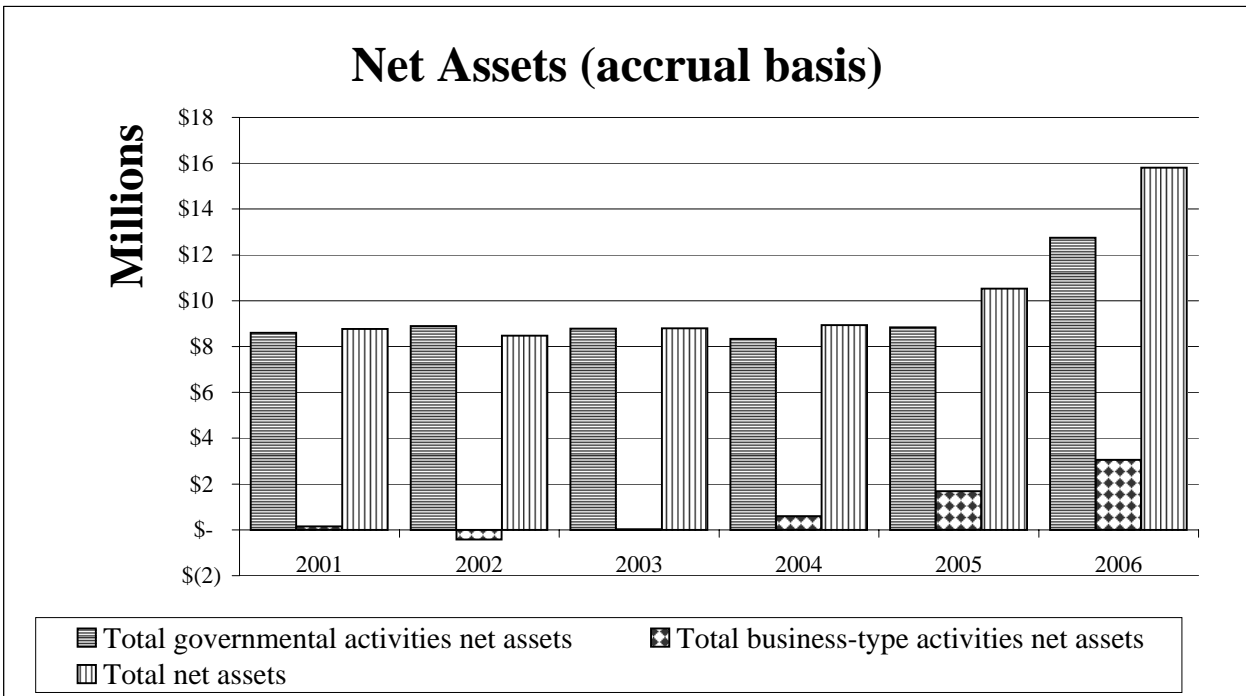
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**CITY OF URBANA, OHIO  
NET ASSETS BY CATEGORY  
LAST SIX FISCAL YEARS**

**Schedule 1**

	<u>Year Ended December 31,</u>					
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</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	10,022,071
Restricted for:						
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,597,959
Unrestricted	<u>1,813,647</u>	<u>3,713,957</u>	<u>3,883,237</u>	<u>(242,096)</u>	<u>608,441</u>	<u>1,132,570</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>	<u>12,752,600</u>
Business-type activities						
Invested in capital assets, net of related debt	(942,728)	(1,957,660)	(1,885,783)	(650,358)	106,522	1,596,920
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>	<u>1,452,863</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>	<u>3,049,783</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	11,618,991
Restricted for:						
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,597,959
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>	<u>2,585,433</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>	<u>\$ 15,802,383</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.



