



**Auditor of State  
Betty Montgomery**



**CITY OF URBANA  
CHAMPAIGN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Federal Awards Expenditures For the Year Ended December 31, 2002 .....	1
Notes to the Schedule of Federal Awards Expenditures .....	2
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	3
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Programs and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	5
Schedule of Findings .....	7

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**CITY OF URBANA  
CHAMPAIGN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Receipts</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION</u></b>				
<i>Passed Through Ohio Department of Transportation</i>				
Federal Aviation Grant	3-39-0080-0901	20.106	\$ 350,000	\$ 365,097
Total U.S. Department of Transportation Federal Aviation Administration			350,000	365,097
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grant/State's Program	A-F-00-190-1	14.228	46,128	42,829
Community Development Block Grant/State's Program	A-T-99-190-1	14.228	105,221	95,563
Community Development Block Grant/State's Program	A-C-01-190-1	14.228	197,127	184,077
Total Community Development Block Grant			348,476	322,469
HOME Investment Partnership	A-C-01-190-2	14.239	9,500	9,500
Total U.S. Department of Housing and Urban Development			357,976	331,969
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>Passed through the State of Ohio Attorney General</i>				
Crime Victims Assistance	2001VAGENN432	16.575	19,944	14,658
Total U.S. Department of Justice				
<b>Total Federal Assistance</b>			<b>\$ 727,920</b>	<b>\$ 711,724</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**CITY OF URBANA  
CHAMPAIGN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

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



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Urbana  
Champaign County  
205 S. Main Street  
Urbana, Ohio 43078

To the City Council:

We have audited the financial statements of the City of Urbana, Champaign County, (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 11, 2003. 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.

**Compliance**

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 11, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 11, 2003.

This report is intended for the information and use of the 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 11, 2003





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Urbana  
Champaign County  
205 S. Main Street  
Urbana, Ohio 43078

To the City Council:

**Compliance**

We have audited the compliance of the City of Urbana, Champaign County, (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

**Internal Control Over Compliance**

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

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**Internal Control Over Compliance  
(Continued)**

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

**Schedule of Federal Awards Expenditures**

We have audited the financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated June 11, 2003. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the 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.



**Betty Montgomery**  
Auditor of State

June 11, 2003

**CITY OF URBANA  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	-Community Development Block Grants 14.228/14.239
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# City of Urbana Ohio



## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2002



# City of Urbana Ohio



**Comprehensive Annual  
Financial Report**

**For the Year Ended  
December 31, 2002**

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

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

**Thomas J. Crowley**  
**Mayor**

**Bernard J. Ray**  
**Director of Administration**  
**(937) 652-4302**

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

**City Council**  
**David Martin, President**  
**Earl Evans, President Pro-Tem**

**Council Members**  
**Roberta Moore**  
**Marton O. Hess**  
**Steve Moore**  
**Ruth Zerkle**  
**Grover Foulk**  
**Robert Thorpe**

**Charlotte Barker, Clerk**

**Director of Law**  
**Municipal Court Judge**  
**Asst Director of Administration**  
**Police Chief**  
**Fire Chief**  
**Superintendent of Public Works**  
**Engineer**  
**Superintendent of Cemetery**  
**Building and Zoning Inspector**

**Gil Weithman**  
**Susan Fornof-Lippencott**  
**Joe Smith**  
**Pat Wagner**  
**Jim McIntosh**  
**Richard McCain**  
**James E. Sawyer, P.E.**  
**Randy Holycross**  
**Ken Watkins**

CITY OF URBANA, OHIO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR YEAR ENDED DECEMBER 31, 2002

TABLE OF CONTENTS

TITLE PAGE	
List of Principal Official	
TABLE OF CONTENTS	i
<b>INTRODUCTORY SECTION</b>	<b>Page</b>
A) Letter of Transmittal	1
B) Organizational Chart	7
C) GFOA Certificate of Achievement for Excellence in Financial Reporting for Year Ended December 31, 2001	8
<b>FINANCIAL SECTION</b>	
A) Independent Accountants Report	9
B) Managements' Discussion and Analysis	11
C) Basic Financial Statements	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	18
Statement of Activities	19
 <u>Fund Statements:</u>	
Balance Sheet – Governmental Funds	20-21
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	22-23
Balance Sheet Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Net Assets Proprietary Funds	25
Statement of Cash Flows Proprietary Funds	26
Statement of Net Assets - All Fiduciary Funds	27
Notes to the Basic Financial Statements	28-45
D) Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-General Fund	47-49
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Airport Fund	50
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Street Fund	51
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Oak Dale Cemetery	52
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual-Police & Fire Income Tax Levy Fund	53
Notes to the Required Supplementary Information	54

E) Supplemental Section	
Fund Description	55-56
Combining Balance Sheet – Non-Major Funds	57-58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Non-Major Funds	59-60
Combining Statement of Net Assets - All Fiduciary Funds	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis Non-Major Special Revenue Funds	63-66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis Non-Major Capital Project Funds	67-68

## STATISTICAL SECTION

	Table	Page
General Governmental Expenditures by Function for the Last Ten Years.....	1	69
General Governmental Revenues by Function for the Last Ten Years.....	2	69
Property Taxes Levied & Collected for the Last Ten Years... Assessed Value and Current Value of Taxable Property for the Last Ten Years.....	3	70-71
Property Tax Rates and Tax Levies All Direct and Overlapping Governments Last Ten Years.....	4	72
Special Assessment Collections for the Last Ten Years.....	5	73
Computation of Legal Debt Limitations.....	6	74
Computation of Direct and Overlapping Debt.....	7	75
Computation of Direct and Overlapping Debt.....	8	76
Ratio of Annual Debt Service for General Bonded Debt to General Expenditures for the Last Ten Years.....	9	77
Revenue Bond Coverage for the Water Fund.....	10	78
Demographic Statistics.....	11	79
Construction and Bank Deposits for the Last Ten Years.....	12	80
Principal Taxpayers (Property Taxes).....	13	81
Principal Taxpayers (Income Tax).....	14	82
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita for the Last Ten Years.....	15	83
Miscellaneous Statistics.....	16	84

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



June 11, 2003

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 before the required implementation date. 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. He 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. He 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 his 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

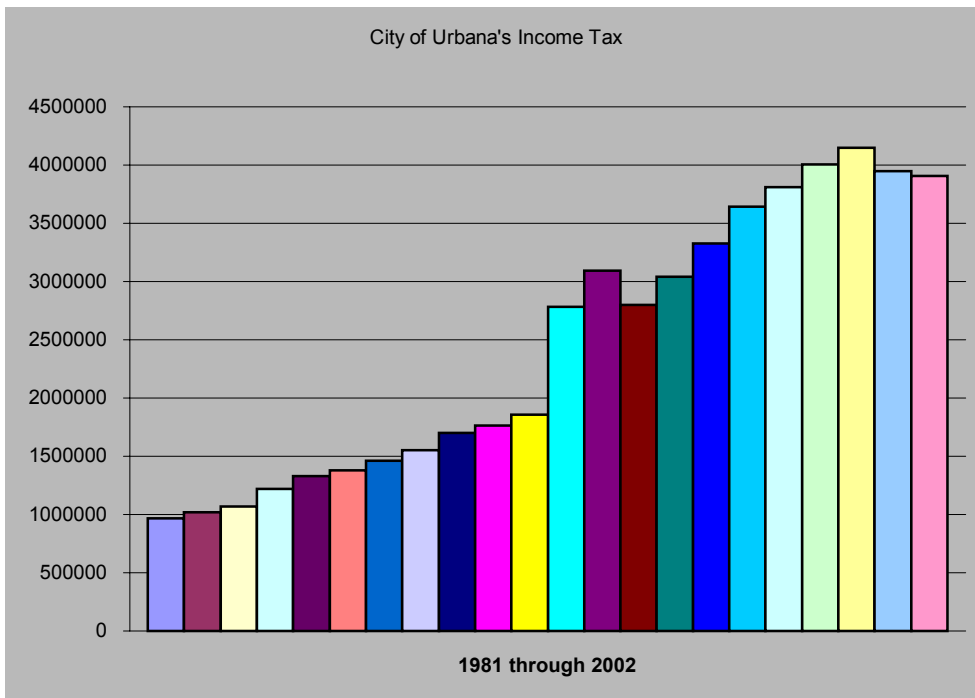
Each year in this report we spotlight the activities and accomplishments of one of the outstanding departments or divisions of the City. This year, the focus is upon the Urbana Parks & Recreation Division, located at 731 Childrens Home Road. The citizens of Urbana enjoy an outstanding 115 acre recreational facility. The community enjoys youth activities in baseball, softball and soccer. Parents of the participants are members of board responsible for the program. The participation has improved the program for the children. The Park has a swimming pool that had in excess of 16,000 visitors during the season and provided swimming lessons for the community. Effective March 1,2003 Thomas Teets, "Rocky" retired after 29 years of service as Parks & Recreation Superintendent and we thank him for his service. The Streets Department has absorbed the maintenance of the Parks and Chris Stokes is leading the programs.

### ECONOMIC CONDITION AND OUTLOOK

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

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

A twenty-year history of income tax reflect strong average increase of 7.75% 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 2001 and 2002. The City was fortunate to attract Rittal, who now operates the facility vacated by Drackett.



### **Economic Environment Today**

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

The Champaign County Chamber of Commerce and the Ohio State Economic Development Department are continuously researching to attract new industries to our industrial area on the south edge of town and our airport that can be a strong tool in attracting the new employer.

### **2002 Economic Activity and Outlook**

Income Tax receipts, the largest single source of revenues, were down 2% in 2002, after a 7% drop in 2001. The City struggled with cut backs in services for 2003 to balance the budget. The lower income taxes and increased health care impacted the City finances in 2002 to a cash operating deficit of \$114,000, 1/3 of the reserve. Unfortunately, the weak national and local economy continued into 2002, income tax and interest revenues are issues facing the City. In addition, the State of Ohio is reducing or limiting growth of revenues the cities in Ohio receive. One of the goals of the City must be to rebuild a comfortable General Fund reserve even with this difficult economy.

The Water Fund will struggle through the need to address the water quality issue. One factor in favor of Urbana is the Water and Sewer rates are one of the lowest in the Miami Valley of West Central Ohio.

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

### **Major Initiatives**

The City of Urbana has four major projects progressing through 2002 and into 2003. The first project is the City of Urbana water supply. The current level of volatile organic compounds is far below the drinking water standards; however, the monitoring wells installed in 1996 for wellhead protection indicates levels above the standard. The City, Bennett & Williams (Engineers), and the Ohio Environmental Protection Agency have combined effort to make plans to resolve the issue and look for alternative well field sites. In conjunction with locating the well field, Honeywell has agreed to install a Granulated Active Charcoal System at the existing well to substantially remove the volatile organic compounds.

The second project consists of rehabilitating the Grimes Municipal Airport Apron and extending the new runway from 4500 feet to 5000 feet. The City is working on these projects with the Federal Aviation Administration funding 90% of these projects.

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

Finally, the City and Champaign County are jointly pressing the State to get funding for a Route 68 by-pass.

### 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 with an increase of 16% which the employees contribute nothing during 2002 and an actual 11% increase in 2003. However, with the assistance of a labor attorney and negotiations, the City employees are currently paying 10% of the premiums.



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	\$88,039
Community Development Block Grant Fund	2,371
Supplemental Investment Fund	5,430
Capital Project Fund (Municipal Court Ordered)	<u>5,222</u>
Total	<u>\$101,602</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 Betty Montgomery, Auditor of State of Ohio indicating that the general purpose 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.

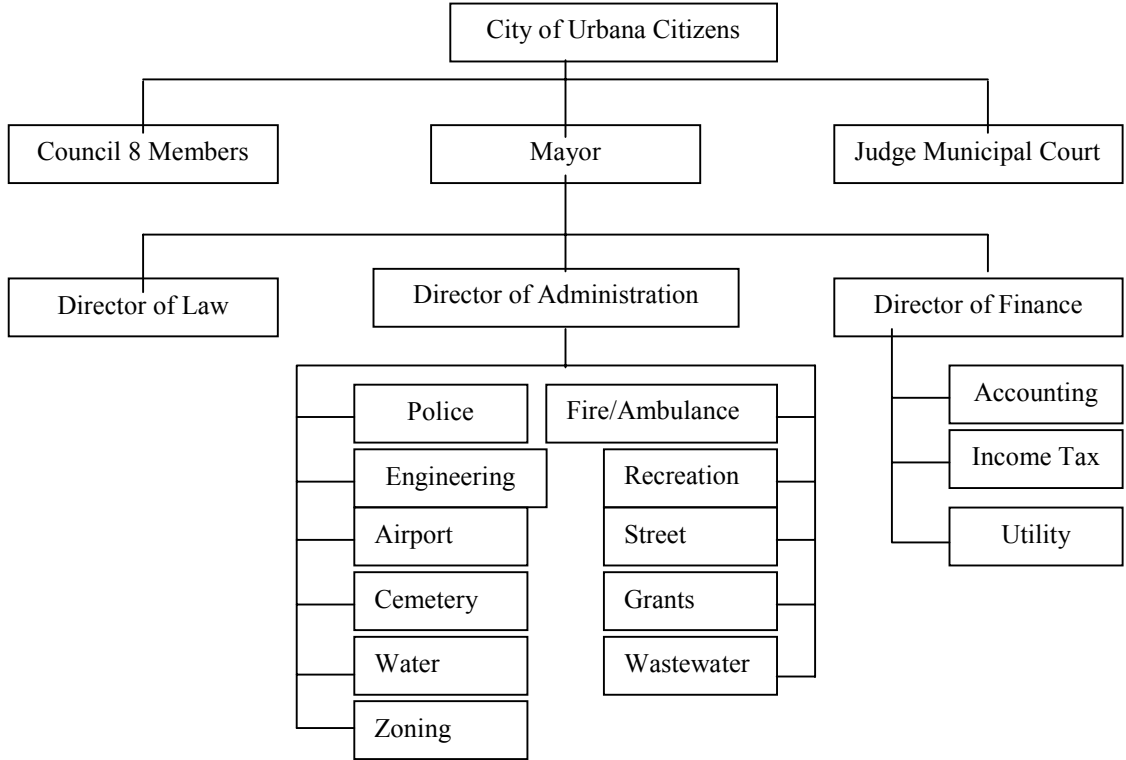
I would also like to acknowledge the staff from Betty Montgomery, Auditor of State of Ohio, for the timely review of the City's financial reports.

Finally, I wish to acknowledge Mayor Thomas J. Crowley, the members of the City Council and the Director of Administration, Bernie J. Ray, 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, 2001

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.



*William Patrick Harte*

President

*Jeffrey R. Emer*

Executive Director

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Urbana  
Champaign County  
205 S. Main Street  
Urbana, Ohio 43078

To the City Council:

We have audited the accompanying 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, (the City) as of and for the year ended December 31, 2002, 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 City of Urbana, Champaign County, as of December 31, 2002, and the respective changes in financial position and the cash flows, where applicable, 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 11, 2003, 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.

Management's Discussion and Analysis and budgetary comparison for the General Fund and the major Special Revenue Funds (Airport Operation & Maintenance, Street Maintenance, Oak Dale Cemetery, and Police & Fire Income Tax Levy) are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and statistical tables are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



**BETTY MONTGOMERY**  
Auditor of State

June 11, 2003

## **Management Discussion and Analysis (Unaudited)**

The management of the City of Urbana provides the following information as an introduction, overview, and analysis of the City's financial statements for the year ended December 31, 2002.

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, 2002. 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, 2002. 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 Repair and Maintenance Fund, Airport Operation and Maintenance Fund, Oak Dale Cemetery Fund, Police & Fire Tax Levy Fund, Capital Improvement Fund, Police & Fire Tax Levy Capital Improvement Fund, Perpetual Investment Fund, Water Revenue Fund, Sewer Revenue Fund, and Composting & Mulching Revenue Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds and fiduciary funds.

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

The City of Urbana maintains 22 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* There is one type of proprietary fund: enterprise funds. Proprietary funds provide similar information as is provided in the government-wide statement 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 and budgetary schedules for the non-major 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 \$8.5 million. Of that amount, approximately \$1.6 was invested in capital assets, net of the debt related to those assets. The remaining \$5.2 million was unrestricted and available for future use as directed by City Council.

