

City of Urbana  
Ohio



Comprehensive Annual  
Financial Report

For the Year Ended  
December 31, 2008





Mary Taylor, CPA  
Auditor of State

City Council  
City of Urbana  
P.O. Box 747  
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of the City of Urbana, Champaign County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Urbana is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 10, 2009

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city of Urbana, Ohio



Branding Urbana and Champaign County Ohio

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**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

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## **I. INTRODUCTORY SECTION**

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



**June 26, 2009**

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 City's commitment to perform 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 (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion & Analysis for State and Local Governments. GASB Statement No. 34 was developed to make annual financial reports of governments more comprehensive and easier to understand and use. This report incorporates all required elements of GASB Statement No. 34 including the retroactive restatement of general infrastructure assets.

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 statements of individual funds and schedules.

3. Statistical Section

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

This transmittal letter is designed to complement 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 International, Rittal, and the R. T. Bundy Companies. 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, recycling, 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 continuous process improvement, the City is focused on 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 greater measure of administrative and legislative control and efficiencies while maintaining direct participation by the residents of the community.

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

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

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

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

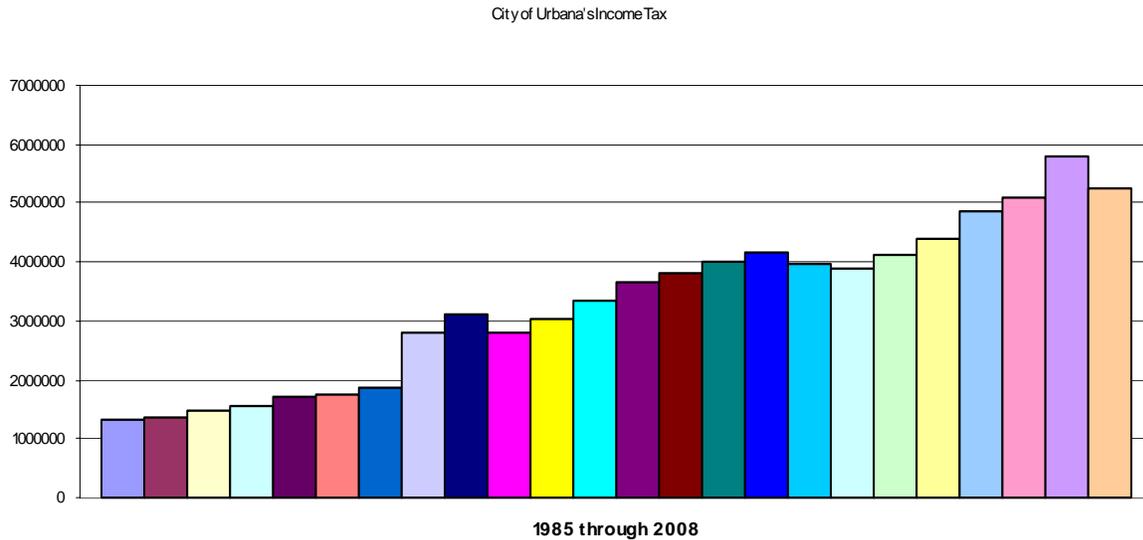
**DEPARTMENTAL HIGHLIGHT**

In 2007, the City of Urbana partnered with Champaign County Chamber of Commerce and Visitor’s Bureau and the Champaign County Community Improvement Corporation in developing a City and County-wide branding for economic and community development initiatives. The City feels that this branding illustrates our community as a whole—we are sophisticated country. We are an easy going, laid back, friendly, hard working community with a strong and proud agricultural and pioneering heritage that is reflected not only in our past and present, but also in our future.

Economic development is all about creating and retaining jobs in our community. In addition to job related activities, economic development also includes housing and tourism. In tandem with developing a new Comprehensive Plan for future land use, transportation needs, and quality of life needs, the City will be including a business attraction, retention, and expansion strategy. To use an all-too common cliché, the City of Urbana can be a place where its residents will live, work, and play in the very near future.

**ECONOMIC CONDITION AND OUTLOOK**

A twenty four year history of income tax reflects strong average increase of 6.7% with only four years of decline. The declines occurred in 1994 with the loss of the second largest employer, Drackett, and the slow economy of 2001, 2002, and most recently, the Fox River closing in 2008. The City was fortunate to have seen growth in several of our smaller withholders and with the expansion of Rittal. Subsequent to the loss of Fox River, Income Tax Revenues decreased 9.5% in 2008 after an increase of 13.6% in 2007.