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

**Schedule 2**

	<b>Year Ended December 31,</b>					
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Expenses</b>						
Governmental activities:						
General government	1,794,545	1,701,976	1,512,995	1,603,012	1,989,062	1,780,616
Public safety	4,228,483	4,132,561	4,443,104	4,885,236	4,685,320	4,736,665
Health	229,527	220,333	250,120	308,315	282,016	285,521
Transportation	1,240,739	1,076,096	1,696,649	1,582,314	1,859,946	1,460,453
Community Development	720,536	431,608	420,659	735,964	630,101	399,554
Leisure Time	348,031	337,793	288,206	481,627	332,706	346,571
Basic utility services	117,721	125,902	122,403	128,537	132,590	134,671
Interest on long-term debt	214,145	141,261	149,541	164,376	148,735	123,459
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>	<u>9,267,510</u>
Business-type activities:						
Water	759,073	1,185,834	1,004,984	1,284,327	1,100,217	1,123,681
Sewer	1,856,752	1,820,864	1,704,783	1,810,374	1,769,378	1,803,123
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>	<u>2,926,804</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>	<u>12,194,314</u>
<b>Program Revenues</b>						
Governmental activities:						
Public safety	262,524	636,481	557,953	649,379	703,236	546,427
Health	113,503	80,340	97,850	113,678	106,449	87,706
Transportation	3,422,452	637,459	697,334	1,204,929	1,021,257	3,618,625
Community Development	326,886	423,339	364,660	394,362	569,360	554,154
Leisure Time	102,506	107,834	115,556	122,875	136,445	760,347
Basic utility	117,721	125,902	122,403	128,537	132,590	134,445
General government	345,933	93,181	641,906	637,435	639,149	743,821
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>	<u>6,445,525</u>
Business-type activities:						
Water	944,234	1,171,719	1,185,088	1,609,209	1,518,672	2,231,675
Sewer	1,849,291	1,926,734	1,828,305	1,944,923	1,978,518	1,930,447
Other business-type activities	-	26,939	54,426	14,695	-	10
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>	<u>4,162,132</u>
<b>Net (Expense) Revenue <sup>(a)</sup></b>						
Governmental activities:						
General government	(1,448,612)	(1,608,795)	(871,089)	(965,577)	(1,349,913)	(1,036,795)
Public safety	(3,965,959)	(3,496,080)	(3,885,151)	(4,235,857)	(3,982,084)	(4,190,238)
Health	(116,024)	(139,993)	(152,270)	(194,637)	(175,567)	(197,815)
Transportation	2,181,713	(438,637)	(999,315)	(377,385)	(838,689)	2,158,172
Community Development	(393,650)	(8,269)	(55,999)	(341,602)	(60,741)	154,600
Leisure Time	(245,525)	(229,959)	(172,650)	(358,752)	(196,261)	413,776
Basic utility	-	-	-	-	-	(226)
Interest on long-term debt	(214,145)	(141,261)	(149,541)	(164,376)	(148,735)	(123,459)
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>	<u>(2,821,985)</u>
Business-type activities:						
Water	185,161	(14,115)	180,104	324,882	418,455	1,107,994
Sewer	(7,461)	105,870	123,522	134,549	209,140	127,324
Other business-type activities	-	26,939	43,126	14,695	-	10
Total business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>627,595</u>	<u>1,235,328</u>
<b>Total</b>	<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>	<u>(1,586,657)</u>

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

**Schedule 2  
(continued)**

	<b>Year Ended December 31,</b>					
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Income taxes	4,048,812	4,053,078	4,044,104	4,247,561	4,828,748	5,020,970
Property taxes	563,089	471,537	520,599	707,875	667,221	700,282
Other taxes	212,439	124,684	467,531	331,484	281,614	182,794
Grants and contributions not restricted to specific programs	1,000,698	1,548,677	656,050	688,799	375,838	657,825
Investment earnings	272,826	97,684	221,279	124,123	150,166	261,228
(Loss) gain on sale/disposal of capital assets	-	-	-	-	-	-
Miscellaneous	111,261	298,349	259,417	89,179	78,605	119,123
Transfers	-	-	-	-	-	(205,134)
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>	<u>6,737,088</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	-	-	-	-	-	205,134
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,970</u>	<u>205,134</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>	<u>6,942,222</u>
<b>Change in Net Assets</b>						
Governmental activities	2,006,923	531,015	(117,035)	(449,165)	(369,798)	3,915,103
Business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>640,565</u>	<u>1,440,462</u>
Total	<u>2,184,623</u>	<u>649,709</u>	<u>229,717</u>	<u>24,961</u>	<u>270,767</u>	<u>5,355,565</u>