Net Assets, December 31, 2002 & December 31, 2001						
	Governmental Activities		Business-Type Activities		Total	
	2002	2001	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<b>Assets:</b>						
Current and Other	\$6,426,937	\$6,360,254	\$1,095,288	\$1,285,851	\$7,522,225	\$7,646,105
Capital Assets	<u>\$10,491,668</u>	<u>\$10,132,262</u>	<u>\$4,613,290</u>	<u>\$4,796,458</u>	<u>\$15,104,958</u>	<u>\$14,928,720</u>
Total Assets	<u>\$16,918,605</u>	<u>\$16,492,516</u>	<u>\$5,708,578</u>	<u>\$6,082,309</u>	<u>\$22,627,183</u>	<u>\$22,574,825</u>
<b>Liabilities:</b>						
Long-Term Liabilities	\$5,884,536	\$5,788,226	\$5,991,716	\$6,490,020	\$11,876,252	\$12,278,246
Other Liabilities	<u>\$2,134,668</u>	<u>\$2,335,904</u>	<u>\$134,494</u>	<u>\$235,615</u>	<u>\$2,269,162</u>	<u>\$2,571,519</u>
Total Liabilities	<u>\$8,019,204</u>	<u>\$8,124,130</u>	<u>\$6,126,210</u>	<u>\$6,725,635</u>	<u>\$14,145,414</u>	<u>\$14,849,765</u>
<b>Net Assets:</b>						
Investment in Capital Assets						
net of Debt	\$3,598,073	\$4,367,431	(\$1,957,660)	(\$1,742,908)	\$1,640,413	\$2,624,523
Restricted for:						
Capital Projects	\$666,256	\$859,251	n/a	n/a	\$666,256	\$859,251
Other	\$921,115	\$847,961	n/a	n/a	\$921,115	\$847,961
Unrestricted	<u>\$3,713,957</u>	<u>\$2,293,743</u>	<u>\$1,540,028</u>	<u>\$1,099,582</u>	<u>\$5,253,985</u>	<u>\$3,393,325</u>
Total Net Assets	<u>\$8,899,401</u>	<u>\$8,368,386</u>	<u>(\$417,632)</u>	<u>(\$643,326)</u>	<u>\$8,481,769</u>	<u>\$7,725,060</u>



Changes in Net Assets, year ended December 31, 2002 & December 31, 2001

	Governmental Activities		Business-Type Activities		Total	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<u>Revenues</u>						
Program Revenues						
Charges for Service	\$ 1,626,560	\$ 1,597,321	\$ 3,125,392	\$ 2,793,525	\$ 4,751,952	\$ 4,390,846
Operating Grants and Contributions	\$ 94,758	\$ 64,476	\$ -	\$ -	\$ 94,758	\$ 64,476
Capital Grants and Contributions	\$ 383,218	\$ 3,029,728	\$ -	\$ -	\$ 383,218	\$ 3,029,728
General Revenues:					\$ -	\$ -
Income Taxes	\$ 4,053,078	\$ 4,048,812	\$ -	\$ -	\$ 4,053,078	\$ 4,048,812
Property Taxes	\$ 471,537	\$ 563,089	\$ -	\$ -	\$ 471,537	\$ 563,089
Other Taxes	\$ 124,684	\$ 212,439	\$ -	\$ -	\$ 124,684	\$ 212,439
Grants&Contributions not restricted	\$ 1,548,677	\$ 1,000,698	\$ -	\$ -	\$ 1,548,677	\$ 1,000,698
Investment Earning	\$ 97,684	\$ 272,826	\$ -	\$ -	\$ 97,684	\$ 272,826
Miscellaneous	\$ 298,349	\$ 111,261	\$ 107,000	\$ 90,854	\$ 405,349	\$ 202,115
<b>Total Revenues</b>	<b>\$ 8,668,545</b>	<b>\$ 10,900,660</b>	<b>\$ 3,232,392</b>	<b>\$ 2,884,379</b>	<b>\$ 11,930,937</b>	<b>\$ 13,785,029</b>
<u>Expenses</u>						
General Government	\$ 1,701,976	\$ 1,794,545	\$ -	\$ -	\$ 1,701,976	\$ 1,794,545
Public Safety	\$ 4,132,561	\$ 4,228,483	\$ -	\$ -	\$ 4,132,561	\$ 4,228,483
Health	\$ 220,333	\$ 229,527	\$ -	\$ -	\$ 220,333	\$ 229,527
Transportation	\$ 1,076,096	\$ 1,240,739	\$ -	\$ -	\$ 1,076,096	\$ 1,240,739
Community Environment	\$ 431,608	\$ 720,536	\$ -	\$ -	\$ 431,608	\$ 720,536
Leisure Activities	\$ 337,793	\$ 348,031	\$ -	\$ -	\$ 337,793	\$ 348,031
Basic Utilities	\$ 125,902	\$ 117,721	\$ -	\$ -	\$ 125,902	\$ 117,721
Interest on Long-Term Debt	\$ 141,261	\$ 214,145	\$ -	\$ -	\$ 141,261	\$ 214,145
Water	\$ -	\$ -	\$ 1,185,834	\$ 759,073	\$ 1,185,834	\$ 759,073
Sewer	\$ -	\$ -	\$ 1,820,864	\$ 1,856,752	\$ 1,820,864	\$ 1,856,752
Compost & Mulching	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenses</b>	<b>\$ 8,167,530</b>	<b>\$ 8,893,727</b>	<b>\$ 3,006,698</b>	<b>\$ 2,615,825</b>	<b>\$ 11,174,228</b>	<b>\$ 11,509,552</b>
Increase(decrease) in Net Assets	\$ 531,015	\$ 2,006,933	\$ 225,694	\$ 268,554	\$ 756,709	\$ 2,275,477
Net Assets January 1 (Restated)	\$ 8,368,386	\$ 6,361,463	\$ (643,326)	\$ (911,880)	\$ 7,725,060	\$ 5,449,583
Net Assets December 31	\$ 8,899,401	\$ 8,368,396	\$ (417,632)	\$ (643,326)	\$ 8,481,769	\$ 7,725,060

Net assets increased by \$ 731,096 during the year. The portion of net assets devoted to capital assets net of related debt increased \$1,385,275, indicating that the net assets available for other purposes decreased by \$654,179. Several significant capital-assets-related events occurred in 2002 and will be discussed later in the report.

Governmental Activities

Governmental net assets increased by \$505,402. Net assets invested in capital assets net of related debt increased by \$1,774,141, meaning that the net assets available for other governmental purposes decreased by \$1,268,739. The percentages of expenses are skewed for 2001 from inclusion of \$ 2.8 million for the Grimes Municipal Airport Realignment and Expansion projects.

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:

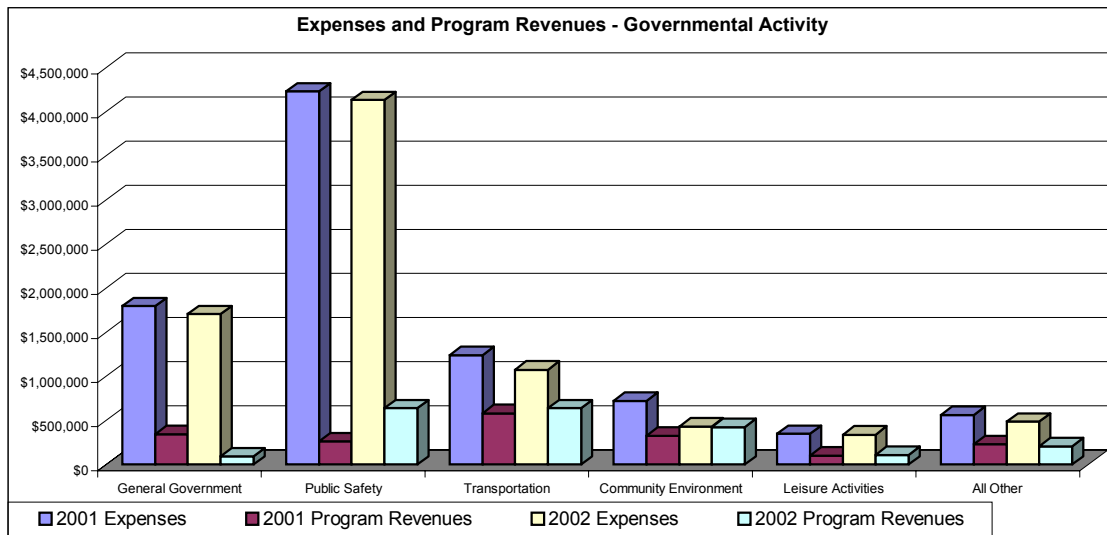
**Expense and Program Revenue- Governmental Activities**

**Year Ended December 31, 2002**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>	<u>% Change</u>
General Government	\$1,701,976	\$93,181	\$1,608,795	11.1%
Public Safety	\$4,132,561	\$636,481	\$3,496,080	-11.8%
Transportation	\$1,076,096	\$637,459	\$438,637	-33.4%
Community Environment	\$431,608	\$423,339	\$8,269	-97.9%
Leisure Activities	\$337,793	\$107,834	\$229,959	-6.3%
All Other	\$487,496	\$206,242	\$281,254	-14.8%
<b>Total Governmental Activities</b>	<b>\$8,167,530</b>	<b>\$2,104,536</b>	<b>\$6,062,994</b>	<b>-13.9%</b>

**Year Ended December 31, 2001**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>
General Government	\$1,794,545	\$345,933	\$1,448,612
Public Safety	\$4,228,483	\$262,524	\$3,965,959
Transportation	\$1,240,739	\$582,194	\$658,545
Community Environment	\$720,536	\$326,886	\$393,650
Leisure Activities	\$348,031	\$102,506	\$245,525
All Other	\$561,393	\$231,224	\$330,169
<b>Total Governmental Activities</b>	<b>\$8,893,727</b>	<b>\$1,851,267</b>	<b>\$7,042,460</b>



The largest dollar net program cost reduction was the Public Safety as a result of vacancies in the Police Department and an increase in the ambulance billing amount in 2002. The large reductions in Transportation and Community Environment is related to grant received in 2001. The General Government increase is a result of additional expenses for labor attorney and lower revenue sources.

Business-type Activities

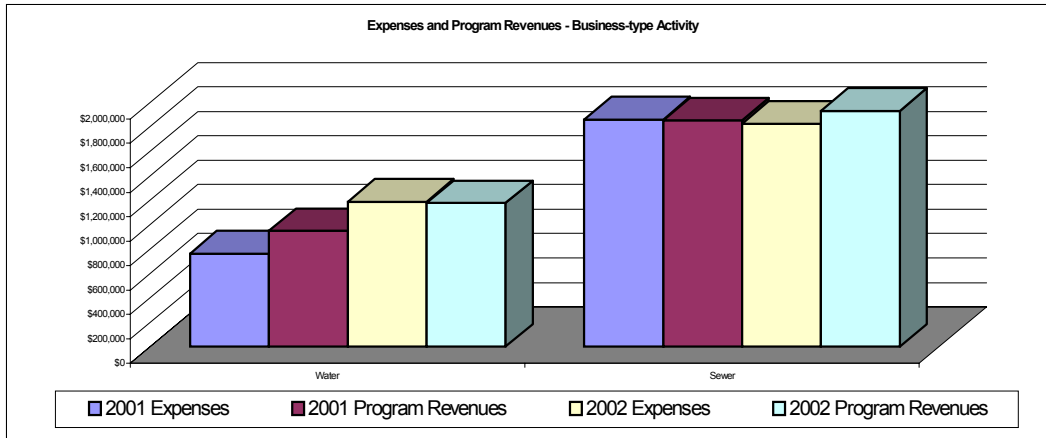
Business-type activities' net assets increased \$225,694. A significant portion of that amount was attributed to an increase in the investments in capital assets net of debt. The remainder of the increase in net assets was in the unrestricted net assets category. There were user rate increases in 2001 in Water of 10% and in Sewer of 3.5%. A \$1 charge on each residential utility customer was added to fund the compost and mulching facility. The City plans to purchase a grinder to reduce the cost of the program. As previously mentioned earlier 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.

**Expense and Program Revenue- Business-type Activities**  
**for year ended December 31, 2002**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>
Water	\$1,185,834	\$1,171,719	\$14,115
Sewer	\$1,820,864	\$1,926,734	-\$105,870
Compost & Mulching	\$0	\$26,939	-\$26,939
<b>Total Business-type Activities</b>	<b><u>\$3,006,698</u></b>	<b><u>\$3,125,392</u></b>	<b><u>-\$118,694</u></b>

**for year ended December 31, 2001**

	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Program Cost</u>
Water	\$759,073	\$944,234	-\$185,161
Sewer	\$1,856,752	\$1,849,291	\$7,461
<b>Total Business-type Activities</b>	<b><u>\$2,615,825</u></b>	<b><u>\$2,793,525</u></b>	<b><u>-\$177,700</u></b>



**Budget variations**

There were four significant variations from budget in all funds:

- 1) Income Tax revenues were 2% below budget for 2002 after an 8% decrease in 2001. The decrease was the largest factor in the City's financial shortfall. The drop is a result of the loss of industries and slow economy.
- 2) Available monies to be invested and lower interest rates impact the city interest income, the continued weak economy in 2001 and 2002 will continue to impact the City into 2003.
- 3) The City hired an attorney during 2002 for labor negotiations. The city was able to negotiate that all employees begin contributing 10% of the health insurance premiums.
- 4) Vacancies throughout the City departments are one measure the administration has taken to reduce expenses. All the vacancies were through attrition and the City did not lay-off any employees. The City management wants to fill the vacancies as soon as revenues increase to a point that the City can

finance the positions. The Fire Division, IncomeTax, and Court kept one position each open throughout 2002. The first quarter of 2003 provided some positive financial information in income tax but state local government and interest revenue short fall will prolong the vacant positions until the city has available revenues to finance these essential positions.

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

#### Capital Asset Activity

Significant capital activity for the year includes:

- Expenditures of the annual resurfacing street \$181,371.
- Completion of downtown rehabilitation with the Ohio Department of Development.
- Sidewalk Curb and Gutter project on Jefferson Avenue.
- Reserved \$225,000 for the 68 By-Pass Project to get the reserve to \$400,000.
- Landfill expenditures are taken from the Capital Improvement Fund to address the environmental issues at the City closed facility. The expenses incurred in 2002 were \$109,607.
- The Water Fund continued to address capital needs with the search for the new well field and rehabilitation of two of the three older storage tanks.

#### 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 \$5.9 million of net indebtedness as of December 31, 2002, leaving a legal debt margin for unvoted debt of approximately \$5.0 million.

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>12/31/02</u>	<u>12/31/01</u>	<u>12/31/02</u>	<u>12/31/01</u>
General Obligation Notes/Bonds	\$3,193,000	\$3,414,000	\$2,187,000	\$2,521,000
OWDA & OPWC Loans	<u>\$0</u>	<u>\$0</u>	<u>\$3,755,999</u>	<u>\$3,480,512</u>
<b>Total</b>	<u>\$3,193,000</u>	<u>\$3,414,000</u>	<u>\$5,942,999</u>	<u>\$6,001,512</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.

CITY OF URBANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2002

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Totals <u>2002</u>
<b>ASSETS</b>			
Pooled Cash & Investments	\$ 3,490,181	\$ 713,577	\$ 4,203,758
Cash With Fiscal Agent	\$ 53,057	\$ 19,032	\$ 72,089
Receivables (Net of Allowance)			
Income Tax	\$ 725,598	\$ -	\$ 725,598
Property Tax	\$ 783,313	\$ -	\$ 783,313
Interest	\$ 72,772	\$ -	\$ 72,772
Accounts Receivable	\$ 155,965	\$ 529,699	\$ 685,664
Other	\$ 237,284	\$ 4,261	\$ 241,545
Internal Balances	\$ 250,000	\$ (250,000)	\$ -
Due from Other Governments	\$ 564,658	\$ -	\$ 564,658
Inventory	\$ 60,288	\$ 55,803	\$ 116,091
Capital Assets			
Equipment and Buildings ( Net of Depreciation)	\$ 7,591,653	\$ 4,101,584	\$ 11,693,237
Land	\$ 2,900,015	\$ 511,706	\$ 3,411,721
Bond Issuance Costs	\$ 33,821	\$ 22,916	\$ 56,737
TOTAL ASSETS	<u>\$ 16,918,605</u>	<u>\$ 5,708,578</u>	<u>\$ 22,627,183</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 181,812	\$ 52,565	\$ 234,377
Accrued:			
Salaries	\$ 176,651	\$ 24,691	\$ 201,342
Workers' Compensation	\$ 85,637	\$ 11,788	\$ 97,425
Interest Payable	\$ 70,586	\$ 25,791	\$ 96,377
Pension	\$ 204,295	\$ 19,659	\$ 223,954
Deferred Revenues	\$ 1,415,687	\$ -	\$ 1,415,687
Long-Term			
Unfunded Pension	\$ 291,833	\$ -	\$ 291,833
Landfill Post Closure Costs	\$ 1,599,123	\$ -	\$ 1,599,123
Non Current Liabilities:			
Due within one-year	\$ 334,674	\$ 1,355,507	\$ 1,690,181
Due in more than one year	\$ 3,658,906	\$ 4,703,737	\$ 8,362,643
Deferred Amount of Refunding	\$ -	\$ (67,528)	\$ (67,528)
TOTAL LIABILITIES	<u>\$ 8,019,204</u>	<u>\$ 6,126,210</u>	<u>\$ 14,145,414</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of Related Debt	\$ 3,598,073	\$ (1,957,660)	\$ 1,640,413
Restricted for:			
Capital Projects	\$ 666,256	\$ -	\$ 666,256
Other	\$ 921,115	\$ -	\$ 921,115
Unrestricted	\$ 3,713,957	\$ 1,540,028	\$ 5,253,985
Total Net Assets	<u>\$ 8,899,401</u>	<u>\$ (417,632)</u>	<u>\$ 8,481,769</u>
Total Liabilities & Net Assets	<u>\$ 16,918,605</u>	<u>\$ 5,708,578</u>	<u>\$ 22,627,183</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2002

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	\$ 4,132,561	\$ 541,723	\$ 94,758	\$ -	\$ (3,496,080)		\$ (3,496,080)
Health	\$ 220,333	\$ 80,340	\$ -	\$ -	\$ (139,993)		\$ (139,993)
Leisure Time	\$ 337,793	\$ 107,834	\$ -	\$ -	\$ (229,959)		\$ (229,959)
Community Development	\$ 431,608	\$ 59,565	\$ -	\$ 363,774	\$ (8,269)		\$ (8,269)
Basic Utilities	\$ 125,902	\$ 125,902	\$ -	\$ -	\$ -		\$ -
Transportation	\$ 1,076,096	\$ 618,015	\$ -	\$ 19,444	\$ (438,637)		\$ (438,637)
General Government	\$ 1,701,976	\$ 93,181	\$ -	\$ -	\$ (1,608,795)		\$ (1,608,795)
Interest on Debt	\$ 141,261	\$ -	\$ -	\$ -	\$ (141,261)		\$ (141,261)
Total Governmental Activities	\$ 8,167,530	\$ 1,626,560	\$ 94,758	\$ 383,218	\$ (6,062,994)		\$ (6,062,994)
Business-Type Activities:							
Water	\$ 1,185,834	\$ 1,171,719			\$ (14,115)		\$ (14,115)
Sewer	\$ 1,820,864	\$ 1,926,734			\$ 105,870		\$ 105,870
Compost & Mulching	\$ -	\$ 26,939			\$ 26,939		\$ 26,939
Total Business-Type Activities	\$ 3,006,698	\$ 3,125,392			\$ 118,694		\$ 118,694
Total	\$ 11,174,228	\$ 4,751,952			\$ (6,062,994)	\$ 118,694	\$ (5,944,300)
General Revenues							
<b>Taxes:</b>							
Income Taxes					\$ 4,053,078	\$ -	\$ 4,053,078
Property Taxes					\$ 471,537	\$ -	\$ 471,537
Estate Taxes					\$ 124,684	\$ -	\$ 124,684
<b>Other:</b>							
Interest Earnings					\$ 97,684	\$ -	\$ 97,684
Grants or Contributions not restricted by Program					\$ 1,548,677	\$ -	\$ 1,548,677
Miscellaneous					\$ 298,349	\$ 107,000	\$ 405,349
Total General Revenues					\$ 6,594,009	\$ 107,000	\$ 6,701,009
Change In Net Assets							
					\$ 531,015	\$ 225,694	\$ 756,709
Net Asset - Beginning as restated							
					\$ 8,368,386	\$ (643,326)	\$ 7,725,060
Net Asset - Ending							
					\$ 8,899,401	\$ (417,632)	\$ 8,481,769