## **Economic Environment Today**

Honeywell International, our largest employer with approximately 778, is a major part of Urbana. The City of Urbana is fortunate and proud to have several small stable additional industries to support Urbana. Rittal, Menahsa Corporation, Johnson Welded Products, R. T. Bundy and Mercy Health Systems are 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 City of Urbana Development Office, in conjunction with various entities, is continuously researching to attract new industries to our industrial area on the south edge of town and our airport, which includes over 400 acres for development that can be a strong tool in attracting the new employer. The City is proud of the fact that two local firms are looking at job expansion in the near future. Unfortunately, Siemens has announced closing in 2009, with a loss of approximately 150 jobs.

## **2008 Economic Activity and Outlook**

Income Tax receipts, the largest single source of revenues, were down 9.5% in 2008, after several years of stronger collections. The negative downturn in the local economy presents the City with a cautious look into 2009, especially focused on monitoring of the cash reserves. And as the City progresses into 2009 the income tax appears reasonable to the budget, however, the City and the local economy will feel some impact of the current economic recession.

The City used an employee health insurance committee to help control health insurance costs. The committee has seen positive results through lower renewals. The City and the employees are also successfully using health savings accounts to lower the costs in 2009, and the renewals the City has received has been significantly lower than the national trend. The City appreciates the work of the health insurance committee in assisting to control this expenditure in the future.

While the local economy appears to remain stable, interest revenues are slowing. In addition, the State of Ohio has provided for growth of revenues that cities in Ohio receive. One of the goals of the City must be to rebuild a comfortable General Fund reserve with this economy. The City's aggressive approach to grants funding has several projects continuing into the future.

The Water Fund purchased a new well field early in 2004 to address the water quality issue, and at the end of 2008, we reached substantial completion of our Water Treatment Facility. The facility will be fully operational in 2009 and will be capable of generating 2 million gallons of water per day. 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.

At the Wastewater Treatment Plant, we reached substantial completion of both the microwave project which will improve sludge handling, and the Septage Receiving Station to help the area dispose of its solid waste. Both facilities will be fully operational in 2009. The City is also in the process of a Comprehensive Plan Update that will assist the City in the direction the community wants to pursue.

## **Major Initiatives**

The City of Urbana has two major projects progressing into 2009. The first project is the East Lawn Avenue Reconstruction, a \$2.2 million dollar project funded with OWDA, ODOT and local money. The project includes a complete reconstruction with new sidewalks, new road surface, and all new utilities. This is the second major upgrade and reconstruction of a City street in thirty years and is to be completed in June, 2009.

The second project that continues to grow in scope, and the engineering office is currently designing improvements to, is Scioto Street, an estimated \$1.9 million project in conjunction with the Ohio Department of Transportation. On Scioto from the square to East Lawn Avenue the project will grind and resurface the road; from East Lawn Avenue to the State Route 29/36 split an enhancement grant and local money will be used to completely reconstruct the road, curb and gutters, driveway accesses, and sidewalks, plus add decorative streetlights and trees, and move utility lines underground. The final phase will widen State Route 36 to three lanes from the 29/36 split to Dugan Road. The project is schedule for completion in 2009.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

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

The City utilizes a computerized financial accounting system which includes a system of internal accounting controls. Such controls have been designed and is 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 the labor contracts now requiring 10% employee contribution and the creation of an employee health insurance committee, the renewal in 2008 was only 6.3% and in 2007 only 12%.

**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 investments 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	\$282,688
Community Development Block Grant Fund	2,174
Supplemental Investment Fund	30,168
Oak Dale Cemetery Trust Income Fund	200
Capital Project Fund (Municipal Court Ordered)	<u>4,858</u>
Total	<u>\$320,088</u>