<sup>(a)</sup> 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**

	<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>	<u>2006</u>
<b>General Fund</b>										
Reserved for:										
Inventory	\$ 14,740	\$ 18,123	\$ 18,592	\$ 15,989	\$ 11,023	\$ 15,039	\$ 11,018	\$ 11,347	\$ 12,421	\$ 15,148
Encumbrances	18,959	22,948	29,542	80,150	98,853	43,181	28,120	28,120	-	29,348
Unreserved	<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>	<u>789,313</u>
Total general fund	<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>	<u>\$ 833,809</u>
<b>All Other Governmental Funds</b>										
Reserved for:										
Inventory	\$ 35,002	\$ 49,364	\$ 58,669	\$ 40,685	\$ 38,691	\$ 45,249	\$ 38,006	\$ 44,759	\$ 51,428	\$ 47,893
Encumbrances	51,161	50,691	80,686	599,073	212,968	118,866	62,127	90,012	40,713	766,966
Unreserved, reported in:										
Special revenue funds	1,010,449	1,025,466	1,070,018	1,265,757	823,358	999,180	1,230,571	1,166,015	921,201	509,475
Capital projects funds	<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>	<u>2,549,056</u>
Total all other governmental funds	<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>	<u>\$ 3,873,390</u>
<b>Total Governmental Funds</b>	<u>\$ 4,221,882</u>	<u>\$ 4,215,251</u>	<u>\$ 4,755,231</u>	<u>\$ 4,646,400</u>	<u>\$ 3,880,434</u>	<u>\$ 4,190,140</u>	<u>\$ 4,312,155</u>	<u>\$ 3,846,114</u>	<u>\$ 3,649,515</u>	<u>\$ 4,707,199</u>

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

Schedule 4

	<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>	<u>2006</u>
<b>REVENUES:</b>										
Income Tax	\$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	\$5,026,646
Property Tax	\$435,365	\$475,660	\$511,939	\$542,760	\$563,089	\$471,537	\$520,599	\$677,655	\$667,221	\$727,911
Intergovernmental	\$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	\$5,440,841
Charges for Services	\$387,117	\$392,165	\$406,296	\$482,635	\$418,819	\$611,794	\$541,713	\$690,212	\$825,913	\$934,029
Fees, Licenses, & Permits	\$462,298	\$533,904	\$551,858	\$535,660	\$677,946	\$742,169	\$706,361	\$715,000	\$720,490	\$808,675
Other	<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>	<u>\$367,353</u>
Total Revenues	<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>	<u>\$13,305,455</u>
<b>EXPENDITURES:</b>										
Current:										
General Government	\$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	\$4,653,317
Public Safety	\$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	\$281,308
Health	\$201,760	\$220,508	\$217,898	\$217,155	\$223,178	\$211,091	\$219,449	\$255,968	\$260,615	\$307,520
Recreation	\$275,702	\$317,074	\$298,938	\$314,165	\$299,809	\$287,733	\$239,977	\$267,674	\$294,473	\$397,931
Community Development	\$88,545	\$132,367	\$299,842	\$421,279	\$720,536	\$431,608	\$420,659	\$735,964	\$623,443	\$134,445
Basic Utility Services	\$88,031	\$94,650	\$93,270	\$102,454	\$117,721	\$125,902	\$122,403	\$128,537	\$132,590	\$960,502
Transportation	\$686,095	\$699,741	\$923,339	\$2,422,271	\$3,715,914	\$800,983	\$874,774	\$988,379	\$1,342,446	\$1,504,648
Capital Outlays	\$1,744,051	\$591,223	\$656,501	\$627,233	\$905,032	\$617,827	\$872,108	\$1,385,120	\$959,660	\$5,260,956
Debt Service:										
Principal	\$97,500	\$165,083	\$177,083	\$173,333	\$191,667	\$182,917	\$172,905	\$236,000	\$251,000	\$236,000
Interest	<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>	<u>\$112,144</u>
TOTAL	<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>	<u>\$13,848,771</u>
Excess (deficiency) of revenues over (under) expenditures	(\$921,812)	(\$13,627)	\$490,498	(\$284,833)	(\$967,628)	\$101,450	\$122,015	(\$466,041)	(\$395,219)	(\$543,316)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	362,410	375,611	411,900	498,100	438,900	800,525	521,037	514,400	\$230,000	\$280,000
Net Proceeds from issuance of bonds	774,950	-	-	160,000	-	-	-	-	\$68,994	\$1,601,000
Transfers out	<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>	<u>(280,000)</u>
Total other financing sources (uses)	<u>774,950</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,994</u>	<u>1,601,000</u>
Net change in fund balances	\$ (146,862)	\$ (13,627)	\$ 490,498	\$ (124,833)	\$ (967,628)	\$ 101,450	\$ 122,015	\$ (466,041)	\$ (326,225)	\$ 1,057,684
Debt service as a percentage of noncapital expenditures	5.3%	6.2%	5.9%	4.2%	3.9%	4.6%	4.3%	4.9%	4.8%	4.2%