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2002

	MAJOR GOVERNMENTAL ACTIVITY FUNDS					
	GENERAL	AIRPORT FUND	STREET FUND	CEMETERY FUND	POLICE & FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND
<b>ASSETS</b>						
Pooled Cash & Investments	\$ 227,064	\$ 23,446	\$ 2,429	\$ 8,018	\$ 49,204	\$ 188,174
Cash With Fiscal Agent	-	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (Net of Allowance)						
Income Tax	\$ 388,714	\$ -	\$ -	\$ -	\$ 155,485	\$ 129,571
Property Tax	\$ 641,237	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 72,772	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ 148,002	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Governments	\$ 346,794	\$ -	\$ 214,386	\$ -	\$ -	\$ 3,478
Inventory	\$ 15,039	\$ 10,956	\$ 33,313	\$ -	\$ -	\$ -
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 2,089,622</b>	<b>\$ 34,402</b>	<b>\$ 250,128</b>	<b>\$ 8,018</b>	<b>\$ 204,689</b>	<b>\$ 321,223</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 95,167	\$ 11,835	\$ 17,465	\$ 2,615	\$ 1,576	\$ 33,993
Accrued:						
Salaries	\$ 127,966	\$ -	\$ 17,226	\$ 2,978	\$ 25,473	\$ -
Workers' Compensation	\$ 62,672	\$ -	\$ 8,116	\$ 1,456	\$ 12,112	\$ -
Vacation & Sick Leave	\$ 101,436	\$ -	\$ 5,842	\$ 1,396	\$ -	\$ -
Pension	\$ 153,629	\$ -	\$ 12,818	\$ 2,487	\$ 32,983	\$ -
Deferred Revenues	\$ 975,436	\$ -	\$ 153,262	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 1,516,306</b>	<b>\$ 11,835</b>	<b>\$ 214,729</b>	<b>\$ 10,932</b>	<b>\$ 72,144</b>	<b>\$ 33,993</b>
<b>FUND BALANCE</b>						
Fund Balances (Deficits):						
Reserved for Inventory	\$ 15,039	\$ 10,956	\$ 33,313	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ 43,181	\$ 152	\$ 13,818	\$ 1,020	\$ 5,914	\$ 74,462
Unreserved, Reported in:						
General Fund	\$ 515,096	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	\$ -	\$ 11,459	\$ (11,732)	\$ (3,934)	\$ 126,631	\$ -
Capital Project Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,768
<b>Total Fund Balance &amp; Other Credits</b>	<b>\$ 573,316</b>	<b>\$ 22,567</b>	<b>\$ 35,399</b>	<b>\$ (2,914)</b>	<b>\$ 132,545</b>	<b>\$ 287,230</b>
<b>Total Liabilities, Fund Balance, &amp; Other Credits</b>	<b>\$ 2,089,622</b>	<b>\$ 34,402</b>	<b>\$ 250,128</b>	<b>\$ 8,018</b>	<b>\$ 204,689</b>	<b>\$ 321,223</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS



CAPITAL POLICE & FIRE FUND	PERPETUAL INVESTMENT FUND	NON MAJOR GOVERNMENTAL FUNDS	GOVERNMENT PERMANENT TRUST FUND	TOTAL GOVERNMENTAL FUNDS
\$ 4,798	\$ 1,777,353	\$ 1,125,313	\$ 84,382	\$ 3,490,181
\$ 53,057	\$ -	\$ -	\$ -	\$ 53,057
\$ 51,828	\$ -	\$ -	\$ -	\$ 725,598
\$ -	\$ -	\$ 142,076	\$ -	\$ 783,313
\$ -	\$ -	\$ -	\$ -	\$ 72,772
\$ -	\$ -	\$ 7,963	\$ -	\$ 155,965
\$ -	\$ -	\$ 237,284	\$ -	\$ 237,284
\$ -	\$ -	\$ -	\$ -	\$ 250,000
\$ -	\$ -	\$ -	\$ -	\$ 564,658
\$ -	\$ -	\$ 980	\$ -	\$ 60,288
<u>\$ 109,683</u>	<u>\$ 1,777,353</u>	<u>\$ 1,513,616</u>	<u>\$ 84,382</u>	<u>\$ 6,393,116</u>
\$ -	\$ -	\$ 19,161	\$ -	\$ 181,812
\$ -	\$ -	\$ 3,008	\$ -	\$ 176,651
\$ -	\$ -	\$ 1,281	\$ -	\$ 85,637
\$ -	\$ -	\$ -	\$ -	\$ 108,674
\$ -	\$ -	\$ 2,378	\$ -	\$ 204,295
\$ -	\$ -	\$ 317,209	\$ -	\$ 1,445,907
\$ -	\$ -	\$ 343,037	\$ -	\$ 2,202,976
\$ -	\$ -	\$ 980	\$ -	\$ 60,288
\$ -	\$ -	\$ 23,500	\$ -	\$ 162,047
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 515,096
\$ -	\$ -	\$ 876,756	\$ -	\$ 999,180
<u>\$ 109,683</u>	<u>\$ 1,777,353</u>	<u>\$ 269,343</u>	<u>\$ 84,382</u>	<u>\$ 2,453,529</u>
\$ 109,683	\$ 1,777,353	\$ 1,170,579	\$ 84,382	\$ 4,190,140
<u>\$ 109,683</u>	<u>\$ 1,777,353</u>	<u>\$ 1,513,616</u>	<u>\$ 84,382</u>	<u>\$ 6,393,116</u>

CITY OF URBANA  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET  
ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2002

Total governmental fund balances	\$4,190,140
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital Assets used in governmental activities are not financial resources	\$ 10,491,668
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Receivables	\$30,220
Bond Costs	\$33,821
Long-Term Liabilities are not due and payable in the current period and therefore not reported in the funds:	
Bonds & Notes Payable	(\$3,193,000)
Compensated Absences	(\$691,906)
Unfunded P&F Pension Liability	(\$291,833)
Accrued Interest Long-term Debt	(\$70,586)
Landfill Post Closure Costs	<u>(\$1,599,123)</u>
Net Assets of Governmental Activities	<u>\$8,899,401</u>

CITY OF URBANA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR YEAR ENDED DECEMBER 31, 2002

	MAJOR GOVERNMENTAL ACTIVITY FUNDS					
	GENERAL	AIRPORT FUND	STREET FUND	CEMETERY FUND	POLICE & FIRE LEVY FUND	CAPITAL IMPROVEMENT FUND
<b>REVENUES:</b>						
Income Taxes	\$ 2,161,200	\$ -	\$ -	\$ -	\$ 864,455	\$ 739,294
Property Taxes	\$ 344,828	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 921,302	\$ -	\$ 375,937	\$ -	\$ 9,225	\$ 80,795
Charges for Service	\$ 396,812	\$ 111,509	\$ -	\$ 80,340	\$ -	\$ -
Fines, Licenses, & Permits	\$ 600,410	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ 165,712	\$ 46,765	\$ 2,822	\$ 215	\$ -	\$ 65,601
<b>TOTAL REVENUES</b>	<b>\$ 4,590,264</b>	<b>\$ 158,274</b>	<b>\$ 378,759</b>	<b>\$ 80,555</b>	<b>\$ 873,680</b>	<b>\$ 885,690</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
Public Safety	\$ 2,955,279	\$ -	\$ -	\$ -	\$ 914,974	\$ -
Health	\$ 54,999	\$ -	\$ -	\$ 156,092	\$ -	\$ -
Leisure Time	\$ 287,733	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development	\$ 70,591	\$ -	\$ -	\$ -	\$ -	\$ -
Basic Utilities	\$ 125,902	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ 8,961	\$ 141,780	\$ 646,003	\$ -	\$ -	\$ -
General Government	\$ 1,151,681	\$ -	\$ -	\$ -	\$ -	\$ 100,102
Capital Outlay	-	\$ -	\$ -	\$ -	\$ -	\$ 558,635
Debt Service: Principal	-	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,655,146</b>	<b>\$ 141,780</b>	<b>\$ 646,003</b>	<b>\$ 156,092</b>	<b>\$ 914,974</b>	<b>\$ 658,737</b>
Excess(Deficiency) of Revenues						
Over(Under) Expenditures	\$ (64,882)	\$ 16,494	\$ (267,244)	\$ (75,537)	\$ (41,294)	\$ 226,953
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer In	\$ 122,320	\$ -	\$ 218,205	\$ 60,000	\$ -	\$ -
Transfer Out	\$ (245,700)	\$ -	\$ -	\$ -	\$ -	\$ (400,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (123,380)</b>	<b>\$ -</b>	<b>\$ 218,205</b>	<b>\$ 60,000</b>	<b>\$ -</b>	<b>\$ (400,000)</b>
Excess(Deficiency) of Revenues and Other Sources						
Over(Under) Expenditures and Other Uses	\$ (188,262)	\$ 16,494	\$ (49,039)	\$ (15,537)	\$ (41,294)	\$ (173,047)
FUND BALANCE JANUARY 1, 2002 Restated	\$ 757,562	\$ 6,073	\$ 84,438	\$ 12,623	\$ 173,839	\$ 460,277
Increase(Decrease) in Inventory	\$ 4,016	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCE DECEMBER 31, 2002</b>	<b>\$ 573,316</b>	<b>\$ 22,567</b>	<b>\$ 35,399</b>	<b>\$ (2,914)</b>	<b>\$ 132,545</b>	<b>\$ 287,230</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CAPITAL POLICE & FIRE FUND	PERPETUAL INVESTMENT FUND	NON MAJOR GOVERNMENTAL FUNDS	GOVERNMENT PERMANENT TRUST FUND	TOTAL GOVERNMENTAL FUNDS
\$ 288,129	\$ -	\$ -	\$ -	\$ 4,053,078
\$ -	\$ -	\$ 126,709	\$ -	\$ 471,537
\$ -	\$ -	\$ 509,948	\$ -	\$ 1,897,207
\$ -	\$ -	\$ 23,133	\$ -	\$ 611,794
\$ -	\$ -	\$ 141,759	\$ -	\$ 742,169
\$ -	\$ -	\$ 110,572	\$ -	\$ 391,687
<u>\$ 288,129</u>	<u>\$ -</u>	<u>\$ 912,121</u>	<u>\$ -</u>	<u>\$ 8,167,472</u>
\$ -	\$ -	\$ 100,813	\$ -	\$ 3,971,066
\$ -	\$ -	\$ -	\$ -	\$ 211,091
\$ -	\$ -	\$ -	\$ -	\$ 287,733
\$ -	\$ -	\$ 361,017	\$ -	\$ 431,608
\$ -	\$ -	\$ -	\$ -	\$ 125,902
\$ -	\$ -	\$ 4,239	\$ -	\$ 800,983
\$ -	\$ -	\$ 43,851	\$ -	\$ 1,295,634
\$ 52,214	\$ -	\$ 6,978	\$ -	\$ 617,827
\$ 169,500	\$ -	\$ 13,417	\$ -	\$ 182,917
\$ 126,927	\$ -	\$ 14,334	\$ -	\$ 141,261
<u>\$ 348,641</u>	<u>\$ -</u>	<u>\$ 544,649</u>	<u>\$ -</u>	<u>\$ 8,066,022</u>
\$ (60,512)	\$ -	\$ 367,472	\$ -	\$ 101,450
\$ -	\$ 400,000	\$ -	\$ -	\$ 800,525
\$ -	\$ -	\$ (154,825)	\$ -	\$ (800,525)
<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ (154,825)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (60,512)	\$ 400,000	\$ 212,647	\$ -	\$ 101,450
\$ 170,195	\$ 1,377,353	\$ 957,932	\$ 84,382	\$ 4,084,674
\$ -	\$ -	\$ -	\$ -	\$ 4,016
<u>\$ 109,683</u>	<u>\$ 1,777,353</u>	<u>\$ 1,170,579</u>	<u>\$ 84,382</u>	<u>\$ 4,190,140</u>

CITY OF URBANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR YEAR ENDED DECEMBER 31, 2002

Net Change in Fund Balances - Total Governmental Funds \$101,450

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

Governmental funds report capital outlays as expenditures. \$292,033  
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

Revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues in  
the funds:  
Net Revenues (\$30,220)

Repayment of bond principal is an expenditure in the \$182,917  
governmental funds, but the repayment reduces long-term  
liabilities in the statement of net assets.

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.

Vacation/Sick Leave (\$11,076)  
Interest Payable (\$4,089)

Change in Net Assets \$531,015

CITY OF URBANA, OHIO  
BALANCE SHEET OF PROPRIETARY FUNDS  
DECEMBER 31, 2002

	WATER REVENUE	SEWER REVENUE	COMPOST & MULCHING REVENUE	TOTAL
<b>ASSETS</b>				
<b>Current Assets</b>				
Pooled Cash & Investments	\$ 164,685	\$ 522,765	\$ 26,127	\$ 713,577
Cash with Fiscal Agent	\$ 19,032	\$ -	\$ -	\$ 19,032
Receivables (Net of Allowance):				
Accounts	\$ 193,726	\$ 335,161	\$ 812	\$ 529,699
Other	\$ -	\$ 4,261	\$ -	\$ 4,261
Due From Other Funds	\$ -	\$ (250,000)	\$ -	\$ (250,000)
Inventory	<u>\$ 33,912</u>	<u>\$ 21,891</u>	<u>\$ -</u>	<u>\$ 55,803</u>
<b>Total Current Assets</b>	<u>\$ 411,355</u>	<u>\$ 634,078</u>	<u>\$ 26,939</u>	<u>\$ 1,072,372</u>
<b>Non-Current Assets</b>				
Capital Assets (Net of Depreciation)	\$ 2,065,878	\$ 2,547,412	\$ -	\$ 4,613,290
Bond Issuance Costs	\$ 5,798	\$ 17,118	\$ -	\$ 22,916
<b>Total Non-Current Assets</b>	<u>\$ 2,071,676</u>	<u>\$ 2,564,530</u>	<u>\$ -</u>	<u>\$ 4,636,206</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,483,031</u>	<u>\$ 3,198,608</u>	<u>\$ 26,939</u>	<u>\$ 5,708,578</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 28,396	\$ 24,169	\$ -	\$ 52,565
Accrued Salaries & Wages	\$ 7,491	\$ 17,200	\$ -	\$ 24,691
Accrued Worker Compensation	\$ 3,751	\$ 8,037	\$ -	\$ 11,788
Accrued Interest Payable	\$ 24,365	\$ 1,426	\$ -	\$ 25,791
Accrued Vacation and Sick Leave	\$ 12,205	\$ 28,081	\$ -	\$ 40,286
Accrued Pension	\$ 6,111	\$ 13,548	\$ -	\$ 19,659
Current portion of Notes Payable	\$ 800,000	\$ -	\$ -	\$ 800,000
Current portion of Bonds Payable	\$ 199,000	\$ 40,000	\$ -	\$ 239,000
Current portion of Loan Payable	<u>\$ 22,314</u>	<u>\$ 253,907</u>	<u>\$ -</u>	<u>\$ 276,221</u>
<b>Total Current Liabilities</b>	<u>\$ 1,103,633</u>	<u>\$ 386,368</u>	<u>\$ -</u>	<u>\$ 1,490,001</u>
<b>Non-Current Liabilities</b>				
Accrued Vacation and Sick Leave	\$ 16,365	\$ 57,709	\$ -	\$ 74,074
G.O. Bonds Payable	\$ 1,148,000	\$ -	\$ -	\$ 1,148,000
Loans Payable	\$ 401,652	\$ 3,080,011	\$ -	\$ 3,481,663
Deferred Amount of Refunding	<u>\$ (24,708)</u>	<u>\$ (42,820)</u>	<u>\$ -</u>	<u>\$ (67,528)</u>
<b>Total Non-Current Liabilities</b>	<u>\$ 1,541,309</u>	<u>\$ 3,094,900</u>	<u>\$ -</u>	<u>\$ 4,636,209</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,644,942</u>	<u>\$ 3,481,268</u>	<u>\$ -</u>	<u>\$ 6,126,210</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ (505,088)	\$ (826,506)	\$ -	\$ (1,331,594)
Unrestricted	\$ 343,177	\$ 543,846	\$ 26,939	\$ 913,962
<b>Total Net Assets</b>	<u>\$ (161,911)</u>	<u>\$ (282,660)</u>	<u>\$ 26,939</u>	<u>\$ (417,632)</u>
<b>TOTAL LIABILITIES &amp; Net Assets</b>	<u>\$ 2,483,031</u>	<u>\$ 3,198,608</u>	<u>\$ 26,939</u>	<u>\$ 5,708,578</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, 2002