**INDEPENDENT AUDIT**

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

**ACKNOWLEDGEMENT**

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

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

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

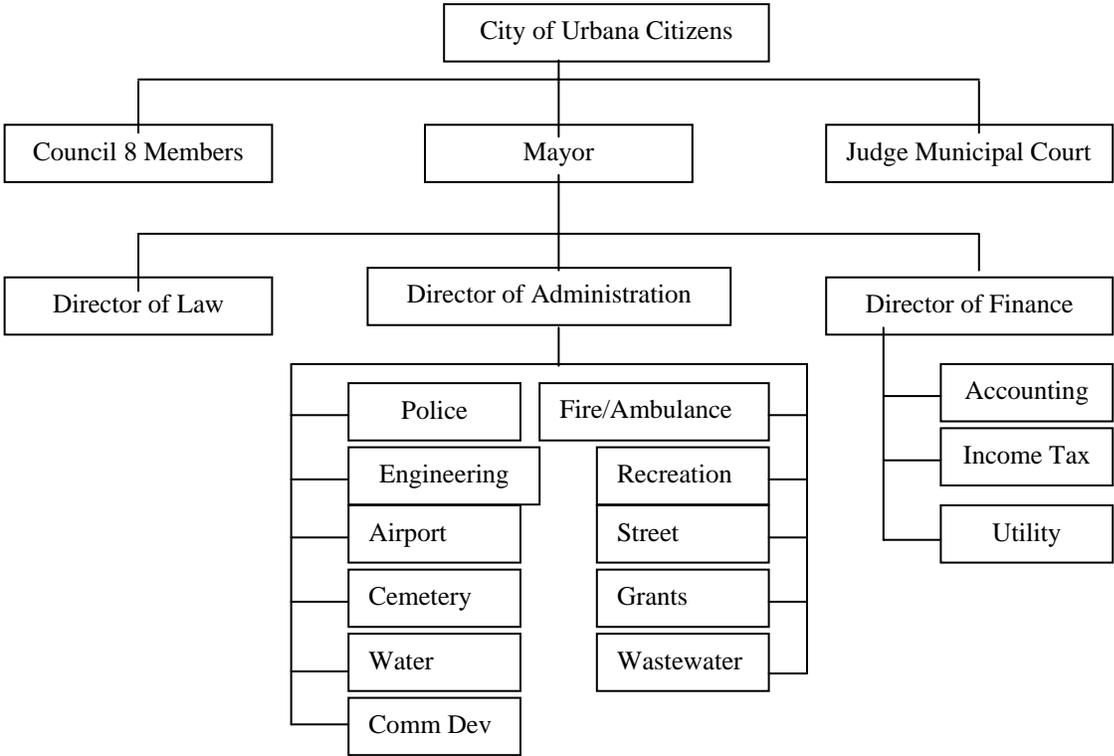
I would also like to acknowledge the staff from Kennedy Cottrell Richards in Columbus Ohio, for the timely review of the City's financial reports.

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

Respectfully submitted,

J. Lee Williams, Acting Director of Finance

City of Urbana Organizational Chart



The City of Urbana Officials  
(937) 652-4300  
[www.urbanaohio.com](http://www.urbanaohio.com)

Ruth Zerkle  
Mayor

City Council  
Marton OHess, President  
Robert Thorpe, President Pro-Tem

Council Members  
Eugene Fields  
Bill Bean  
Steve Moore  
Larry Lokai  
Allen Evans  
William Shaw  
Gail Eldridge, Clerk

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

Bruce Evilsizor  
J. Lee Williams  
Gil Weithman  
Susan Fornof-Lippencott  
Pat Wagner  
Jim McIntosh  
Michael Heintz, P.E. P.S.  
Doug Crabill  
Colin Stien  
Chris Stokes  
Robert W. Munch  
Chad Hall

# 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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. R.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen", is written above the title.

Executive Director

## **II. FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Urbana, Ohio

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*Kennedy Cottrell Richards LLC*

Kennedy Cottrell Richards LLC  
June 26, 2009

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

As management of the City of Urbana, we offer readers of the City of Urbana's financial statements this narrative overview and analysis of the financial activities of the City of Urbana for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-9 of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$26.3 million (net assets). Of this amount, \$2.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1.9 million, or 8%, during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4.8 million, a decrease of \$120,645 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$672,704, or 12% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Urbana's basic financial statements. The City of Urbana's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned by unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, health, leisure time activities, community development, transportation, and general government. The business-type activities of the City include water distribution, sewage collection, and recycling.

The government-wide financial statements can be found on pages 27-29 of this report.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street fund, police and fire levy fund, east lawn street reconstruction fund, capital improvements fund, and perpetual investment funds, each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 30-36 of this report.

**Proprietary Funds.** The City utilizes only one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, sewage collection, and recycling activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each enterprise fund, each of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 40 of this report.