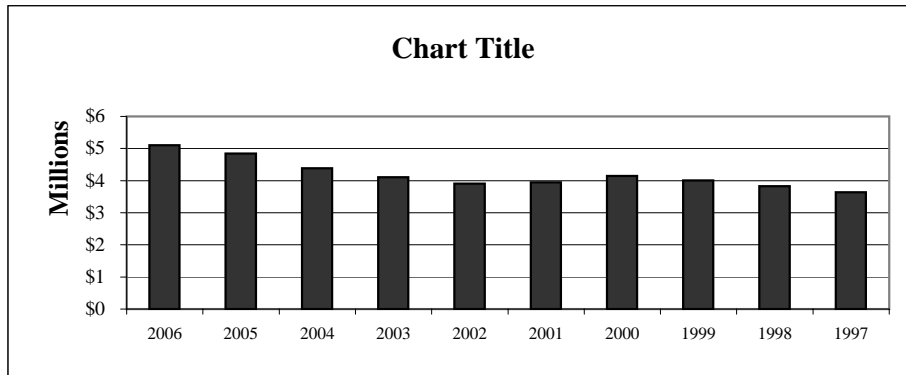
**CITY OF URBANA, OHIO**  
**INCOME TAX BY PAYER TYPE AND INCOME TAX RATE**  
**LAST TEN FISCAL YEARS (cash basis of accounting -- excluding refunds)**

**Schedule 5**

Year	Individuals		Net Profits	Total	Percent Change	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer				
2006	\$ 3,925,324	\$ 391,524	\$ 782,762	\$ 5,099,610	5.2%	1.40%
2005	\$ 3,732,831	\$ 459,105	\$ 655,515	\$ 4,847,451	10.5%	1.40%
2004	\$ 3,558,448	\$ 347,712	\$ 480,731	\$ 4,386,891	6.7%	1.40%
2003	\$ 3,452,078	\$ 317,680	\$ 340,670	\$ 4,110,428	5.2%	1.40%
2002	\$ 3,299,851	\$ 359,982	\$ 246,004	\$ 3,905,837	-1.1%	1.40%
2001	\$ 3,185,804	\$ 434,032	\$ 328,279	\$ 3,948,115	-4.8%	1.40%
2000	\$ 3,201,927	\$ 340,615	\$ 603,103	\$ 4,145,645	3.4%	1.40%
1999	\$ 3,013,095	\$ 385,947	\$ 608,581	\$ 4,007,623	4.8%	1.40%
1998	\$ 3,074,672	\$ 350,979	\$ 397,132	\$ 3,822,783	5.0%	1.40%
1997	\$ 2,952,797	\$ 376,649	\$ 311,535	\$ 3,640,981	9.5%	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**

<u>2006</u>			<u>1997</u>		
<u>Rank</u>	<u>Name</u>		<u>2005</u>	<u>Rank</u>	<u>Name</u>
1	Fl Aerospace/Honeywell		1	1	Fl Aerospace/Honeywell
2	Rittal		2	2	Honda of America Manufacturing, Inc.
3	Menasha Corp		3	3	Siemens-Allis
4	Johnson Welding		4	4	Mercy Health Systems
5	Urbana Board of Education		7	5	Fox River Paper Company
6	Honda of America Manufacturing, Inc.		5	6	Urbana Board of Education
7	Siemens-Allis		8	7	Dow Brands
8	Fox River Paper Company		6	8	Champaign County, Ohio
9	Mercy Health Systems		9	9	Menasha Corp
10	Champaign County, Ohio		10	10	KTH Industries
Combined percentage of Total income taxes		41.51%	Combined percentage of Total income taxes		44.23%

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>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>	<u>2006</u>
General Obligation Bonds	\$ 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	\$ 8,261,477
Assessed value of taxable property <sup>(a)</sup>	\$ 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	\$ 216,076,164
General Obligation Bonds as percent of total assessed value of taxable property	6.55%	5.74%	5.56%	5.01%	4.76%	4.59%	3.75%	3.32%	3.38%	3.82%
Population <sup>(b)</sup>	11,353	11,353	11,353	11,613	11,613	11,613	11,613	11,613	11,613	11,613
General Obligation Bonds Per capita	\$ 891	\$ 892	\$ 865	\$ 825	\$ 811	\$ 787	\$ 654	\$ 608	\$ 627	\$ 711
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (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)	\$ (2,044,509)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (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)	\$ (2,231,968)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation <sup>(c)</sup>	\$ 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	\$ 3,985,000
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 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	\$ 22,687,997
Legal Debt Margin within 10-1/2% Limitation	\$ 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	\$ 18,702,997
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	22.21%	21.46%	20.18%	18.21%	16.43%	15.27%	13.96%	12.23%	11.57%	17.56%
Net debt subject to 5-1/2% limitation <sup>(d)</sup>	\$ 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	\$ 3,985,000
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 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	\$ 11,884,189
Legal Debt Margin within 5-1/2% Limitation	\$ 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	\$ 7,899,189
Net debt within limitations for Unvoted debt as a percentage of debt limit	42.41%	40.98%	38.52%	34.77%	31.37%	29.16%	26.65%	23.35%	22.08%	33.53%