	WATER REVENUE	SEWER REVENUE	COMPOST & MULCHING REVENUE	TOTAL
OPERATING REVENUES:				
Charges for Services	\$ 1,171,719	\$ 1,926,734	\$ 26,939	\$ 3,125,392
Total Operating Revenue	<u>\$ 1,171,719</u>	<u>\$ 1,926,734</u>	<u>\$ 26,939</u>	<u>\$ 3,125,392</u>
OPERATING EXPENSES:				
Personal Services	\$ 225,372	\$ 513,475	\$ -	\$ 738,847
Contractual Services	\$ 418,605	\$ 370,150	\$ -	\$ 788,755
Supplies & Materials	\$ 31,966	\$ 111,835	\$ -	\$ 143,801
Administrative Fees	\$ 214,192	\$ 193,755	\$ -	\$ 407,947
Depreciation	<u>\$ 196,399</u>	<u>\$ 360,684</u>	<u>\$ -</u>	<u>\$ 557,083</u>
Total Operating Expenses	<u>\$ 1,086,534</u>	<u>\$ 1,549,899</u>	<u>\$ -</u>	<u>\$ 2,636,433</u>
Operating Income	<u>\$ 85,185</u>	<u>\$ 376,835</u>	<u>\$ 26,939</u>	<u>\$ 488,959</u>
NON OPERATING REVENUE & EXPENSES:				
Interest Expense	\$ (92,444)	\$ (154,232)	\$ -	\$ (246,676)
Other Expense	\$ (6,856)	\$ (9,733)	\$ -	\$ (16,589)
Total Non Operating Revenues & Expenses	<u>\$ (99,300)</u>	<u>\$ (163,965)</u>	<u>\$ -</u>	<u>\$ (263,265)</u>
Change in Net Assets	<u>\$ (14,115)</u>	<u>\$ 212,870</u>	<u>\$ 26,939</u>	<u>\$ 225,694</u>
Total Net Assets January 1, 2002 (RESTATED)	<u>\$ (147,796)</u>	<u>\$ (495,530)</u>	<u>\$ -</u>	<u>\$ (643,326)</u>
Total Net Assets December 31, 2002	<u>\$ (161,911)</u>	<u>\$ (282,660)</u>	<u>\$ 26,939</u>	<u>\$ (417,632)</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDING DECEMBER 31, 2002

	WATER REVENUE	SEWER REVENUE	COMPOST & MULCHING REVENUE	TOTAL
<b>Cash Flow from Operating Activities:</b>				
Cash Received from Customers	\$ 1,139,907	\$ 1,928,026	\$ 26,127	\$ 3,094,060
Cash Paid to Employee Services	\$ (224,418)	\$ (496,568)	\$ -	\$ (720,986)
Cash Paid to Suppliers	\$ (461,480)	\$ (524,927)	\$ -	\$ (986,407)
Cash Paid to Other Funds	\$ (214,192)	\$ (243,755)	\$ -	\$ (457,947)
Net Cash Provided by Operating Activities	<u>\$ 239,817</u>	<u>\$ 662,776</u>	<u>\$ 26,127</u>	<u>\$ 928,720</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of Capital Assets	\$ (820,195)	\$ -	\$ -	\$ (820,195)
Proceeds from Debt	\$ 1,246,280	\$ -	\$ -	\$ 1,246,280
Principal Paid on Debt	\$ (1,097,282)	\$ (280,263)	\$ -	\$ (1,377,545)
Interest Paid on Debt	\$ (76,042)	\$ (151,478)	\$ -	\$ (227,520)
Net Cash Flows used for Capital and Related Financing Activities	<u>\$ (747,239)</u>	<u>\$ (431,741)</u>	<u>\$ -</u>	<u>\$ (1,178,980)</u>
Net Increase (Decrease) Cash and Cash Equivalent	<u>\$ (507,422)</u>	<u>\$ 231,035</u>	<u>\$ 26,127</u>	<u>\$ (250,260)</u>
Beginning Cash & Cash Equivalents	<u>\$ 691,139</u>	<u>\$ 291,730</u>	<u>\$ -</u>	<u>\$ 982,869</u>
Ending Cash & Cash Equivalents	<u>\$ 183,717</u>	<u>\$ 522,765</u>	<u>\$ 26,127</u>	<u>\$ 732,609</u>
<b>Reconciliation of Cash &amp; Cash Equivalents</b>				
Pool Cash & Investments	\$ 164,685	\$ 522,765	\$ 26,127	\$ 713,577
Restricted Cash and Investments	\$ 19,032	-	-	\$ 19,032
Total of Cash & Cash Equivalents	<u>\$ 183,717</u>	<u>\$ 522,765</u>	<u>\$ 26,127</u>	<u>\$ 732,609</u>
<b>Reconciliation of net operating income to net cash provided by operating activities</b>				
Net operating income	<u>\$ 85,185</u>	<u>\$ 376,835</u>	<u>\$ 26,939</u>	<u>\$ 488,959</u>
<b>Adjustments</b>				
Depreciation	\$ 196,399	\$ 360,684	\$ -	\$ 557,083
<b>Assets &amp; Liabilities</b>				
(Increase)Decrease In Accounts Receivable	\$ (29,478)	\$ 1,293	\$ (812)	\$ (28,997)
(Increase)Decrease In Due From Other Funds	\$ (2,336)	\$ -	\$ -	\$ (2,336)
(Increase)Decrease In Inventory	\$ 12,151	\$ (5,373)	\$ -	\$ 6,778
Increase(Decrease) In Accounts Payable	\$ (22,119)	\$ (24,692)	\$ -	\$ (46,811)
Increase(Decrease) In Salaries & Wages	\$ 519	\$ 1,893	\$ -	\$ 2,412
Increase(Decrease) In Workers' Compensation	\$ 680	\$ 399	\$ -	\$ 1,079
Increase(Decrease) In Vacation & Sick Leave	\$ (1,854)	\$ 1,863	\$ -	\$ 9
Increase(Decrease) In Pension	\$ 670	\$ (126)	\$ -	\$ 544
Increase(Decrease) In Due to Other Funds	\$ -	\$ (50,000)	\$ -	\$ (50,000)
Total Adjustments	<u>\$ 154,632</u>	<u>\$ 285,941</u>	<u>\$ (812)</u>	<u>\$ 439,761</u>
Net cash provided by operating activities	<u>\$ 239,817</u>	<u>\$ 662,776</u>	<u>\$ 26,127</u>	<u>\$ 928,720</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF URBANA  
STATEMENT OF NET ASSETS - ALL FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2002

	AGENCY <u>TOTAL</u>
ASSETS:	
Restricted Cash	<u>186,158</u>
TOTAL ASSETS	<u><u>186,158</u></u>
LIABILITIES	
Accounts Payables	\$ 818
Payable from Restricted Assets	<u>\$185,340</u>
TOTAL LIABILITIES	<u>\$186,158</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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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, 2002.

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

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

B. Basis of Presentation

Government-wide financial statements

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

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

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services as well as grants and



**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

---

contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business-type segment is self-supporting or relies upon general revenues of the City.

The caption "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.

Airport Maintenance Fund - To account for the operation and maintenance of Grimes Municipal Airport, consisting of rental of facility, sale of aviation fuel, and other miscellaneous operations.

Oak Dale Cemetery Fund - To account for the operation of the municipal owned cemetery and mausoleum.

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.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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Police & Fire Capital Improvement Fund – To account for the income tax resources earmarked for capital improvements for Police and Fire facilities and operations.

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

Proprietary (Business-type) Funds

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

Fiduciary Funds – generally are used to account for assets held in a fiduciary capacity on behalf of others. The Fiduciary Funds are not included in the government wide statements.

Governmental Permanent Fund - reports the donations of the principal in the Cemetery Trust Principal Fund , which is legally restricted. The earnings are reported in the Cemetery Trust Income Fund and may be used for the purposes that support the government's program.

Agency Funds- accounts for fund held simply being in custodial in nature.

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.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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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 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 during the ensuing year 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

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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for the period January 1 through December 31. The budget identifies specific expenditure amounts by character 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. Prior year ending budgetary fund balances do not agree to current beginning fund balances due to the cancellation of certain encumbrances.
- (6) Several City funds are deemed appropriated by local ordinance or City Charter and are therefore exempt from the budget process.

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 level of salaries and wages, fringe benefits, contractual and materials and capital outlay. 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 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-

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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participating investment contracts such as certificates of deposit are reported at cost.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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F. Inventory

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

G. Insurance and Risk

The City of Urbana covers most of its risks of loss through commercial insurance. See Note 14.

H. Capital Assets

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

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 increased the capitalization amount from \$500 to \$5,000, which management believes is reasonable. The City does maintain an asset recording system for all assets.

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

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

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

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

I. Bond Issuance Costs

Bond issuance costs for proprietary fund types are deferred and amortized over the terms of the bonds using methods that approximate the effective interest method. Issuance costs at year-end amounted to \$56,737 net of accumulated amortization. These costs are included in prepaid costs on the statement of net assets.

J. Compensated Absences

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

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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

N. Financial Disclosure

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

O. Estimates

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

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

2. Pooled Cash and Investments:

At December 31, 2002 the carrying values of pooled cash and investments and restricted cash and investments were as follows:

	<u>Carrying Amount</u>
Deposits:	
Demand deposits:	
Interest-bearing, 0.6 to 2.28	\$ 631,072
Champaign County Municipal Court	264,890
Non-interest bearing	935
Time deposits:	
Money Market/Passbook, 1.62 to 2.33%	553,044
Certificates of deposit, 2.2% to 5.30% maturing January 30, 2003 to March 4, 2004	<u>3,012,064</u>
Total deposits and investments	\$4,462,005
Less: Cash and investments held with fiscal agent	<u>(72,089)</u>
Total pooled cash and investments	<u>\$ 4,389,916</u>

Deposits & Investments

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

The year-end bank balance of all City deposits was \$4,462,005 based on criteria described in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, the bank balance was covered by:

	FDIC Insured Deposits	\$ 372,089
	Deposits collateralized with securities held by pledging financial institution's agent in the City's name	<u>\$4,089,916</u>
	Total	<u>\$4,462,005</u>

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 2002 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.



**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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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 16.7% of income tax receipts to the City in 2002 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 2002 were levied on December 31, 2001 on assessed values listed as of January 1, 2001, the lien date. One-half of these taxes were due on March 10, 2002, with the remaining balance due on July 12, 2002. Public utility lien date was December 31, 2001

Tangible personal property taxes collected during 2002 had levy date of December 31, 2001. One-half of these taxes were due between February 15, 2002, and May 10, 2002, with the remaining balance due on October 11, 2002.

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 2002 upon which the 2003 levy will be based is approximately \$199,086,696. The assessed value for 2001 upon which the 2002 levy was based was approximately \$197,842,239.

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

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

5. Capital Assets

A summary of changes in capital assets governmental activities for year ended December 31, 2002 follows:

(see footnote 14)	Restated Balance <u>1/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2002</u>
<b>Capital Assets not Depreciated</b>				
Land	\$2,900,015	\$0	\$0	\$2,900,015
<b>Capital Assets being Depreciated</b>				
Building & Improvements	\$11,115,376	\$529,849	\$0	\$11,645,225
Machinery & Equipment	<u>\$2,909,759</u>	<u>\$129,664</u>	<u>(\$54,422)</u>	<u>\$2,985,001</u>
Total	<u>\$16,925,150</u>	<u>\$659,513</u>	<u>(\$54,422)</u>	<u>\$17,530,241</u>
 Less Accumulated Depreciation				
Building & Improvements	\$4,343,740	\$632,886	\$0	\$4,976,626
Machinery & Equipment	<u>\$1,784,973</u>	<u>\$276,974</u>	<u>\$0</u>	<u>\$2,061,947</u>
Total	<u>\$6,128,713</u>	<u>\$909,860</u>	<u>\$0</u>	<u>\$7,038,573</u>
Net Capital Assets	<u>\$10,796,437</u>	<u>(\$250,347)</u>	<u>(\$54,422)</u>	<u>\$10,491,668</u>

Depreciation was Charged to Governmental Activities as follows:

General Government	\$172,630
Security of Person & Property	\$134,771
Transportation	\$531,375
Health	\$27,471
Community Environment	\$0
Leisure Activities	<u>\$43,613</u>
Total Governmental Activities Depreciation Expense	<u>\$909,860</u>

A summary of business-type activities, excluding Work in Progress Capital Assets at December 31, 2002 follows:

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Land	\$60,028	\$451,678	\$511,706
Buildings	\$10,555,736	\$20,317,377	\$30,873,113
Equipment	<u>\$2,660,615</u>	<u>\$1,645,744</u>	<u>\$4,306,359</u>
Total	<u>\$13,276,379</u>	<u>\$22,414,799</u>	<u>\$35,691,178</u>
Less Depreciation	<u>\$11,210,501</u>	<u>\$19,867,387</u>	<u>\$31,077,888</u>
Net Fixed Assets	<u>\$2,065,878</u>	<u>\$2,547,412</u>	<u>\$4,613,290</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.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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Public Employees Retirement System

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the City's contribution rate for 2002 was 13.55% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2002, 2001, and 2000 were \$317,715, \$304,692, and \$281,482, respectively. Approximately 91% has been contributed for 2002 and 100% has been contributed for 2001 and 2000. The unpaid contribution for 2002 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, 2002, 2001 and 2000 were \$472,235, \$472,685, and \$490,553, respectively, equal to the required contribution for each year. Approximately 86% has been contributed for 2001 and 100% has been contributed for 2001 and 2000. The unpaid contribution for 2002 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, 2002, the unfunded liability is payable, including principal and interest, in annual installments for \$16,666 through the year 2035. The principal balance of \$291,832 is accounted for as a non-current liability in the governmental activities column of the Statement of Net Assets. The State of Ohio assumed the liability for past service cost at the time PERS was established.

7. Postemployment Benefits:

A. Public Employees Retirement System

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

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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5.0% 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, 2001

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

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

**Investment Return:** The investment assumption rate for 2001 was 8.0%.

**Active Employee Total Payroll:** An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.5% to 6.3%.

**Health Care:** Health care costs were assumed to increase 4.0% annually.

The OPEB's are advance-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The portion of City's contributions that were used to fund postemployment benefits was \$117,237. \$11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

**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 7.50% and 7.75% of covered payroll in 2001 and 2002 respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The statewide number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, were 13,174 for Police and 10,239 for Firefighters. The City's annual contribution for 2002 that were used to fund postemployment benefits was \$73,941

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

for police and \$92,374 for firemen. The fund's total health care expenses for the year ending December 31, 2001 was \$122,298,771, which was net of members contributions of \$6,874,699.

8. Long-Term Liabilities:

The following is a summary of changes during 2002 and yearend balances for governmental activities long-term liabilities of the City for the year ended December 31, 2002:

<b><u>Governmental Activities</u></b>	<b><u>Balance</u></b>			<b><u>Balance</u></b>	<b><u>Due within</u></b>
	<b><u>1/1/02</u></b>	<b><u>Addition</u></b>	<b><u>Reduction</u></b>	<b><u>12/31/02</u></b>	<b><u>One-Year</u></b>
Municipal Bldg Renovations					
GO Bonds 1995-2015 4.3%-5.85%	\$2,870,000	\$0	\$145,000	\$2,725,000	\$150,000
Police & Fire Capital Improvement					
Fire Appartus					
GO Bonds 1997-2007 4.3%-5.85%	\$400,000	\$0	\$60,000	\$340,000	\$60,000
Police & Fire Capital Improvement					
Airport Runway Expansion					
GO Bonds 1997-2007 4.3%-5.85%	\$144,000	\$0	\$16,000	\$128,000	\$16,000
Airport Fund					
Accrued Vacation and Sick Leave					\$108,674
General Fund	\$560,193	\$1,306	\$0	\$561,499	
Street Maintenance Fund	\$80,096	\$13,279	\$0	\$93,375	
Oak Dale Cemetery Fund	\$14,178	\$344	\$0	\$14,522	
Police and Fire Income Tax Levy Fund	\$130,676	\$508	\$0	\$131,184	
Unfunded P&F Pension Obligation					
Special Revenue Police & Fire Pension	<u>\$295,923</u>	<u>\$0</u>	<u>\$4,090</u>	<u>\$291,833</u>	<u>\$4,263</u>
<b>Total Governmental Activities</b>	<b><u>\$4,495,066</u></b>	<b><u>\$15,437</u></b>	<b><u>\$225,090</u></b>	<b><u>\$4,285,413</u></b>	<b><u>\$338,937</u></b>
<b>Long-term Liabilities</b>					

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

The following is a summary of changes during 2002 and year end balances for business-type activities long-term liabilities of the City for the year ended December 31, 2002:

<b><u>Business-type Activities</u></b>	<b><u>Balance</u></b> <b><u>1/1/02</u></b>	<b><u>Addition</u></b>	<b><u>Reduction</u></b>	<b><u>Balance</u></b> <b><u>12/31/02</u></b>	<b><u>Due within</u></b> <b><u>One-Year</u></b>
Water Fund:					
GO Bonds 1996-2006 3.8%-4.7% Refinance Waterworks 86	\$390,000	\$0	\$70,000	\$320,000	\$75,000
GO Bonds 1995-2009 3.9%-5.85% Refinance Waterworks 79	\$845,000	\$0	\$90,000	\$755,000	\$90,000
GO Bonds 1997-2007 4.3%-5.85% Gwynne St Water Tower	\$306,000	\$0	\$34,000	\$272,000	\$34,000
OPWC 0% Interest Loan	\$0	\$446,280	\$22,314	\$423,966	\$22,314
Sewer Fund					
GO Bonds 1998-2003 4.88%-4.88% Sewer Land	\$80,000	\$0	\$40,000	\$40,000	\$40,000
OWDA Loan 1995-2012 4.56% Refinanced 1995 Upgrade	\$1,743,721	\$0	\$139,511	\$1,604,210	\$145,945
OWDA Loan 1995-2015 4.56% N-Viro Project	\$645,546	\$0	\$36,409	\$609,137	\$38,088
OWDA Loan 1996-2016 4.04% N-Viro Project	\$671,275	\$0	\$34,163	\$637,112	\$35,557
OWDA Loan 1996-2016 4.12% N-Viro Project	\$95,891	\$0	\$4,317	\$91,574	\$4,317
OPWC 0% Interest Loan	\$420,000	\$0	\$30,000	\$390,000	\$30,000
Accrued Vacation and Sick Leave	<u>\$100,534</u>	<u>\$15,711</u>	<u>\$0</u>	<u>\$116,245</u>	<u>\$40,286</u>
<b>Total Business-type Activities</b>	<b><u>\$5,297,967</u></b>	<b><u>\$461,991</u></b>	<b><u>\$500,714</u></b>	<b><u>\$5,259,244</u></b>	<b><u>\$555,507</u></b>
<b>Long-term Liabilities</b>					

\* Additions and reductions of accrued vacation and sick leave are shown net since it is impracticable for the City to determine these amounts separately. The current portion of accrued sick leave amounts payable is included with accrued payroll in the governmental funds. The current portion complies with provisions of GASB 16.