***Notes to the basic financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-65 of this report.

***Other information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with budgetary law. Required supplementary information can be found on pages 67-76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77-95 of this report.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1 shows the detail of the City's net assets at December 31, 2008 and 2007.

**TABLE 1  
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 7,105,975	\$ 8,309,939	\$ 1,972,011	\$ 1,539,560	\$ 9,077,986	\$ 9,849,499
Capital assets	21,367,156	21,994,209	6,252,737	15,496,548	27,619,893	37,490,757
Total Assets	<u>28,473,131</u>	<u>30,304,148</u>	<u>8,224,748</u>	<u>17,036,108</u>	<u>36,697,879</u>	<u>47,340,256</u>
Long-Term Liabilities	6,012,787	5,518,836	3,348,972	11,671,724	9,361,759	17,190,560
Other Liabilities	1,359,528	2,203,482	1,583,527	1,687,765	2,943,055	3,891,247
Total Liabilities	<u>7,372,315</u>	<u>7,722,318</u>	<u>4,932,499</u>	<u>13,359,489</u>	<u>12,304,814</u>	<u>21,081,807</u>
Net Assets:						
Invested in capital assets, net of related debt	17,729,581	18,887,291	2,566,523	3,108,046	20,296,104	21,995,337
Restricted	1,564,394	2,115,630	-	-	1,564,394	2,115,630
Unrestricted	1,806,841	1,578,909	725,726	568,573	2,532,567	2,147,482
Total Net Assets	<u>\$ 21,100,816</u>	<u>\$ 22,581,830</u>	<u>\$ 3,292,249</u>	<u>\$ 3,676,619</u>	<u>\$ 24,393,065</u>	<u>\$ 26,258,449</u>

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$26.3 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2.1 million) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

Table 2 details the changes in net assets for the fiscal years ended December 31, 2008 and 2007.

**TABLE 2  
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
<b>Program Revenues:</b>						
Charges for Service	\$ 1,951,956	\$ 2,078,327	\$ 3,413,616	\$ 3,276,726	\$ 5,365,572	\$ 5,355,053
Operating Grants	686,610	809,027	-	-	686,610	809,027
Capital Grants	374,341	1,625,696	29,954	342,806	404,295	1,968,502
<b>General Revenues:</b>						
Income Taxes	5,854,508	5,275,958	-	-	5,854,508	5,275,958
Property Taxes	677,878	565,912	-	-	677,878	565,912
Other Taxes	168,306	147,948	-	-	168,306	147,948
Unrestricted Grants	483,237	772,126	-	-	483,237	772,126
Investment Earnings	324,908	232,352	-	2,994	324,908	235,346
Other	535,381	279,100	-	-	535,381	279,100
<b>Total Revenues</b>	<b>11,057,125</b>	<b>11,786,446</b>	<b>3,443,570</b>	<b>3,622,526</b>	<b>14,500,695</b>	<b>15,408,972</b>
<b>Expenses:</b>						
General Government	2,162,193	2,192,531	-	-	2,162,193	2,192,531
Public Safety	4,893,924	5,171,351	-	-	4,893,924	5,171,351
Health	284,920	315,102	-	-	284,920	315,102
Transportation	2,020,500	2,056,696	-	-	2,020,500	2,056,696
Community Development	380,013	223,536	-	-	380,013	223,536
Leisure Activities	426,136	436,038	-	-	426,136	436,038
Basic Utilities	2,889	-	-	-	2,889	-
Interest on Long-Term Debt	152,733	144,178	-	-	152,733	144,178
Water	-	-	1,290,607	1,249,550	1,290,607	1,249,550
Sewer	-	-	1,910,497	1,673,721	1,910,497	1,673,721
Recycling Program	-	-	-	80,885	-	80,885
<b>Total Expenses</b>	<b>10,323,308</b>	<b>10,539,432</b>	<b>3,201,104</b>	<b>3,004,156</b>	<b>13,524,412</b>	<b>13,543,588</b>
<b>Change in Net Assets</b>						
before Transfers	733,817	1,247,014	242,466	618,370	976,283	1,865,384
Transfers	-	234,000	-	(234,000)	-	-
<b>Change in Net Assets</b>	<b>733,817</b>	<b>1,481,014</b>	<b>242,466</b>	<b>384,370</b>	<b>976,283</b>	<b>1,865,384</b>
<b>Net assets, Beginning</b>	<b>20,366,999</b>	<b>21,100,816</b>	<b>3,049,783</b>	<b>3,292,249</b>	<b>23,416,782</b>	<b>24,393,065</b>
<b>Net assets, Ending</b>	<b>\$ 21,100,816</b>	<b>\$ 22,581,830</b>	<b>\$ 3,292,249</b>	<b>\$ 3,676,619</b>	<b>\$ 24,393,065</b>	<b>\$ 26,258,449</b>