<sup>(a)</sup> Source for assessed value data: Champaign County Auditor

<sup>(b)</sup> 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.

<sup>(c)</sup> 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.

<sup>(d)</sup> 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, 2006**

**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	\$ 3,985,000	100%	\$ 3,985,000
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**

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Per Capita Personal Income <sup>(1)(b)</sup></b>	<b>Median Age <sup>(1)(b)</sup></b>	<b>School Enrollment <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>	<b>Total Assessed Property Value <sup>(4)</sup></b>	<b>Estimated Actual Property Value <sup>(4)</sup></b>
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
2006	11,613 (1)(a)	\$33,702	34.9 yrs	2,316	4.9%	\$216,076,164	\$667,535,679

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

<sup>(2)</sup> Source: Urbana City Schools Board of Education

<sup>(3)</sup> Source: Bureau of Labor Statistics, U.S. Dept. of Labor

<sup>(4)</sup> Source: Champaign County Auditor

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

**Schedule 10**

		<u>2006</u>
<u>Employer</u>		<u>Approximate Number of Employees</u>
1	Fl Aerospace/Honeywell	830
2	Rittal	580
3	Menasha Corp	480
4	Johnson Welding	460
5	Urbana Board of Education	400
6	Honda of America Manufacturing, Inc.	175
7	Siemens-Allis	270
8	Fox River Paper Company	220
9	Mercy Health Systems	400
10	Champaign County, Ohio	400
Total		4,215

**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**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b><u>Governmental Activities</u></b>										
General Government										
Administration	3.2	3.0	3.0	3.6	4.0	4.0	4.0	2.1	2.7	3.1
Finance	5.0	5.0	5.0	5.0	5.0	4.8	4.0	4.0	4.2	4.6
Engineering	1.8	1.0	1.0	1.0	1.0	1.2	0.9	1.0	2.2	3.0
Municipal Court	9.4	9.1	8.9	12.8	11.2	15.1	15.3	16.3	13.0	12.1
Law	<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>	<u>2.0</u>
Sub-total	20.5	19.1	18.9	24.4	23.2	27.1	26.2	25.4	24.1	24.7
Public Safety										
Police Officers	21.3	17.7	20.9	21.7	22.2	19.2	19.1	20.9	21.5	21.3
Police Civilians	4.4	4.5	5.3	6.1	5.2	5.2	4.9	4.2	3.9	2.1
Fire Officers	23.0	23.6	22.9	23.0	23.0	23.2	22.0	22.5	23.0	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	49.7	46.8	50.1	51.8	51.4	48.6	47.0	48.6	49.4	47.4
Health										
Cemetery	2.6	3.1	3.2	2.0	2.0	2.0	2.0	3.0	2.3	2.1
Recreation										
Recreation	1.0	1.0	1.0	1.0	1.0	1.0	0.7	1.0	1.0	1.0
Seasonal Staffing	<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>	<u>4.5</u>
Sub-total	6.8	7.3	7.7	7.3	5.7	4.6	3.7	5.6	4.8	5.5
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	0.3	0.3	0.6	0.6	0.4	0.6
Street	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>	<u>11.1</u>
Sub-total	<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>	<u>11.7</u>
<b>Total Governmental Activities</b>	<b><u>94.0</u></b>	<b><u>91.9</u></b>	<b><u>96.2</u></b>	<b><u>102.2</u></b>	<b><u>98.9</u></b>	<b><u>95.9</u></b>	<b><u>92.9</u></b>	<b><u>95.7</u></b>	<b><u>93.7</u></b>	<b><u>94.4</u></b>
<b>Business Activities</b>										
Water	4.5	4.7	4.5	4.3	4.3	4.3	5.0	5.0	5.0	6.0
Sewer	<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	13.1
<b>Total Business Activities</b>	<b><u>15.8</u></b>	<b><u>15.7</u></b>	<b><u>14.7</u></b>	<b><u>15.1</u></b>	<b><u>15.1</u></b>	<b><u>13.6</u></b>	<b><u>13.8</u></b>	<b><u>14.0</u></b>	<b><u>13.2</u></b>	<b><u>19.1</u></b>
<b>Total City FTE</b>	<b><u>109.7</u></b>	<b><u>107.5</u></b>	<b><u>110.9</u></b>	<b><u>117.3</u></b>	<b><u>114.0</u></b>	<b><u>109.5</u></b>	<b><u>106.7</u></b>	<b><u>109.7</u></b>	<b><u>107.0</u></b>	<b><u>113.5</u></b>