The Water Revenue Fund has one outstanding bond anticipation note in the amount of \$800,000 that matures on November 13, 2003 at an interest rate 2.32%.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

Annual requirements to pay principal and interest on long-term debt at December 31, 2002 reflected in thousands are:

Governmental Activities

	<u>Fire Appartus</u>		<u>Municipal Bldg</u>		<u>Airport Runway</u>		<u>Total</u>	
	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>	<u>Prin.</u>	<u>Int.</u>
2003	\$ 60	\$ 17	\$ 150	\$ 151	\$ 16	\$ 7	\$ 226	\$ 175
2004	\$ 65	\$ 14	\$ 155	\$ 144	\$ 16	\$ 6	\$ 236	\$ 164
2005	\$ 70	\$ 10	\$ 165	\$ 136	\$ 16	\$ 6	\$ 251	\$ 152
2006	\$ 70	\$ 7	\$ 175	\$ 128	\$ 16	\$ 5	\$ 261	\$ 140
2007	\$ 75	\$ 4	\$ 185	\$ 119	\$ 16	\$ 4	\$ 276	\$ 127
2008-12	\$ -	\$ -	\$ 1,085	\$ 432	\$ 48	\$ 5	\$ 1,133	\$ 437
2013-term	\$ -	\$ -	\$ 810	\$ 97	\$ -	\$ -	\$ 810	\$ 97
<b>Total</b>	<b>\$ 340</b>	<b>\$ 52</b>	<b>\$ 2,725</b>	<b>\$ 1,207</b>	<b>\$ 128</b>	<b>\$ 33</b>	<b>\$ 3,193</b>	<b>\$ 1,292</b>

All of these debts are paid from the Capital Project Funds

Business-type Activities

<u>Year Ending</u>	<u>Water</u>		<u>Sewer OWDA,OPWC &amp; Bonds</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>
2003	\$221	\$68	\$295	\$136	\$516	\$204
2004	\$236	\$58	\$265	\$124	\$501	\$182
2005	\$236	\$50	\$275	\$113	\$511	\$163
2006	\$246	\$39	\$286	\$102	\$532	\$141
2007	\$172	\$28	\$298	\$90	\$470	\$118
2008-2012	\$459	\$33	\$1,572	\$257	\$2,031	\$290
2013-term	\$201	\$0	\$381	\$34	\$582	\$34
<b>Total</b>	<b>\$1,771</b>	<b>\$276</b>	<b>\$3,372</b>	<b>\$856</b>	<b>\$5,143</b>	<b>\$1,132</b>

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, 2002, the City's total net debt amounted to 2.6% 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, 2002, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

9. Advanced Refunding

On February 1, 1995, the City of Urbana advance-refunded the 1991 Wastewater Treatment Plant Upgrade Bonds with a new 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, 2002, \$ 1,692,055 was the outstanding balance of this loan. As a result,

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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, 2002 the debt service requirement to maturity of the defeased bonds was \$2,310,922.

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, 2002 \$755,000 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, 2002 the debt service requirement to maturity of the defeased bonds was \$1,195,450.

10. Interfund Receivables and Payable

Interfund balances at December 31, 2002 consist of the following individual fund receivables and payables:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$250,000	\$0
Enterprise Funds		
Sewer	<u>\$0</u>	<u>\$250,000</u>
Total Enterprise Funds	<u>\$0</u>	<u>\$250,000</u>
 Total Interfund Receivables & Payables	 <u>\$250,000</u>	 <u>\$250,000</u>

During the late 1990's the Sewer Revenue Fund did not reimburse the General Fund for administrative charges, in accordance with the financial policies of City, due to financial constraints. The City intends to reimburse the liability to the General Fund as the Sewer Revenue Fund is financially capable.

11. 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, 2002**

12. Deficit Fund Balances/Net Assets

The following individual funds had deficit fund balances/net assets at December 31, 2002:

Probation Grant Fund	\$ 3,233
Oak Dale Cemetery Fund	\$ 2,914
Water Revenue Fund	\$ 161,911
Sewer Revenue Fund	\$ 282,660

The negative fund balances are a result of the transaction involving accruals of the liabilities, the capital assets, or the fact that the grant expenditures will be reimbursed from the Granting Agency in the near future.

13. Prior Year Restatements:

The City discovered errors and changed an accounting policy on the Capitalization of Capital Assets. The impact of these restatements on the funds are as follows:

	Governmental Activities <u>Net Assets</u>	Water <u>Fund</u>	Sewer <u>Fund</u>
Balance January 1, 2002	\$ 8,810,413	\$ 346,188	\$ (189,334)
Restatement for			
[a] OPWC Debt Not Recorded in 2001	\$ -	\$ (446,280)	
[b] Net adjustment for capitalized assets over \$5,000	\$ (1,023,284)	\$ (47,704)	\$ (214,622)
[c] Adjust error on Depreciation of Governmental Asset	\$ 2,180,380	\$ -	\$ -
[d] OWDA Debt Understated	\$ -	\$ -	\$ (91,574)
[e] Landfill Post Closure Liability	\$ (1,599,123)	\$ -	\$ -
Balance January 1, 2002 as restated	<u>\$8,368,386</u>	<u>(\$147,796)</u>	<u>(\$495,530)</u>

[a] In 2001 the City received an interest free loan from the Ohio Public Works Commission for the Gwynne Street Water Tower. The debt was not recorded in 2001 as the project was only about 50% complete in December 2001.

[b] The City increased the amount to capitalize the capital assets from \$500 to \$5,000 for the government-wide statements and the proprietary funds beginning balance has been restated to reflect the change in this accounting policy for the assets and depreciation.

[c] The City needed an adjustment for the depreciation on the City Municipal Building, which was overstated in the prior periods.

[d] The City was informed that the OWDA Loans included an amount of unspent funds that remain a liability whether the funds are drawn upon. The additional liability at the end of 2001 was \$ 91,574.

[e] To record the landfill post closure liability which was not included in the prior periods.

14. 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.

**CITY OF URBANA, OHIO**  
**Notes to the Basic Financial Statements**  
**December 31, 2002**

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>2001</u>	<u>2000</u>
Assets	\$19,358,458	\$17,112,129
Liabilities	<u>\$8,827,588</u>	<u>\$7,715,035</u>
Retained Earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>
<u>Property Coverage</u>	<u>2000</u>	<u>2000</u>
Assets	\$1,890,323	\$1,575,614
Liabilities	<u>\$469,100</u>	<u>\$281,561</u>
Retained Earnings	<u>\$1,421,223</u>	<u>\$1,294,053</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.

15. 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 Bennett and Williams, the geological engineers, the \$1,599,123 reported as landfill post closure liability at December 31,2002, 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.

# Required Supplementary Information



**City of Urbana, Ohio**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis**  
**General Fund**  
**For Year Ended December 31, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance From Final Budget
<b>Revenues:</b>				
Local Taxes	\$2,813,910	\$2,813,910	\$2,606,472	(\$207,438)
Intergovernmental	\$808,077	\$808,077	\$766,079	(\$41,998)
Charges for Service	\$292,200	\$292,200	\$340,915	\$48,715
Fines, Licenses & Permits	\$693,000	\$693,000	\$713,107	\$20,107
Investment Income	\$250,000	\$250,000	\$134,891	(\$115,109)
Miscellaneous & Reimbursements	\$589,100	\$589,100	\$712,975	\$123,875
<b>Total Revenues</b>	<b>\$5,446,287</b>	<b>\$5,446,287</b>	<b>\$5,274,439</b>	<b>(\$171,848)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
City Council				
Salaries	\$51,200	\$51,200	\$50,818	\$382
Fringe Benefits	\$8,810	\$8,810	\$7,738	\$1,072
Contractual/Material	\$3,571	\$3,017	\$2,370	\$647
Total	\$63,581	\$63,027	\$60,926	\$2,101
Mayor/Administration				
Salaries	\$193,905	\$194,440	\$194,435	\$5
Fringe Benefits	\$68,065	\$67,530	\$65,393	\$2,137
Contractual/Material	\$14,850	\$14,736	\$11,831	\$2,905
Total	\$276,820	\$276,706	\$271,659	\$5,047
Municipal Court				
Salaries	\$372,700	\$380,130	\$380,010	\$120
Fringe Benefits	\$142,910	\$162,650	\$162,607	\$43
Contractual/Material	\$151,111	\$79,925	\$58,092	\$21,833
Total	\$666,721	\$622,705	\$600,709	\$21,996
Engineering				
Salaries	\$45,540	\$66,955	\$65,371	\$1,584
Fringe Benefits	\$10,340	\$10,810	\$10,398	\$412
Contractual/Material	\$38,346	\$26,365	\$22,444	\$3,921
Total	\$94,226	\$104,130	\$98,213	\$5,917
Public Works				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	\$147,441	\$146,899	\$124,313	\$22,586
Total	\$147,441	\$146,899	\$124,313	\$22,586
Finance Accounting				
Salaries	\$129,635	\$130,690	\$129,918	\$772
Fringe Benefits	\$35,555	\$34,000	\$33,807	\$193
Contractual/Material	\$14,322	\$14,739	\$13,570	\$1,169
Total	\$179,512	\$179,429	\$177,295	\$2,134

**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, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Finance Income Tax				
Salaries	\$44,930	\$47,505	\$47,387	\$118
Fringe Benefits	\$25,160	\$20,410	\$20,389	\$21
Contractual/Material	<u>\$16,726</u>	<u>\$18,726</u>	<u>\$15,326</u>	<u>\$3,400</u>
Total	<u>\$86,816</u>	<u>\$86,641</u>	<u>\$83,102</u>	<u>\$3,539</u>
Law Department				
Salaries	\$67,450	\$66,580	\$59,404	\$7,176
Fringe Benefits	\$28,875	\$29,495	\$29,073	\$422
Contractual/Material	<u>\$2,602</u>	<u>\$2,780</u>	<u>\$2,711</u>	<u>\$69</u>
Total	<u>\$98,927</u>	<u>\$98,855</u>	<u>\$91,188</u>	<u>\$7,667</u>
Non-Departmental				
Contractual/Material	<u>\$233,376</u>	<u>\$313,445</u>	<u>\$305,718</u>	<u>\$7,727</u>
Total	<u>\$233,376</u>	<u>\$313,445</u>	<u>\$305,718</u>	<u>\$7,727</u>
<b>Total General Government</b>	<b><u>\$1,847,420</u></b>	<b><u>\$1,891,837</u></b>	<b><u>\$1,813,123</u></b>	<b><u>\$78,714</u></b>
<b>Security of Person and Property</b>				
Police Services				
Salaries	\$926,730	\$841,180	\$825,961	\$15,219
Fringe Benefits	\$381,030	\$364,730	\$344,460	\$20,270
Contractual/Material	<u>\$177,414</u>	<u>\$133,555</u>	<u>\$113,260</u>	<u>\$20,295</u>
Total	<u>\$1,485,174</u>	<u>\$1,339,465</u>	<u>\$1,283,681</u>	<u>\$55,784</u>
Fire Services				
Salaries	\$991,885	\$1,019,450	\$1,007,214	\$12,236
Fringe Benefits	\$434,355	\$440,945	\$420,274	\$20,671
Contractual/Material	<u>\$42,952</u>	<u>\$48,145</u>	<u>\$42,633</u>	<u>\$5,512</u>
Total	<u>\$1,469,192</u>	<u>\$1,508,540</u>	<u>\$1,470,121</u>	<u>\$38,419</u>
Ambulance Services				
Salaries	\$31,060	\$31,745	\$31,259	\$486
Fringe Benefits	\$8,165	\$7,770	\$7,728	\$42
Contractual/Material	<u>\$22,812</u>	<u>\$32,204</u>	<u>\$30,416</u>	<u>\$1,788</u>
Total	<u>\$62,037</u>	<u>\$71,719</u>	<u>\$69,403</u>	<u>\$2,316</u>
<b>Total Security of P&amp; P</b>	<b><u>\$3,016,403</u></b>	<b><u>\$2,919,724</u></b>	<b><u>\$2,823,205</u></b>	<b><u>\$96,519</u></b>
<b>Health</b>				
Contractual/Material	<u>\$48,900</u>	<u>\$54,100</u>	<u>\$54,098</u>	<u>\$2</u>
<b>Total Health</b>	<b><u>\$48,900</u></b>	<b><u>\$54,100</u></b>	<b><u>\$54,098</u></b>	<b><u>\$2</u></b>
<b>Leisure Activities</b>				
Recreation Administration				
Salaries	\$50,920	\$51,160	\$51,102	\$58
Fringe Benefits	\$16,705	\$16,465	\$16,171	\$294
Contractual/Material	<u>\$3,769</u>	<u>\$3,634</u>	<u>\$2,974</u>	<u>\$660</u>
Total	<u>\$71,394</u>	<u>\$71,259</u>	<u>\$70,247</u>	<u>\$1,012</u>
Recreation Programs				
Salaries	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	<u>\$78,930</u>	<u>\$78,100</u>	<u>\$71,942</u>	<u>\$6,158</u>
Total	<u>\$78,930</u>	<u>\$78,100</u>	<u>\$71,942</u>	<u>\$6,158</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, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget</u>
Recreation-Pool				
Salaries	\$32,500	\$29,920	\$25,121	\$4,799
Fringe Benefits	\$5,455	\$5,055	\$3,907	\$1,148
Contractual/Material	<u>\$25,015</u>	<u>\$27,995</u>	<u>\$26,931</u>	<u>\$1,064</u>
Total	<u>\$62,970</u>	<u>\$62,970</u>	<u>\$55,959</u>	<u>\$7,011</u>
Recreation Parks				
Salaries	\$27,025	\$27,025	\$24,019	\$3,006
Fringe Benefits	\$4,875	\$4,875	\$3,533	\$1,342
Contractual/Material	<u>\$48,884</u>	<u>\$48,382</u>	<u>\$34,970</u>	<u>\$13,412</u>
Total	<u>\$80,784</u>	<u>\$80,282</u>	<u>\$62,522</u>	<u>\$17,760</u>
<b>Total Leisure Activities</b>	<u>\$294,078</u>	<u>\$292,611</u>	<u>\$260,670</u>	<u>\$31,941</u>
<b>Community Environment</b>				
Code Enforcement				
Salaries	\$43,945	\$43,975	\$43,980	(\$5)
Fringe Benefits	\$15,725	\$15,445	\$15,161	\$284
Contractual/Material	<u>\$2,195</u>	<u>\$2,245</u>	<u>\$1,402</u>	<u>\$843</u>
<b>Total Community Environment</b>	<u>\$61,865</u>	<u>\$61,665</u>	<u>\$60,543</u>	<u>\$1,122</u>
<b>Basic Utilities</b>				
Finance Utility Billing				
Salaries	\$75,455	\$75,255	\$74,919	\$336
Fringe Benefits	\$29,905	\$29,500	\$28,135	\$1,365
Contractual/Material	<u>\$21,807</u>	<u>\$22,384</u>	<u>\$22,217</u>	<u>\$167</u>
<b>Total Basic Utilities</b>	<u>\$127,167</u>	<u>\$127,139</u>	<u>\$125,271</u>	<u>\$1,868</u>
<b>Transportation</b>				
Parking Enforcement				
Salaries	\$6,735	\$5,055	\$3,963	\$1,092
Fringe Benefits	\$1,145	\$1,145	\$583	\$562
Contractual/Material	<u>\$600</u>	<u>\$2,280</u>	<u>\$2,165</u>	<u>\$115</u>
<b>Total Transportation</b>	<u>\$8,480</u>	<u>\$8,480</u>	<u>\$6,711</u>	<u>\$1,769</u>
<b>Total Expenditures</b>	<u>\$5,404,313</u>	<u>\$5,355,556</u>	<u>\$5,143,621</u>	<u>\$211,935</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$41,974</u>	<u>\$90,731</u>	<u>\$130,818</u>	<u>\$40,087</u>
Other Financing Sources (Uses)				
Operating Transfers Out	<u>\$290,000</u>	<u>\$245,775</u>	<u>\$245,700</u>	<u>\$75</u>
<b>Total Other Financing Uses</b>	<u>\$290,000</u>	<u>\$245,775</u>	<u>\$245,700</u>	<u>\$75</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over/(Under)				
Expenditures and Other Financing Uses	<u>(\$248,026)</u>	<u>(\$155,044)</u>	<u>(\$114,882)</u>	<u>\$40,162</u>
Fund Balance January 1, 2002	<u>\$341,207</u>	<u>\$341,207</u>	<u>\$341,207</u>	
Encumbrances December 31, 2002			<u>\$43,181</u>	<u>\$43,181</u>
Fund Balance December 31, 2002	<u>\$93,181</u>	<u>\$186,163</u>	<u>\$183,144</u>	<u>(\$3,019)</u>