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Governmental Activities.** Governmental activities increased the City's net assets by \$1.5 million, thereby accounting for 79 percent of the total growth in net assets of the City. This increase was primarily the result of a \$1.3 million increase in capital grants related to the east lawn street reconstruction project. For the most part, increases in expenses closely paralleled inflation.

**Business-type Activities.** Business-type activities increased the City's net assets by \$384,370, accounting for 21 percent of the total growth in the City's net assets. This increase was primarily the result of a \$312,852 increase in capital grants related to the east lawn street reconstruction project.

During the fiscal year, expenses of the City's business-type activities decreased by \$196,948, or 6%, primarily as a result of a \$236,776 decrease in sewage collection expenses as a result of the loss of a major sewage collection customer.

TABLE 3

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2007	2008	2007	2008
<b>Governmental Activities:</b>				
General Government	\$ (2,162,193)	\$ (2,192,531)	\$ (1,248,527)	\$ (1,129,429)
Public Safety	(4,893,924)	(5,171,351)	(4,129,622)	(4,338,150)
Transportation	(2,020,500)	(2,056,696)	(1,167,937)	146,879
Community Development	(380,013)	(223,536)	(126,631)	(57,355)
Leisure Activities	(426,136)	(436,038)	(297,110)	(307,791)
All Other	(440,542)	(459,280)	(340,574)	(340,536)
<b>Total Governmental Activities</b>	<b>(10,323,308)</b>	<b>(10,539,432)</b>	<b>(7,310,401)</b>	<b>(6,026,382)</b>
<b>Business-Type Activities:</b>				
Water	(1,290,607)	(1,249,550)	326,604	298,972
Sewer	(1,910,497)	(1,673,721)	(84,138)	301,414
Recycling Program	-	(80,885)	-	14,990
<b>Total Business-Type Activities</b>	<b>(3,201,104)</b>	<b>(3,004,156)</b>	<b>242,466</b>	<b>615,376</b>
<b>Grand Total</b>	<b>\$ (13,524,412)</b>	<b>\$(13,543,588)</b>	<b>\$ (7,067,935)</b>	<b>\$ (5,411,006)</b>

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4.8 million, a \$120,645 decrease from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2008 and 2007.

	<b>Fund Balance 12/31/2007</b>	<b>Fund Balance 12/31/2008</b>	<b>Increase (Decrease)</b>
General	\$ 1,291,912	\$ 1,045,842	\$ (246,070)
Street	104,902	144,856	39,954
Police and Fire Levy	471,277	532,415	61,138
East Lawn Reconstruction	-	(80,743)	(80,743)
Capital improvement	14,985	300,782	285,797
Perpetual Investment	1,877,353	1,877,353	-
Other Governmental	1,154,942	974,221	(180,721)
Total	<u>\$ 4,915,371</u>	<u>\$ 4,794,726</u>	<u>\$ (120,645)</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$672,704, 65% of the total fund balance. The fund balance of the City's general fund decreased \$246,070 during the current fiscal year, or 8%, from the previous year.

Property Tax revenues decreased \$143,508, or 25%, primarily as a result of the elimination of tangible personal property taxes.

Intergovernmental revenues increased \$99,492, or 12%, as a result of an increase funding to offset the elimination of tangible personal property taxes.

Transfers to other funds increased \$105,000, or 54%, primarily as a result of a \$95,000, or 70%, increase in transfers to the Street Fund.

The Street Fund accounts for the accumulation of financial resources to be used for the repairs and maintenance of roads maintained by the City. The street funds' fund balance increased \$39,954 during the fiscal year. This increase represents the amount by transfers from the general fund exceeded a decrease in intergovernmental revenues and an increase in expenditures.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

The Police and Fire Levy Fund accounts for the income tax for additional patrolmen and firefighters that the General Fund can not financially support. The police and fire levy funds' fund balance increased \$61,138 during the fiscal year. This increase represents the amount by which income tax revenues outstripped expenditures.