Source: City of Urbana Payroll Office

**CITY OF URBANA, OHIO  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST SEVEN 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>	<u>2006</u>
<b>Function/program</b>							
<b>General Government</b>							
Accounts payable checks processed	n/a	6,783	6,571	6,138	6,150	6,202	4,609
Purchase orders issued	n/a	1,915	1,850	1,865	1,900	1,896	1,030
Number of Utility Bills mailed	63,029	64,921	65,245	65,465	66,152	70,575	73,766
<b>Police</b>							
Calls for service processed	15,782	17,381	16,827	15,598	14,894	16,228	15,893
Adult & juvenile arrests	1,518	1,588	1,265	975	1,022	1,331	1,566
Traffic citations	1,234	1,303	1,197	1,186	953	1,210	883
Parking Tickets	747	714	520	932	678	774	845
<b>Fire</b>							
Fire calls	301	280	271	294	340	353	347
EMS calls	1,431	1,464	1,583	1,556	1,648	1,695	1,732
<b>Municipal Court</b>							
New cases filed	6,747	7,043	5,687	n/a	4,903	5,693	6,692
<b>Cemetery</b>							
Burials	134	118	105	126	91	111	99
Grave sales	105	55	36	40	39	55	52
<b>Streets and highways</b>							
Miles of street responsibility	58.6	58.6	58.6	58.6	58.6	58.6	58.6
Traffic signal intersections	26	26	26	26	26	26	26
<b>Code Enforcement</b>							
Family Dwellings	17	21	49	36	55	18	27
Commercial New Construction	7	3	3	4	3	6	5
Nuisances Abated	274	192	423	298	528	490	337
<b>Water</b>							
Gallons of water pumped (in millions)	697.7	741.1	716.0	701.7	751.1	724.3	707.6
<b>Sewer</b>							
Wastewater processed (million gallons per day)	649.9	585.4	689.4	641.5	746.6	803.3	713.9
Service Calls	66	86	55	55	39	90	18

**Source: City of Urbana Quarterly Administrative Reports**

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

**Schedule 13**

<b><u>Function/Program</u></b>	<b><u>Year Ended December 31,</u></b>									
	<b><u>1997</u></b>	<b><u>1998</u></b>	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
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

Source: City of Urbana Departmental Annual Activity Report



**CITY OF URBANA, OHIO**

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

For the year ended December 31, 2006

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

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**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, 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, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2006-01 and 2006-02 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described in item 2006-01 above is a material weakness.

### **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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are reported as items 2006-03 through 2006-05 in the accompanying schedule of findings and questioned costs.

We noted certain other matters that we reported to management of the City in a separate letter dated June 29, 2007.

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

This report is intended for the information and use of management, City Council, 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 Richards LLC  
June 29, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO MAJOR FEDERAL PROGRAMS AND ON 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 programs for the year ended December 31, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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.

As discussed in findings 2006-05 and 2006-06 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with Activities Allowed or Unallowed requirements applicable to the Highway Planning and Construction Program, nor did it comply with the Cash Management requirements applicable to the Highway Planning and Construction Cluster and Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

**Internal Control over Compliance**

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2007. 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.