**City of Urbana, Ohio**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis**  
**Airport Operation & Maintenance Fund**  
**For Year Ended December 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Charges for Service	\$100,000	\$100,000	\$111,509	\$11,509
Miscellaneous & Reimbursements	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$46,765</u>	<u>\$1,765</u>
<b>Total Revenues</b>	<u>\$145,000</u>	<u>\$145,000</u>	<u>\$158,274</u>	<u>\$13,274</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Transportation</b>				
Salaries	\$14,890	\$14,890	\$14,890	\$0
Fringe Benefits	\$0	\$0	\$0	\$0
Contractual/Material	\$134,410	\$150,772	\$146,815	\$3,957
Capital Outlays	<u>\$0</u>	<u>\$7,710</u>	<u>\$7,710</u>	<u>\$0</u>
<b>Total Transportation</b>	<u>\$149,300</u>	<u>\$173,372</u>	<u>\$169,415</u>	<u>\$3,957</u>
<b>Total Expenditures</b>	<u>\$149,300</u>	<u>\$173,372</u>	<u>\$169,415</u>	<u>\$3,957</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$4,300)</u>	<u>(\$28,372)</u>	<u>(\$11,141)</u>	<u>\$17,231</u>
Fund Balance January 1, 2002	\$34,587	\$34,587	\$34,587	
Encumbrances December 31, 2002			<u>\$152</u>	<u>\$152</u>
Fund Balance December 31, 2002	<u>\$30,287</u>	<u>\$6,215</u>	<u>\$23,294</u>	<u>\$17,079</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, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Intergovernmental Revenues	\$395,000	\$395,000	\$374,197	(\$20,803)
Miscellaneous & Reimbursements	\$47,000	\$47,000	\$50,654	\$3,654
<b>Total Revenues</b>	<u>\$442,000</u>	<u>\$442,000</u>	<u>\$424,851</u>	<u>(\$17,149)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Transportation</b>				
Salaries	\$386,555	\$376,355	\$368,448	\$7,907
Fringe Benefits	\$164,375	\$161,145	\$158,935	\$2,210
Contractual/Material	<u>\$154,096</u>	<u>\$166,386</u>	<u>\$146,070</u>	<u>\$20,316</u>
<b>Total Transportation</b>	<u>\$705,026</u>	<u>\$703,886</u>	<u>\$673,453</u>	<u>\$30,433</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$263,026)</u>	<u>(\$261,886)</u>	<u>(\$248,602)</u>	<u>\$13,284</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>\$308,000</u>	<u>\$308,000</u>	<u>\$218,205</u>	<u>(\$89,795)</u>
<b>Total Other Financing Sources</b>	<u>\$308,000</u>	<u>\$308,000</u>	<u>\$218,205</u>	<u>(\$89,795)</u>
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>\$44,974</u>	<u>\$46,114</u>	<u>(\$30,397)</u>	<u>(\$76,511)</u>
Fund Balance January 1, 2002	\$32,824	\$32,824	\$32,824	
Encumbrances December 31, 2002			<u>\$13,817</u>	<u>\$13,817</u>
Fund Balance December 31, 2002	<u>\$77,798</u>	<u>\$78,938</u>	<u>(\$11,390)</u>	<u>(\$90,328)</u>



**City of Urbana, Ohio**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis**  
**Oak Dale Cemetery Fund**  
**For Year Ended December 31, 2002**

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Charges for Service	\$82,500	\$82,500	\$80,340	(\$2,160)
Miscellaneous & Reimbursements	\$1,500	\$1,500	\$215	(\$1,285)
<b>Total Revenues</b>	<b>\$84,000</b>	<b>\$84,000</b>	<b>\$80,555</b>	<b>(\$3,445)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Health</b>				
Salaries	\$72,135	\$70,480	\$66,094	\$4,386
Fringe Benefits	\$38,580	\$34,460	\$27,666	\$6,794
Contractual/Material	\$62,468	\$67,426	\$63,847	\$3,579
<b>Total Health</b>	<b>\$173,183</b>	<b>\$172,366</b>	<b>\$157,607</b>	<b>\$14,759</b>
Excess of Revenues Over/(Under) Expenditures	(\$89,183)	(\$88,366)	(\$77,052)	\$11,314
Other Financing Sources (Uses)				
Operating Transfers In	\$106,500	\$106,500	\$60,000	(\$46,500)
<b>Total Other Financing Sources</b>	<b>\$106,500</b>	<b>\$106,500</b>	<b>\$60,000</b>	<b>(\$46,500)</b>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over(Under)				
Expenditures and Other Financing Uses	\$17,317	\$18,134	(\$17,052)	(\$35,186)
Fund Balance January 1, 2002	\$25,070	\$25,070	\$25,070	\$0
Encumbrances December 31, 2002			\$1,020	\$1,020
Fund Balance December 31, 2002	<u>\$42,387</u>	<u>\$43,204</u>	<u>\$6,998</u>	<u>(\$36,206)</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, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Local Taxes	\$921,500	\$921,500	\$836,220	(\$85,280)
Intergovernmental Revenues	\$0	\$0	\$9,225	\$9,225
<b>Total Revenues</b>	<u>\$921,500</u>	<u>\$921,500</u>	<u>\$845,445</u>	<u>(\$76,055)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of Persons &amp; Property</b>				
Police Services				
Salaries	\$360,390	\$339,405	\$330,557	\$8,848
Fringe Benefits	\$139,585	\$134,410	\$109,817	\$24,593
Contractual/Material	<u>\$76,051</u>	<u>\$71,772</u>	<u>\$65,613</u>	<u>\$6,159</u>
Total Police Services	<u>\$576,026</u>	<u>\$545,587</u>	<u>\$505,987</u>	<u>\$39,600</u>
Fire Services				
Salaries	\$250,970	\$253,050	\$253,048	\$2
Fringe Benefits	\$108,770	\$121,450	\$121,414	\$36
Contractual/Material	<u>\$33,549</u>	<u>\$47,631</u>	<u>\$42,696</u>	<u>\$4,935</u>
Total Fire Services	<u>\$393,289</u>	<u>\$422,131</u>	<u>\$417,158</u>	<u>\$4,973</u>
<b>Total Expenditures</b>	<u>\$969,315</u>	<u>\$967,718</u>	<u>\$923,145</u>	<u>\$44,573</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$47,815)</u>	<u>(\$46,218)</u>	<u>(\$77,700)</u>	<u>(\$31,482)</u>
Fund Balance January 1, 2002	\$126,904	\$126,904	\$126,904	
Encumbrances December 31, 2002			<u>\$5,914</u>	<u>\$5,914</u>
Fund Balance December 31, 2002	<u>\$79,089</u>	<u>\$80,686</u>	<u>\$43,290</u>	<u>(\$37,396)</u>

**CITY OF URBANA, OHIO**  
**Notes to the Required Supplementary Information**  
**December 31, 2002**

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**Reconciliation of Budget Basis to GAAP Basis**

The adjustments necessary to convert the results of operation for the year ended December 31, 2002, from the GAAP basis to the budget basis are as follows:

	General Fund	Airport Fund	Street Fund	Cemetery Fund	Police & Fire Tax Fund
GAAP Basis	\$ (188,262)	\$ 16,494	\$ (49,039)	\$ (15,537)	\$ (41,294)
Increase (Decrease)					
Due to Revenues	\$ 684,175	\$ -	\$ 46,092	\$ -	\$ (28,235)
Due to Expenditures	\$ (488,475)	\$ (27,635)	\$ (27,450)	\$ (1,515)	\$ (8,171)
Due to Other Financing sources and uses	<u>\$ (122,320)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budget Basis	<u>\$ (114,882)</u>	<u>\$ (11,141)</u>	<u>\$ (30,397)</u>	<u>\$ (17,052)</u>	<u>\$ (77,700)</u>



# Supplemental Section

## GENERAL FUND

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

## SPECIAL REVENUE FUNDS

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

### *Major Special Revenue Funds:*

**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.

**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.

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

**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:*

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Expendable Trust Funds**

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

### **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.

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

**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*

**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.

**Airport Escrow Fund** –accounts for the monies set aside for escrow on the airport runway realignment project.

CITY OF URBANA  
 COMBINING BALANCE SHEET  
 NON MAJOR FUNDS  
 AS OF DECEMBER 31, 2002

ASSETS	STATE HIGHWAY	P&F PENSION	SUPPLE. INVEST.	CDBG	LAW ENFORCE	DRUG FINE	INDIGENT DRIVER	PROBATION GRANTS	VICTIMS ADVOCATE GRANT	FAA AIRPORT GRANT	CDBG CHIP GRANT	FY 98 FORMULA GRANT	DARE GRANT
Pooled Cash & Investments	\$ 348	\$ 18,621	\$ 314,288	\$ 209,070	\$ 44,865	\$ 267	\$ 71,461	\$ 426	\$ 4,132	\$ 25,340	\$ 19,617	\$ -	\$ 7,591
Receivables (Net of Allowance):													
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ -	\$ 142,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ 235,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 348</b>	<b>\$ 160,697</b>	<b>\$ 314,288</b>	<b>\$ 444,517</b>	<b>\$ 44,865</b>	<b>\$ 267</b>	<b>\$ 71,461</b>	<b>\$ 1,406</b>	<b>\$ 4,132</b>	<b>\$ 25,340</b>	<b>\$ 19,617</b>	<b>\$ -</b>	<b>\$ 7,591</b>
LIABILITIES:													
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30	\$ 164	\$ 239	\$ 14,454	\$ -	\$ -
Accrued:													
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,039	\$ 969	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 958	\$ 323	\$ -	\$ -	\$ -	\$ -
Vacation & Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,612	\$ 766	\$ -	\$ -	\$ -	\$ -
Interfund Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	\$ -	\$ 119,000	\$ -	\$ 198,209	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 119,000</b>	<b>\$ -</b>	<b>\$ 198,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,639</b>	<b>\$ 2,222</b>	<b>\$ 239</b>	<b>\$ 14,454</b>	<b>\$ -</b>	<b>\$ -</b>
FUND BALANCE													
Fund Balances (Deficits):													
Reserved for Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ 23,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:													
Special Revenue Funds	\$ 348	\$ 41,697	\$ 314,288	\$ 222,808	\$ 44,865	\$ 267	\$ 71,461	\$ (4,213)	\$ 1,910	\$ 25,101	\$ 5,163	\$ -	\$ 7,591
Total Fund Balance	\$ 348	\$ 41,697	\$ 314,288	\$ 246,308	\$ 44,865	\$ 267	\$ 71,461	\$ (3,233)	\$ 1,910	\$ 25,101	\$ 5,163	\$ -	\$ 7,591
<b>Total Fund Balance</b>	<b>\$ 348</b>	<b>\$ 41,697</b>	<b>\$ 314,288</b>	<b>\$ 246,308</b>	<b>\$ 44,865</b>	<b>\$ 267</b>	<b>\$ 71,461</b>	<b>\$ (3,233)</b>	<b>\$ 1,910</b>	<b>\$ 25,101</b>	<b>\$ 5,163</b>	<b>\$ -</b>	<b>\$ 7,591</b>
Total Liabilities, Fund Balance, & Other Credits	\$ 348	\$ 160,697	\$ 314,288	\$ 444,517	\$ 44,865	\$ 267	\$ 71,461	\$ 1,406	\$ 4,132	\$ 25,340	\$ 19,617	\$ -	\$ 7,591

continued

CITY OF URBANA  
 COMBINING BALANCE SHEET  
 NON MAJOR FUNDS  
 AS OF DECEMBER 31,2002

ASSETS	CEMETERY TRUST INCOME	FIRE DONATION TRUST	FIRE SAFETY TRUST	POLICE DONATION TRUST	CITY BEAUTIFICATION TRUST	MAUSOLEUM TRUST	MUNICIPAL COURT PROJECT	TOTAL
Pooled Cash & Investments	\$ 48,249	\$ 19,469	\$ 6,019	\$ 1,850	\$ 15,652	\$ 53,158	\$ 264,890	\$ 1,125,313
Receivables (Net of Allowance):								
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,963	\$ 7,963
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,076
Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,284
Interfund Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other Governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980
<b>TOTAL ASSETS</b>	<b>\$ 50,086</b>	<b>\$ 19,469</b>	<b>\$ 6,019</b>	<b>\$ 1,850</b>	<b>\$ 15,652</b>	<b>\$ 53,158</b>	<b>\$ 272,853</b>	<b>\$ 1,513,616</b>
LIABILITIES:								
Accounts Payable	\$ -	\$ 764	\$ -	\$ -	\$ -	\$ -	\$ 3,510	\$ 19,161
Accrued:								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,008
Workers' Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281
Vacation & Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pension	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,378
Interfund Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,209
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 764</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,510</b>	<b>\$ 343,037</b>
NET ASSETS								
Restricted for:								
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980
Encumbrance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,500
Unreserved	\$ 50,086	\$ 18,705	\$ 6,019	\$ 1,850	\$ 15,652	\$ 53,158	\$ 269,343	\$ 1,146,099
<b>Total Fund Balance</b>	<b>\$ 50,086</b>	<b>\$ 18,705</b>	<b>\$ 6,019</b>	<b>\$ 1,850</b>	<b>\$ 15,652</b>	<b>\$ 53,158</b>	<b>\$ 269,343</b>	<b>\$ 1,170,579</b>
<b>Total Fund Balance</b>	<b>\$ 50,086</b>	<b>\$ 18,705</b>	<b>\$ 6,019</b>	<b>\$ 1,850</b>	<b>\$ 15,652</b>	<b>\$ 53,158</b>	<b>\$ 269,343</b>	<b>\$ 1,170,579</b>
Total Liabilities, Fund Balance, & Other C	\$ 50,086	\$ 19,469	\$ 6,019	\$ 1,850	\$ 15,652	\$ 53,158	\$ 272,853	\$ 1,513,616



CITY OF URBANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS  
 FOR YEAR ENDED DECEMBER 31, 2002

	STATE HIGHWAY	P&F PENSION	SUPPLE. INVEST.	CDBG	LAW ENFORCE	DRUG FINE	INDIGENT DRIVER	PROBATION GRANT	PROBATION GRANT	FAA AIRPORT GRANT	CDBG C HIP GRANT	FY 98 FORMULA GRANT	DARE GRANT
<b>REVENUES</b>													
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ 126,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Levied Shared Taxes	\$ 30,340	\$ 10,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,045	\$ 19,944	\$ 19,444	\$ 320,976	\$ 42,828	\$ 7,544
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 24,453	\$ 270	\$ 9,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous including Interest	\$ -	\$ -	\$ 5,430	\$ 59,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<b>\$ 30,340</b>	<b>\$ 137,536</b>	<b>\$ 5,430</b>	<b>\$ 59,565</b>	<b>\$ 24,453</b>	<b>\$ 270</b>	<b>\$ 9,573</b>	<b>\$ 58,045</b>	<b>\$ 19,944</b>	<b>\$ 44,444</b>	<b>\$ 320,976</b>	<b>\$ 42,828</b>	<b>\$ 7,544</b>
<b>EXPENDITURES (CURRENT)</b>													
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ 6,163	\$ 447	\$ 15,830	\$ 54,346	\$ 14,940	\$ -	\$ -	\$ -	\$ -
Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development	\$ -	\$ -	\$ -	\$ 14,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,635	\$ 43,787	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,239	\$ -	\$ -	\$ -
General Government	\$ -	\$ 2,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 2,671</b>	<b>\$ -</b>	<b>\$ 14,595</b>	<b>\$ 6,163</b>	<b>\$ 447</b>	<b>\$ 15,830</b>	<b>\$ 54,346</b>	<b>\$ 14,940</b>	<b>\$ 4,239</b>	<b>\$ 302,635</b>	<b>\$ 43,787</b>	<b>\$ -</b>
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ 30,340	\$ 134,865	\$ 5,430	\$ 44,970	\$ 18,290	\$ (177)	\$ (6,257)	\$ 3,699	\$ 5,004	\$ 40,205	\$ 18,341	\$ (959)	\$ 7,544
<b>OTHER FINANCING SOURCES(USES)</b>													
Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer Out	\$ (32,505)	\$ (122,320)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OTHER SOURCES(USES)</b>	<b>\$ (32,505)</b>	<b>\$ (122,320)</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	\$ (2,165)	\$ 12,545	\$ 5,430	\$ 44,970	\$ 18,290	\$ (177)	\$ (6,257)	\$ 3,699	\$ 5,004	\$ 40,205	\$ 18,341	\$ (959)	\$ 7,544
FUND BALANCE JANUARY 1	\$ 2,513	\$ 29,152	\$ 308,858	\$ 201,338	\$ 26,575	\$ 444	\$ 77,718	\$ (6,932)	\$ (3,094)	\$ (15,104)	\$ (13,178)	\$ 959	\$ 47
FUND BALANCE DECEMBER 31	\$ 348	\$ 41,697	\$ 314,288	\$ 246,308	\$ 44,865	\$ 267	\$ 71,461	\$ (3,233)	\$ 1,910	\$ 25,101	\$ 5,163	\$ -	\$ 7,591

continued

CITY OF URBANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - NON MAJOR FUNDS  
 FOR YEAR ENDED DECEMBER 31, 2002

	CEMETERY TRUST INCOME	FIRE DONATION TRUST	FIRE SAFETY TRUST	POLICE DONATION TRUST	CITY BEAUTIFICATION TRUST	MAUSOLEUM TRUST	MUNICIPAL COURT PROJECT	TOTAL
<b>REVENUES</b>								
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,709
State Levied Shared Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509,948
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	23,133	\$ -	\$ 23,133
Fines & Forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,463	\$ 141,759
Miscellaneous including Interest	\$ 5,907	\$ 8,845	\$ 583	\$ 20	\$ -	\$ -	\$ 5,222	\$ 110,572
<b>TOTAL REVENUES</b>	<b>\$ 5,907</b>	<b>\$ 8,845</b>	<b>\$ 583</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ 23,133</b>	<b>\$ 112,685</b>	<b>\$ 912,121</b>
<b>EXPENDITURES (CURRENT)</b>								
Public Safety	\$ -	\$ 8,272	\$ 815	\$ -	\$ -	\$ -	\$ -	\$ 100,813
Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,017
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,239
General Government	\$ 3,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,392	\$ 43,851
Capital Outlays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,978	\$ 6,978
Debt Service : Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,417	\$ 13,417
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,334	\$ 14,334
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,788</b>	<b>\$ 8,272</b>	<b>\$ 815</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,121</b>	<b>\$ 544,649</b>
Excess(Deficiency) of Revenues Over (Under) Expenditures	\$ 2,119	\$ 573	\$ (232)	\$ 20	\$ -	\$ 23,133	\$ 40,564	\$ 367,472
<b>OTHER FINANCING SOURCES(USES)</b>								
Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (154,825)
<b>TOTAL OTHER SOURCES(USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (154,825)</b>
Excess(Deficiency) of Revenues & Sources Over (Under) Expenditures & Uses	\$ 2,119	\$ 573	\$ (232)	\$ 20	\$ -	\$ 23,133	\$ 40,564	\$ 212,647
FUND BALANCE JANUARY 1	\$ 47,967	\$ 18,132	\$ 6,251	\$ 1,830	\$ 15,652	\$ 30,025	\$ 228,779	\$ 957,932
FUND BALANCE DECEMBER 31	\$ 50,086	\$ 18,705	\$ 6,019	\$ 1,850	\$ 15,652	\$ 53,158	\$ 269,343	\$ 1,170,579