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

This report is intended for the information and use of management, City Council, 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 Richards LLC  
June 29, 2007

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	14.228	A-F-04-190-1	\$ 303,663
		A-C-05-190-1	<u>109,465</u>
Total Community Development Block Grants/State's Program			413,128
Home Investment Partnerships Program	14.239	A-C-05-190-2	99,477
Total U.S. Department of Housing and Urban Development			<u>512,605</u>
<b>U. S. Department of Justice</b>			
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Crime Victims Assistance	16.575	2006VAGENE591	11,621
		2007VAGENE591	<u>3,690</u>
Total Crime Victims Assistance			15,311
Total U. S. Department of Justice			<u>15,311</u>
<b>U. S. Department of Transportation</b>			
<b>Federal Aviation Administration</b>			
<i>(Direct Program)</i>			
Airport Improvement Program	20.106	AIP 3-39-0080-1104	15,554
		AIP 3-39-0080-1205	21,375
		AIP 3-39-0080-1306	<u>276,708</u>
Total Airport Improvement Program			313,637
<b>Federal Highway Administration</b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Program	20.205	PID 78310	1,786,273
		PID 78562	<u>488,013</u>
Total Highway Planning and Construction Program			2,274,286
Total U. S. Department of Transportation			<u>2,587,923</u>
U. S. Environmental Protection Agency			
<i>(Direct Program)</i>			
New Wellfield-Project E5791	66.606	XP-97544601-0	<u>813,492</u>
Total U.S. Environmental Protection Agency			<u>813,492</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 3,929,331</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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 Xenia, Ohio (City) as the primary government. Except as described in Note 3 below, the Schedule is presented on the cash basis of accounting.

Except as described in Note 4 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.

**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. Pre-Award Expenditures**

In December of 2005, the City made application for federal funds with the U.S. Environmental Protection Agency to provide reimbursement for expenditures incurred by the City in fiscal years 2005 and prior. The City was subsequently awarded this federal grant funding in February of 2006. The expenditures reimbursed by this award are reflected in the Schedule.

**Note 4. 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, 2006, the gross amount of loans outstanding under this program was \$57,112 and no delinquent amounts are due.



**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2006**

**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)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(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 significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant CFDA # 14.228  Highway Planning and Construction Program CFDA # 20.205  New Wellfield – Project E5791 CFDA # 66.606
(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**

**DECEMBER 31, 2006**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**2006-01 MATERIAL WEAKNESS – FINANCIAL REPORTING**

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the City. This responsibility remains intact, even if management decides to outsource this function for efficiency purposes, or any other reason, to another accountant or consultant. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified material misstatements in the City's financial statements, as well as other misstatements that were not necessarily material, but were more than inconsequential. We provided adjusting entries to the City and the misstatements were subsequently corrected. The misstatements are a strong indicator that the City does not have sufficient internal control procedures in place related to financial reporting.

We recommend the City implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes.

Official's Response:

The City prepares the financial reports in-house with staff with the intent to present fair and responsible statements. We continuously work to improve the reports that are presented and will strive to present improved statements to the auditors.

**2006-02 SIGNIFICANT DEFICIENCY – 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.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2006**

Official's Response:

The comment was made in June of 2006, half way thru the season. For 2007, the pool has implemented a count system and report system that improved the record keeping.

**2006-03 FRAUD AND ILLEGAL ACTS**

Generally Accepted Governmental Auditing Standards require auditor's to report relevant information about fraud and illegal acts that have an effect on the financial statements that is more than inconsequential.

During the audit period, we were informed of fraudulent activity performed by the City's Cemetery Superintendent that, in our opinion, is more than inconsequential in regards to the City's financial statements. The City's Police Department investigated this matter and the results of that investigation were provided to the Champaign County Prosecutor's Office. It is our understanding that the individual involved had entered into a bill of information and was scheduled to be sentenced on May 3, 2007.

Official's Response:

The City agrees with the magnitude of the unfortunate situation with the cemetery superintendent. The City informed the auditors immediately of the superintendent's illegality and involved them from the investigation which the City was part of the uncovering the theft. The City was able to reconstruct and confirm concerns in all cases. The City filed and will receive complete restitution and has implemented increased controls at the cemetery.

**2006-04 FUNDS DEEMED APPROPRIATED**

Ohio Revised Code Section 5705.42 states that when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of Section 5705.41 of the Revised Code.

Per Auditor of State Technical Bulletin 97-012, the legislative authority should approve, by resolution, the grant or loan application and must establish any funds necessary to meet the grant or loan objectives. Once the grant is awarded or the loan is approved by the federal or state government, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the grant or loan, based on what is to be received in the fiscal year.

Auditor of State Technical Bulletin 97-012 states further that the fiscal officer shall record the appropriations in accordance with the terms and conditions of the grant or loan agreement. In addition, prior to recording the appropriations, the legislative authority must pass a resolution amending its appropriation measure.

The City passed an annual appropriation measure at the beginning of the year; however, this did not include several of the grant funds and Municipal Court fund. Instead, these funds were considered to be appropriated when received. The City did not obtain an official or amended certificate of estimated resources, nor did the legislative authority pass a resolution amending its appropriations measure.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2006**

In accordance with Ohio Revised Code Chapter 5705, the City must formally appropriate these funds and should consult with its legal counsel to take proper steps to do so. The budgetary comparison schedules do not include the funds that City Council did not appropriate.

Official's Response:

The City and past auditors has always interpreted section 133.06 of the City of Urbana Code of Ordinances that grant funds are deemed appropriated to the amount of the grant revenues. The Budget Document that Council receives does include the deemed appropriated funds; however, the legislation does not. The City will include language in the ordinance accepting the grant that appropriates the grant proceeds formally.

**2006-05 ACTIVITIES ALLOWED OR UNALLOWED**

In February of 2005, the City and the State of Ohio, Department of Transportation (ODOT), executed a Federal Project Agreement to reconstruct Water Street. The total cost for the transportation project was estimated to be \$2,405,000, of which the City was to provide twenty percent and federal funds were made available for the remaining eighty percent, up to a maximum of \$1,924,000. The Federal Project Agreement states that funds provided through ODOT shall be applied only to eligible costs associated with the actual construction of the transportation project improvements, and construction engineering/inspection activities.

In addition to the approved transportation portion of this project, noted above, the City decided to make certain water work and sanitary sewer improvements related to Water Street. The cost associated with these improvements was to be funded entirely by the City.

During fiscal year 2006, the City's Water Street reconstruction project commenced. As construction invoices were remitted to the City for payment, the City remitted the entire invoice amount to ODOT for reimbursement, rather than only the portion related to the transportation project. As of December 31, 2006, this error resulted in questioned costs totaling \$291,500; however, upon review of the final construction invoice (paid during first quarter of 2007) and total ODOT reimbursements, total questioned costs for the project amounted to \$267,873. Questioned costs identified represent the amount by which federal reimbursements exceeded the federal share of total eligible costs.

The City's Finance Director stated that it was his understanding that the entire project, including the water works and sanitary sewer improvements, was eligible for federal participation. We recommend the City implement procedures capable of preventing such noncompliance in future periods. Such procedures could include a detailed review of grant documentation prior to project commencement to ensure all applicable requirements are identified and complied with.

Official's Response:

The East Water Street Construction Project was a very successful and constantly changing project with 28 change orders. The process does include Ohio Department of Transportation reviews that also did not discover the overdrawn funds. The City accounting system did match the overdrawn funds and will reimburse the state after the final settlement is made in July or August.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2006**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

<b>CFDA Title and Number</b>	Highway Planning and Construction Program - #20.205
<b>Federal Award Number</b>	PID 78310
<b>Federal Agency</b>	U.S. Department of Transportation
<b>Pass-Through Agency</b>	Ohio Department of Transportation
<b>Finding Number</b>	2006-05

**2006-05 ACTIVITIES ALLOWED OR UNALLOWED**

See GAGAS Finding 2006-05 above.

<b>CFDA Titles and Numbers</b>	Highway Planning and Construction Program - #20.205 Community Development Block Grant/State Program - #14.228
<b>Federal Award Numbers</b>	Highway Planning and Construction Program PID 78310 PID 78562 Community Development Block Grant/State Program A-F-04-190-1 A-C-05-190-1
<b>Federal Agencies</b>	U.S. Department of Transportation U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Transportation Ohio Department of Development
<b>Finding Number</b>	2006-06

**2006-06 CASH MANAGEMENT**

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Interest earned on advances by local government grantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2006**

We noted that the City earned interest on advances received for the Highway Planning and Construction Program, as well as the Community Development Block Grant/State Program, and amounts earned were not submitted to the U.S. Department of Transportation and U.S. Department of Housing and Urban Development, respectively. We estimate that the amount of interest earned exceeds \$100 and therefore recommend that the City calculate the amount earned and subsequently remit payment.

Official's Response:

The City's process attempts to match the grant revenues and expenditures for cash flow purposes; however, delays in the payment process or problems in the change orders and vendors invoicing slow the expenditure from the timely disbursement. The City also pays the vendors as quick as possible to keep good working relations with the vendors.

CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2006

<u>Fiscal Year</u>	<u>Finding Number</u>	<u>Status</u>
2005	2005-1 Lack of Supporting Documentation – Swimming Pool Receipts	Not Corrected







**Mary Taylor, CPA**  
Auditor of State

**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  
NOVEMBER 8, 2007**