CITY OF URBANA  
 COMBINING STATEMENT OF NET ASSETS - ALL FIDUCIARY FUNDS  
 AS OF DECEMBER 31, 2002

	<u>HEALTH INSURANCE</u>	<u>ESCROW FUNDS</u>	<u>AGENCY TOTAL</u>
<b>ASSETS:</b>			
Restricted Cash	<u>17,129</u>	<u>169,029</u>	<u>186,158</u>
<b>TOTAL ASSETS</b>	<u><u>17,129</u></u>	<u><u>169,029</u></u>	<u><u>186,158</u></u>
<b>LIABILITIES</b>			
Accounts Payables	\$ 818	\$ -	\$ 818
Payable from Restricted Assets	<u>\$ 16,311</u>	<u>\$ 169,029</u>	<u>\$ 185,340</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 17,129</u></u>	<u><u>\$ 169,029</u></u>	<u><u>\$ 186,158</u></u>

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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, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>State Highway Fund</u></b>				
<b>Revenues:</b>				
Intergovernmental	\$31,000	\$31,000	\$30,340	(\$660)
<b>Total Revenues</b>	<b>\$31,000</b>	<b>\$31,000</b>	<b>\$30,340</b>	<b>(\$660)</b>
<b><u>Other Financing Uses</u></b>				
Operating Transfer Out	\$33,000	\$33,000	\$32,505	\$495
<b>Total Other Uses</b>	<b>\$33,000</b>	<b>\$33,000</b>	<b>\$32,505</b>	<b>\$495</b>
Excess of Revenues Over/(Under) Expenditures	(\$2,000)	(\$2,000)	(\$2,165)	(\$165)
Fund Balance January 1, 2002	\$2,513	\$2,513	\$2,513	
Encumbrances December 31, 2002			\$0	\$0
Fund Balance December 31, 2002	<u>\$513</u>	<u>\$513</u>	<u>\$348</u>	<u>(\$165)</u>

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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, 2002

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b><u>Police and Fire Pension Levy Fund</u></b>				
<b>Revenues:</b>				
Local Taxes	\$114,075	\$114,075	\$114,460	\$385
<b>Total Revenues</b>	<b>\$114,075</b>	<b>\$114,075</b>	<b>\$114,460</b>	<b>\$385</b>
<b><u>Expenditures:</u></b>				
General Government	\$2,100	\$2,680	\$2,671	\$9
<b><u>Other Financing Uses</u></b>				
Operating Transfer Out	\$122,900	\$122,320	\$122,320	\$0
<b>Total Expenditures &amp; Uses</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$124,991</b>	<b>\$9</b>
Excess of Revenues Over/(Under) Expenditures	(\$10,925)	(\$10,925)	(\$10,531)	\$394
Fund Balance January 1, 2002	\$29,152	\$29,152	\$29,152	
Encumbrances December 31, 2002			\$0	\$0
Fund Balance December 31, 2002	<u>\$18,227</u>	<u>\$18,227</u>	<u>\$18,621</u>	<u>\$394</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, 2002

<u>Supplemental Investment Fund</u>	Original	Final		Variance
<u>Revenues:</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
				<u>Budget</u>
Interest Income	\$16,630	\$16,630	\$0	(\$16,630)
<b>Total Revenues</b>	<u>\$16,630</u>	<u>\$16,630</u>	<u>\$0</u>	<u>(\$16,630)</u>
<b>Other Financing Uses</b>				
Operating Transfer Out	\$150,000	\$150,000	\$0	\$150,000
<b>Total Other Uses</b>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$0</u>	<u>\$150,000</u>
Excess of Revenues Over/(Under) Expenditures	(\$133,370)	(\$133,370)	\$0	\$133,370
Fund Balance January 1, 2002	\$302,649	\$302,649	\$302,649	
Encumbrances December 31, 2002			\$0	\$0
Fund Balance December 31, 2002	<u>\$169,279</u>	<u>\$169,279</u>	<u>\$302,649</u>	<u>\$133,370</u>

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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, 2002

<u>CDBG Program Income</u>	Original	Final		Variance
<u>Revenues:</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>From Final</u>
				<u>Budget</u>
Miscellaneous	\$40,000	\$40,000	\$37,585	(\$2,415)
<b>Total Revenues</b>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$37,585</u>	<u>(\$2,415)</u>
<b>Expenditures:</b>				
Community Environment	\$18,705	\$67,750	\$23,469	\$44,281
<b>Total Expenditures</b>	<u>\$18,705</u>	<u>\$67,750</u>	<u>\$23,469</u>	<u>\$44,281</u>
Excess of Revenues Over/(Under) Expenditures	\$21,295	(\$27,750)	\$14,116	\$41,866
Fund Balance January 1, 2002	\$194,812	\$194,812	\$194,812	
Encumbrances December 31, 2002			\$23,500	\$23,500
Fund Balance December 31, 2002	<u>\$216,107</u>	<u>\$167,062</u>	<u>\$185,428</u>	<u>\$18,366</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, 2002

<u><i>Cemetery Trust Income Fund</i></u>	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Interest Income	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$5,773</u>	<u>(\$227)</u>
<b>Total Revenues</b>	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$5,773</u>	<u>(\$227)</u>
<b>Expenditures</b>				
General Government	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$3,788</u>	<u>\$1,212</u>
<b>Total Expenditures</b>	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$3,788</u>	<u>\$1,212</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,985</u>	<u>\$985</u>
Fund Balance January 1, 2002	\$46,243	\$46,243	\$46,243	
Encumbrances December 31, 2002			\$0	\$0
Fund Balance December 31, 2002	<u>\$47,243</u>	<u>\$47,243</u>	<u>\$48,228</u>	<u>\$985</u>

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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, 2002

<u><i>Fire Donation Trust Fund</i></u>	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Miscellaneous Donations	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$8,845</u>	<u>\$7,345</u>
<b>Total Revenues</b>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$8,845</u>	<u>\$7,345</u>
<b>Expenditures:</b>				
Public Safety	<u>\$9,000</u>	<u>\$9,000</u>	<u>\$8,154</u>	<u>\$846</u>
<b>Total Expenditures</b>	<u>\$9,000</u>	<u>\$9,000</u>	<u>\$8,154</u>	<u>\$846</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$7,500)</u>	<u>(\$7,500)</u>	<u>\$691</u>	<u>\$8,191</u>
Fund Balance January 1, 2002	\$18,778	\$18,778	\$18,778	
Encumbrances December 31, 2002			\$613	\$613
Fund Balance December 31, 2002	<u>\$11,278</u>	<u>\$11,278</u>	<u>\$18,856</u>	<u>\$7,578</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, 2002

<u><b>Fire Safety Council Fund</b></u>	Original	Final		Variance
<u>Revenues:</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	From Final
				<u>Budget</u>
Miscellaneous Donations	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$583</u>	<u>(\$417)</u>
<b>Total Revenues</b>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$583</u>	<u>(\$417)</u>
<u><b>Expenditures</b></u>				
Public Safety	<u>\$0</u>	<u>\$3,000</u>	<u>\$815</u>	<u>\$2,185</u>
<b>Total Expenditures</b>	<u>\$0</u>	<u>\$3,000</u>	<u>\$815</u>	<u>\$2,185</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$1,000</u>	<u>(\$2,000)</u>	<u>(\$232)</u>	<u>\$1,768</u>
Fund Balance January 1, 2002	\$6,251	\$6,251	\$6,251	
Encumbrances December 31, 2002			<u>\$0</u>	<u>\$0</u>
Fund Balance December 31, 2002	<u>\$7,251</u>	<u>\$4,251</u>	<u>\$6,019</u>	<u>\$1,768</u>

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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, 2002

<u><b>Police Donation Trust Fund</b></u>	Original	Final		Variance
<u>Revenues:</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	From Final
				<u>Budget</u>
Miscellaneous Donations	<u>\$200</u>	<u>\$200</u>	<u>\$20</u>	<u>(\$180)</u>
<b>Total Revenues</b>	<u>\$200</u>	<u>\$200</u>	<u>\$20</u>	<u>(\$180)</u>
<u><b>Expenditures:</b></u>				
Public Safety	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>
<b>Total Expenditures</b>	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>	<u>\$1,000</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$800)</u>	<u>(\$800)</u>	<u>\$20</u>	<u>\$820</u>
Fund Balance January 1, 2002	\$1,830	\$1,830	\$1,830	
Encumbrances December 31, 2002			<u>\$0</u>	<u>\$0</u>
Fund Balance December 31, 2002	<u>\$1,030</u>	<u>\$1,030</u>	<u>\$1,850</u>	<u>\$820</u>



**City of Urbana, Ohio**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis**  
**Capital Improvement Fund**  
**For Year Ended December 31, 2002**

	Original	Final		Variance
	Budget	Budget	Actual	From Final
				Budget
<b>Revenues:</b>				
Local Taxes	\$755,000	\$755,000	\$696,841	(\$58,159)
Intergovernmental	\$ 60,000	\$ 60,000	\$ 77,317	\$17,317
Miscellaneous	\$35,000	\$35,000	\$84,525	\$49,525
<b>Total Revenues</b>	<u>\$850,000</u>	<u>\$850,000</u>	<u>\$858,683</u>	<u>\$8,683</u>
<b>Expenditures:</b>				
General Government	\$114,000	\$114,000	\$100,102	\$13,898
Capital Outlays	\$565,651	\$680,036	\$535,876	\$144,160
<b>Total Expenditures</b>	<u>\$679,651</u>	<u>\$794,036</u>	<u>\$635,978</u>	<u>\$158,058</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$170,349</u>	<u>\$55,964</u>	<u>\$222,705</u>	<u>\$166,741</u>
Other Financing Sources (Uses)				
Operating Transfers Out	\$400,000	\$400,000	\$400,000	\$0
<b>Total Other Financing Uses</b>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$0</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over(Under)				
Expenditures and Other Financing Uses	<u>(\$229,651)</u>	<u>(\$344,036)</u>	<u>(\$177,295)</u>	<u>\$166,741</u>
Fund Balance January 1, 2002	\$365,470	\$365,470	\$365,470	
Encumbrances December 31, 2002			\$74,462	\$74,462
Fund Balance December 31, 2002	<u>\$135,819</u>	<u>\$21,434</u>	<u>\$113,713</u>	<u>\$92,279</u>

**City of Urbana, Ohio**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual - Budgetary(Non-GAAP) Basis**  
**Police & Fire Tax Levy Capital Improvement Fund**  
**For Year Ended December 31, 2002**

	Original	Final		Variance
	Budget	Budget	Actual	From Final
				Budget
<b>Revenues:</b>				
Local Taxes	<u>\$301,500</u>	<u>\$301,500</u>	<u>\$278,718</u>	<u>(\$22,782)</u>
<b>Total Revenues</b>	<u>\$301,500</u>	<u>\$301,500</u>	<u>\$278,718</u>	<u>(\$22,782)</u>
<b>Expenditures:</b>				
Capital Outlays	<u>\$351,895</u>	<u>\$321,895</u>	<u>\$296,427</u>	<u>\$25,468</u>
<b>Total Expenditures</b>	<u>\$351,895</u>	<u>\$321,895</u>	<u>\$296,427</u>	<u>\$25,468</u>
Excess of Revenues Over/(Under) Expenditures	<u>(\$50,395)</u>	<u>(\$20,395)</u>	<u>(\$17,709)</u>	<u>\$2,686</u>
Fund Balance January 1, 2002	\$22,507	\$22,507	\$22,507	
Encumbrances December 31, 2002			<u>\$0</u>	<u>\$0</u>
Fund Balance December 31, 2002	<u>(\$27,888)</u>	<u>\$2,112</u>	<u>\$4,798</u>	<u>\$2,686</u>



# Statistical Section

Table 1

## CITY OF URBANA, OHIO

GENERAL GOVERNMENTAL REVENUES BY FUNCTION  
FOR THE LAST TEN YEARS (A)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Income Tax	\$3,061,727	\$2,934,621	\$3,108,389	\$3,333,666	\$3,693,326	\$3,787,651	\$3,931,531	\$4,127,995	\$4,048,812	\$4,053,078
Property Tax	\$371,010	\$343,804	\$409,144	\$427,861	\$435,365	\$475,660	\$511,939	\$542,760	\$563,089	\$471,537
Intergovernmental	\$2,001,952	\$1,503,068	\$1,282,358	\$1,500,178	\$1,414,839	\$1,388,068	\$1,486,316	\$1,420,217	\$4,525,529	\$1,897,207
Charges for Services	\$246,546	\$237,220	\$373,723	\$396,985	\$387,117	\$392,165	\$406,296	\$482,635	\$418,819	\$611,794
Fees, Licenses, & Permits	\$391,622	\$390,925	\$518,072	\$469,326	\$462,298	\$533,904	\$551,858	\$535,660	\$677,946	\$742,169
Other	\$288,482	\$417,943	\$720,703	\$421,441	\$367,413	\$449,799	\$1,066,855	\$2,579,529	\$563,245	\$391,687
<b>TOTAL</b>	<b><u>\$6,361,339</u></b>	<b><u>\$5,827,581</u></b>	<b><u>\$6,412,389</u></b>	<b><u>\$6,549,457</u></b>	<b><u>\$6,760,358</u></b>	<b><u>\$7,027,247</u></b>	<b><u>\$7,954,795</u></b>	<b><u>\$9,688,796</u></b>	<b><u>\$10,797,440</u></b>	<b><u>\$8,167,472</u></b>

Table 2

## CITY OF URBANA, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
FOR THE LAST TEN YEARS (A)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Government	\$765,542	\$797,158	\$995,019	\$1,049,036	\$982,123	\$1,087,948	\$1,056,782	\$1,513,914	\$1,263,511	\$3,971,066
Public Safety	\$2,545,877	\$2,587,245	\$2,708,685	\$2,922,526	\$3,314,674	\$3,523,250	\$3,541,050	\$3,981,491	\$4,109,908	\$211,091
Health	\$186,179	\$206,906	\$188,447	\$153,718	\$201,760	\$220,508	\$217,898	\$217,155	\$223,178	\$287,733
Recreation	\$200,259	\$232,589	\$238,615	\$246,064	\$275,702	\$317,074	\$298,938	\$314,165	\$299,809	\$431,608
Community Development	\$300,611	\$218,772	\$113,301	\$115,503	\$88,545	\$132,367	\$299,842	\$421,279	\$720,536	\$125,902
Basic Utility Services	\$64,308	\$72,795	\$79,863	\$79,151	\$88,031	\$94,650	\$93,270	\$102,454	\$117,721	\$800,983
Transportation	\$477,156	\$1,316,190	\$634,996	\$647,013	\$686,095	\$699,741	\$923,339	\$2,422,271	\$3,715,914	\$1,295,634
Capital Outlays	\$651,062	\$1,106,434	\$2,361,803	\$2,938,179	\$1,744,051	\$591,223	\$656,501	\$627,233	\$905,032	\$617,827
Debt Service:										
Principal	\$50,000	\$50,000	\$58,334	\$180,000	\$97,500	\$165,083	\$177,083	\$173,333	\$191,667	\$182,917
Interest	\$10,000	\$8,833	\$22,332	\$188,527	\$203,689	\$209,030	\$199,594	\$200,334	\$217,792	\$141,261
<b>TOTAL</b>	<b><u>\$5,250,994</u></b>	<b><u>\$6,596,922</u></b>	<b><u>\$7,401,395</u></b>	<b><u>\$8,519,717</u></b>	<b><u>\$7,682,170</u></b>	<b><u>\$7,040,874</u></b>	<b><u>\$7,464,297</u></b>	<b><u>\$9,973,629</u></b>	<b><u>\$11,765,068</u></b>	<b><u>\$8,066,022</u></b>

Source: City of Urbana Finance Department

(A) Includes General, Special Revenue and Capital Improvement funds.

## CITY OF URBANA, OHIO

## PROPERTY TAXES LEVIED AND COLLECTED FOR THE LAST TEN YEARS

TANGIBLE PERSONAL PROPERTY TAXES				Total Collections as a % of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a % of Current Levy
Tax Year	Collection Year	Current Levy	Total Tax Collections			
2001	2002	\$151,555	\$136,180	89.86%	\$16,747	11.05%
2000	2001	\$186,282	\$130,821	70.23%	\$51,960	27.89%
1999	2000	\$142,787	\$128,740	90.16%	\$22,047	15.44%
1998	1999	\$134,632	\$136,594	101.46%	\$8,278	6.15%
1997	1998	\$110,098	\$109,837	99.76%	\$4,952	4.50%
1996	1997	\$122,626	\$114,721	93.55%	\$14,760	12.04%
1995	1996	\$103,973	\$112,112	107.83%	\$6,947	6.68%
1994	1995	\$96,363	\$118,386	122.85%	\$24,597	25.53%
1993	1994	\$108,062	\$112,831	104.41%	\$7,292	6.75%
1992	1993	\$107,094	\$101,433	94.71%	\$5,661	5.29%

Source: Champaign County Auditor

CITY OF URBANA, OHIO

Table 3  
Continued

PROPERTY TAXES LEVIED AND COLLECTED FOR THE LAST TEN YEARS

REAL PROPERTY TAXES

Tax Year	Collection Year	Current Levy	Total Tax Collections	State Credit to Taxpayers	Total Collections as a % of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a % of Current Levy
2002	2003	\$944,236	N/A	\$378,207	N/A	N/A	N/A
2001	2002	\$939,137	\$480,905	\$378,739	91.54%	\$35,815	3.81%
2000	2001	\$873,200	\$432,195	\$302,384	84.12%	\$25,355	2.90%
1999	2000	\$792,121	\$443,289	\$298,476	93.64%	\$23,552	2.97%
1998	1999	\$804,012	\$429,093	\$307,730	91.64%	\$21,980	2.73%
1997	1998	\$625,920	\$366,381	\$204,093	91.14%	\$21,486	3.43%
1996	1997	\$606,730	\$369,462	\$199,624	93.80%	\$21,350	3.52%
1995	1996	\$542,827	\$357,748	\$149,874	93.51%	\$19,733	3.64%
1994	1995	\$492,577	\$320,898	\$135,981	92.75%	\$18,068	3.67%
1993	1994	\$489,328	\$309,496	\$135,105	90.86%	\$9,568	1.96%

Source: Champaign County Auditor, Champaign County Treasurer  
N/A - Information will not be available until end of current year.

Table 4

## CITY OF URBANA, OHIO

ASSESSED VALUE AND CURRENT VALUE OF TAXABLE PROPERTY  
FOR THE LAST TEN YEARS

Tax Year	Collection Year	REAL PROPERTY VALUES			TANGIBLE PERSONAL VALUES (A)			PUBLIC UTILITIES VALUES			TOTAL VALUES	
		Assessed	Current Market	Percent	Assessed	Current Market	Percent	Assessed	Current Market	Percent	Assessed	Current Market
2002	2003	\$148,785,330	\$425,100,943	35.00%	\$43,198,296	\$172,793,184	25.00%	\$7,103,070	\$20,494,490	35.00%	\$199,086,696	\$618,388,617
2001	2002	\$148,406,200	\$424,017,714	35.00%	\$42,780,799	\$171,123,196	25.00%	\$6,655,240	\$19,014,971	35.00%	\$197,842,239	\$614,155,881
2000	2001	\$128,235,800	\$366,388,000	35.00%	\$54,645,186	\$218,580,744	25.00%	\$8,269,520	\$23,627,200	35.00%	\$191,150,506	\$608,595,944
1999	2000	\$125,725,570	\$359,215,910	35.00%	\$41,934,055	\$167,736,220	25.00%	\$9,107,330	\$26,020,940	35.00%	\$176,766,955	\$552,973,070
1998	1999	\$126,930,830	\$362,659,510	35.00%	\$40,942,941	\$163,771,764	25.00%	\$8,419,140	\$24,054,690	35.00%	\$176,292,911	\$550,485,964
1997	1998	\$109,268,490	\$321,195,690	34.00%	\$33,212,207	\$132,848,828	25.00%	\$8,549,460	\$24,427,030	35.00%	\$151,030,157	\$478,471,548
1996	1997	\$106,508,690	\$304,310,543	35.00%	\$37,927,880	\$151,711,520	25.00%	\$7,673,410	\$21,924,029	35.00%	\$152,109,980	\$477,946,092
1995	1996	\$104,484,830	\$298,528,086	35.00%	\$32,741,313	\$136,422,138	24.00%	\$7,886,642	\$22,533,263	35.00%	\$145,112,785	\$457,483,486
1994	1995	\$91,520,860	\$261,488,170	35.00%	\$30,382,922	\$121,531,690	25.00%	\$8,494,180	\$24,269,090	35.00%	\$130,397,962	\$407,288,950
1993	1994	\$91,590,190	\$261,686,260	35.00%	\$34,562,989	\$138,251,960	25.00%	\$7,890,430	\$22,544,090	35.00%	\$134,043,609	\$422,482,310

Source: Champaign County Auditor

(A) - Tangible Personal Property Values are assessed and collected in the same year.

Table 5

PROPERTY TAX RATES AND TAX LEVIES  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 (per \$1,000 of assessed value)  
 FOR THE LAST TEN YEARS

Fiscal Year	Operating	P&F Pension	Total City	County	Township	School	JVS	Mental Health	County Library	Total	Effective Rates	
											Resident. & Agri.	Other
2002	2.70	0.60	3.30	8.90	0.10	58.30	2.00	0.70	0.40	73.70	40.15	49.50
2001	2.70	0.60	3.30	8.90	0.10	58.30	2.00	0.70	0.40	73.70	40.14	49.08
2000	2.70	0.60	3.30	7.40	0.10	58.30	2.00	0.70	0.40	72.20	43.16	51.37
1999	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	37.24	45.13
1998	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	36.83	44.86
1997	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	41.18	47.03
1996	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	41.17	46.93
1995	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	40.08	45.55
1994	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	44.42	50.70
1993	2.70	0.60	3.30	7.40	0.10	52.40	2.00	0.70	0.40	66.30	44.48	50.77

Source: Champaign County Auditor



CITY OF URBANA, OHIO  
SPECIAL ASSESSMENT COLLECTIONS  
FOR THE LAST TEN YEARS

Fiscal Year	Beginning Outstanding Assessments	Current Assessments Due	Total Assessments Collected (A)	Ratio of Collections to Amount Due	Total Outstanding Assessments
2002	\$57,405	\$29,384	n/a	n/a	n/a
2001	\$40,416	\$19,174	\$3,087	5.18%	\$52,953
2000	\$10,812	\$23,829	\$3,565	10.29%	\$36,210
1999	\$5,464	\$6,285	\$2,741	23.33%	\$10,058
1998	\$5,576	\$1,583	\$2,038	28.47%	\$5,286
1997	\$4,841	\$3,598	\$3,524	43.62%	\$5,090
1996	\$5,189	\$4,838	\$5,633	56.18%	\$4,554
1995	\$2,653	\$9,587	\$7,728	63.14%	\$5,189
1994	\$628	\$6,329	\$4,157	59.75%	\$2,653
1993	\$819	\$4,613	\$4,904	90.28%	\$628

Source: Champaign County Auditor

(A) - Assessments collected are collected the year after the assessments are made.

Table 7

## CITY OF URBANA, OHIO

LEGAL DEBT MARGIN AS OF DECEMBER 31, 2002

Assessed Value		\$199,086,696
Gross Indebtedness	\$9,135,999	
Less Exempt Debt:		
Ohio Water Development Authority Loan	\$2,942,033	
Ohio Public Work Commission Interest Free	<u>\$813,966</u>	
Total Exempt Debt	<u>\$3,755,999</u>	
Total Non-Exempt Debt	<u>\$5,380,000</u>	
5-1/2% Limitation (A)		
-----		
5-1/2% Unvoted Debt Limitation		\$10,949,768
Total Tax Non-Exempt Debt Outstanding		<u>\$5,380,000</u>
5-1/2% Debt Margin within Limitations		<u>\$5,569,768</u>
10-1/2% Limitation (A)		
-----		
10-1/2% Unvoted Debt Limitation		\$20,904,103
Total Tax Non-Exempt Debt Outstanding		<u>\$5,380,000</u>
10-1/2% Debt Margin within Limitations		<u>\$15,524,103</u>

(A) - The Ohio Revised Code provides two limits on a municipality's outstanding voted and/or unvoted debt based on the assessed property value. The State General Assembly may amend these two limits from time to time.

CITY OF URBANA, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 AS OF DECEMBER 31, 2002

Jurisdiction	Assessed Value (A)	Net General Bonded Debt	Percentage Overlapping	Net Tax Supported Overall Debt
City of Urbana, Ohio	\$199,086,696	\$5,380,000	100%	\$3,193,000
Champaign County	\$664,875,120	\$0	30%	\$0
Urbana City Schools	\$226,393,722	\$0 (B)	88%	\$0
Urbana Township	\$58,895,726	\$0	70%	\$0
Salem Township	\$41,853,216	\$0	5%	\$0
				<u>\$3,193,000</u>

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, 2001

Table 9

## CITY OF URBANA, OHIO

RATIO OF ANNUAL DEBT SERVICE  
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
FOR THE LAST TEN YEARS

YEAR	(A)		TOTAL DEBT SERVICE	(B)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
	PRINCIPAL	INTEREST		TOTAL GENERAL EXPENDITURES	
2002	\$182,917	\$141,261	\$324,178	\$8,053,147	4.03%
2001	\$191,667	\$217,792	\$409,459	\$11,765,068	3.48%
2000	\$173,333	\$200,334	\$373,667	\$9,973,629	3.75%
1999	\$177,083	\$199,594	\$376,677	\$7,464,341	5.05%
1998	\$165,083	\$209,030	\$374,113	\$7,102,413	5.27%
1997	\$97,500	\$203,689	\$301,189	\$7,682,170	3.92%
1996	\$180,000	\$188,527	\$368,527	\$8,519,717	4.33%
1995	\$58,334	\$22,332	\$80,666	\$7,401,395	1.09%
1994	\$50,000	\$8,833	\$58,833	\$6,596,922	0.89%
1993	\$50,000	\$10,000	\$60,000	\$5,250,994	1.14%

Source: City of Urbana Finance Department

(A) - Does not include General Obligation Notes that will be retired  
by the Water or Sewer Funds.

Table 10

CITY OF URBANA, OHIO

## REVENUE BOND COVERAGE

WATER FUND REVENUE BOND FOR THE LAST TEN YEARS

<u>YEAR</u>	<u>GROSS REVENUE</u>	<u>(A) EXPENSE</u>	<u>NET REVENUE AVAILABLE FOR DEBT</u>	<u>DEBT SERVICE REQUIREMENTS</u>		<u>TOTAL</u>	<u>DEBT SERVICE COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>		
2002							
2001							
2000							
1999							
1998			All Mortgage Revenue Bonds refinanced and are General Obligation				
1997							
1996			"			"	
1995			"			"	
1994	\$871,019	\$665,016	\$206,003	\$55,000	\$111,387	\$166,387	1.24
1993	\$745,296	\$610,197	\$135,099	\$55,000	\$115,169	\$170,169	0.79

Source: City of Urbana Finance Department

(A) - Total Expenses exclusive of depreciation, interest, and debt

DEMOGRAPHIC STATISTICS

<u>Year</u>	<u>Population Count (A)</u>	<u>Median Age (A)</u>	<u>Median Family Income (A)</u>	<u>Per Capita Income (A)</u>
2000	11,613	37.3	N/A	N/A
1990	11,353	34.4	N/A	\$12,412
1980	10,762	31.5	\$17,515	\$6,558
1970	11,237	29.1	\$10,103	\$2,707
1960	10,461	30.6	\$5,588	N/A
1950	9,335	N/A	N/A	N/A
1940	8,335	N/A	N/A	N/A

<u>School Year</u>	<u>Public School Enrollment (B)</u>		
	<u>Elementary</u>	<u>High</u>	<u>Total</u>
2002-2003	1,325	1,057	2,382
2001-2002	1,324	1,047	2,371
2000-2001	1,296	1,059	2,355
1999-2000	1,355	1,023	2,378
1998-1999	1,390	1,049	2,439
1997-1998	1,345	1,014	2,359
1996-1997	1,373	1,036	2,409
1995-1996	1,399	1,148	2,547
1994-1995	1,478	1,100	2,578
1993-1994	1,544	1,065	2,609
1992-1993	1,730	820	2,550
1991-1992	1,771	730	2,501
1990-1991	1,794	690	2,484

UNEMPLOYMENT STATISTICS (C)

The following chart represents the ratio of estimated total unemployment of the total labor force for Champaign County. Data specifically for Urbana is unavailable.

<u>Year</u>	<u>Unemployment Rate</u>
2002	6.8%
2001	4.6%
2000	3.4%
1999	3.4%
1998	3.7%
1997	4.0%
1996	4.7%
1995	5.2%
1994	4.5%
1993	7.6%

- (A) Source: U.S. Bureau of the Census
- (B) Source: Urbana Board of Education
- (C) Source: Ohio Bureau of Employment Services

CITY OF URBANA, OHIOCONSTRUCTION AND BANK DEPOSITS FOR THE LAST TEN YEARS

	RESIDENTIAL		COMMERCIAL		(A) BANK	ASSESSED
	<u>UNITS</u>	<u>VALUE</u>	<u>UNITS</u>	<u>VALUE</u>	<u>DEPOSITS</u>	<u>VALUE</u>
2002	45	\$4,718,000	5	\$3,206,000	\$672,434,154	\$199,086,696
2001	15	\$2,181,350	9	\$2,265,000	\$634,253,907	\$197,842,239
2000	17	\$1,699,400	7	\$3,141,500	\$594,365,883	\$191,150,506
1999	16	\$1,468,300	4	\$817,000	\$563,145,287	\$176,766,955
1998	20	\$2,380,220	2	\$1,410,000	\$548,028,089	\$176,292,911
1997	27	\$1,610,305	7	\$1,292,500	\$509,331,832	\$154,484,112
1996	46	\$6,004,000	7	\$3,080,000	\$468,834,172	\$152,287,302
1995	43	\$3,773,150	4	\$2,679,000	\$449,851,163	\$145,112,785
1994	30	\$3,810,347	8	\$4,161,700	\$428,153,874	\$130,565,904
1993	34	\$2,645,300	3	\$1,759,000	\$421,231,763	\$134,043,609

Source: City of Urbana, Building & Zoning Division

(A) Source : Champaign National Bank, Citizens National Banks, People Savings & Loans, Perpetual Federal Savings Bank and Fifth/Third National Bank.

## CITY OF URBANA, OHIO

PRINCIPAL TAXPAYERS (PROPERTY TAXES)  
AS OF DECEMBER 31, 2002

Taxpayer	Type of Business	2002 (A) Valuation Assessed	Percent of Total Assessed Valuation
Dayton, Power & Light Co.	Utility Service	\$2,985,630	1.50%
Champaign Telephone Co.	Utility Service	\$2,517,780	1.26%
Allied Signal Inc.	Manufacturing	\$2,416,250	1.21%
Eastern Retail Holdings	Retail	\$2,038,980	1.02%
Fox River Paper Co.	Manufacturing	\$1,408,990	0.71%
Rittal Corp	Manufacturing	\$1,365,800	0.69%
American Pan	Manufacturing	\$1,012,320	0.51%
WalMart Stores Inc.	Retail	\$921,360	0.46%
Orbis	Manufacturing	\$909,280	0.46%
CV Material	Manufacturing	\$633,420	0.32%
Columbia Gas	Utility Service	\$585,900	0.29%
Siemens	Manufacturing	\$449,057	0.23%
Q3	Manufacturing	\$232,763	0.12%
WB Marvins	Manufacturing	\$205,011	0.10%
Ultra Met	Manufacturing	\$175,069	0.09%
SUBTOTAL		\$17,857,610	8.97%
ALL OTHER		<u>\$181,229,086</u>	91.03%
TOTAL		<u>\$199,086,696</u>	100.00%

SOURCE: Champaign County Auditor  
(A) Includes Real, Personal and Utility Property



Table 14

## CITY OF URBANA, OHIO

TOP TEN WITHHOLDING TAXPAYERS  
AS OF DECEMBER 31, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Payments</u>	<u>Percent of all With- Holding</u>
FL Aerospace/Grimes Div.	Manufacturing	\$635,651	19.26%
Howard Paper Mills	Manufacturing	\$151,017	4.58%
Honda of America	Manufacturing	\$144,560	4.38%
Urbana Board of Education	Public School System	\$126,482	3.83%
Mercy Health Systems	Health Care	\$116,151	3.52%
Champaign County, Ohio	Local Government	\$115,759	3.51%
Menasha Corp.	Manufacturing	\$114,216	3.46%
Siemen-Allis	Manufacturing	\$112,638	3.41%
Urbana University	Private University	\$65,222	1.98%
Rittal	Manufacturing	\$58,417	1.77%
	SUBTOTAL	<u>\$1,640,113</u>	<u>49.70%</u>
	ALL OTHER	<u>\$1,659,738</u>	<u>50.30%</u>
	TOTAL	<u>\$3,299,851</u>	<u>100.00%</u>

SOURCE: City of Urbana Income Tax collection records.

CITY OF URBANA, OHIORATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA FOR THE LAST TEN YEARS

<u>YEAR</u>	<u>GROSS BONDED DEBT</u>	<u>NET GENERAL BONDED DEBT (A)</u>	<u>ASSESSED VALUE</u>	<u>POPULATION</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>RATIO OF NET BONDED DEBT PER CAPITA</u>
2002	\$9,135,999	\$3,193,000	\$199,086,696	11,613	1.60%	274.95
2001	\$9,415,512	\$3,414,000	\$197,842,239	11,613	1.73%	293.98
2000	\$9,579,527	\$3,655,000	\$191,150,506	11,613	1.91%	314.73
1999	\$9,820,301	\$3,745,000	\$176,766,955	11,353	2.12%	329.87
1998	\$10,127,526	\$3,973,000	\$176,292,911	11,353	2.25%	349.95
1997	\$10,117,589	\$4,203,000	\$154,484,112	11,353	2.72%	370.21
1996	\$9,425,566	\$3,573,000	\$152,287,302	11,353	2.35%	314.72
1995	\$9,224,454	\$3,703,000	\$145,112,785	11,353	2.55%	326.17
1994	\$5,438,864	\$238,000	\$130,565,904	11,353	0.18%	20.96
1993	\$5,685,495	\$150,000	\$134,043,609	11,353	0.11%	13.21

Source: City of Urbana Finance Department

(A) - Amount includes all General Obligation Debt not supported by Business-Like Activities for the City.

MISCELLANEOUS STATISTICS AS OF DECEMBER 31, 2002

Date of Incorporation: 1868

Type of Government: Mayor/Administrator/Council

Number of Employees:

Elected Officials: 11

Full-Time Employees: 102

Part-Time Employees: 49

Fire Protection:

Officers: 5

Firefighters: 16

Number of Runs: 280

Provides Emergency Medical Services:

Number of Paramedics: 21

Number of Emergency Squad Runs: 1,583

Police Protection:

Officers: 22

Calls for Service: 16,827

Miles of Street: 56.8

Municipal Water Department:

Number of Customers: 4,479

Average Daily Water Pumped: 1,960,000 Gallons

Total Water Pumped: 716,000,000 Gallons

Miles of Waterlines: 62.5

Municipal Wastewater Pollution Control:

Number of Customers: 4,386

Average Daily Treated: 1,712,700 Gallons

Total Wastewater Treated: 689,430,000 Gallons

Miles of Sanitary Sewerlines: 51.5

Miles of Storm Sewers: 21.5





**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**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  
JULY 22, 2003**