The East Lawn Street Reconstruction Fund accounts for the grant and local monies for the reconstruction of East Lawn. The east lawn street reconstruction funds' fund balance decreased \$80,743 during the fiscal year. This decrease represents the amount by which expenditures outstripped grant and local monies.

The Capital Improvements Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement funds' fund balance increased \$285,797 during the fiscal year. This increase represents the amount by which revenues exceeded capital outlay.

The Perpetual Investment Fund had no activity during the fiscal year and maintained a fund balance of \$1,877,353.

The fund balance of the City's Other Governmental Funds decreased \$180,721 during the fiscal year. This increase represents the amount by which expenditures outstripped revenues.

***Proprietary Funds.*** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the Water Revenue Fund at the end of the year amounted to \$433,431. Total net assets increased \$300,095, or 13%, from the previous year.

Unrestricted net assets in the Sewer Revenue fund at the end of the year amounted to \$36,804. Total net assets increased \$69,285, or 8%, from the previous year.

Unrestricted net assets in the Recycling Program Fund at the end of the year amounted to \$99,058. Total net assets increased \$14,990 or 18%, from the previous year. This increase is the amount by which charges for services exceeded program expenses during the year.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Budget Information**

*General Fund*

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The final amended revenue estimate was unchanged during 2008. The final appropriations exceeded the original resolution by \$314,251, or 5%. The City's actual revenues exceeded the final amended revenue estimate by \$14,647, or less than 1%, and the final amended appropriations exceeded actual expenditures by \$179,036, or 3%.

*Street Fund*

The final amended revenue estimate was unchanged during 2008. The final appropriations exceeded the original resolution by \$56,500, or 7%. The City's final amended revenue estimate exceeded the actual revenues by \$30,591, or 5%, and the final amended appropriations exceeded actual expenditures by \$116, or less than 1%.

*Police and Fire Levy Fund*

The final amended revenue estimate was unchanged during 2008. The final appropriations exceeded the original resolution by \$55,000, or 5%. The City's final amended revenue estimate exceeded the actual revenues by \$63,198, or less than 5%, and the final amended appropriations exceeded actual expenditures by \$35,640, or 3%.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$37 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, furniture, vehicles, and infrastructure. Total acquisitions for the current fiscal year were \$11.7 million and depreciation was \$1.7 million. Detailed information regarding capital asset activity is included in the Note 6 to the basic financial statements.

**Debt**

At the end of the current fiscal year, the City had total debt outstanding of \$14.9 million. Of this amount, \$3.5 million represents bonds backed by the full faith and credit of the City and \$1.5 million represents a liability for the closure of the landfill and unfunded police and fire pension. The remaining \$9.9 million of the City's debt represents loans in the City's name. Detailed information regarding long-term debt is included in Note 7 to the basic financial statements.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

**Contacting the City Auditor's Department**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact J. Lee Williams, Finance Director, 205 South Main Street, Urbana, Ohio 43078.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2008**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Pooled Cash and Investments	\$ 4,883,080	\$ 1,032,197	\$ 5,915,277
Receivables:			
Income Tax	1,089,282	-	1,089,282
Property Tax	585,462	-	585,462
Interest	105,599	-	105,599
Accounts	392,551	409,626	802,177
Other	39,685	-	39,685
Due From Other Governments	968,651	5,950	974,601
Inventory	120,387	78,818	199,205
Prepaid Assets	31,715	9,708	41,423
Deferred Bond Issuance Costs	93,527	3,261	96,788
Capital Assets:			
Non-Depreciable	5,176,482	11,605,020	16,781,502
Depreciable	16,817,727	3,891,528	20,709,255
<b>Total Assets</b>	<b>30,304,148</b>	<b>17,036,108</b>	<b>47,340,256</b>
<b>Liabilities</b>			
Accounts Payable	455,393	571,001	1,026,394
Retainage Payable	54,556	259,263	313,819
Accrued Wages and Benefits	120,555	14,556	135,111
Due To Other Governments	422,502	35,004	457,506
Interest Payable	43,143	7,941	51,084
Unearned Revenue	572,333	-	572,333
Notes Payable	535,000	800,000	1,335,000
Long-term Liabilities			
Due within one year	808,971	1,026,942	1,835,913
Due in more than one year	4,709,865	10,644,782	15,354,647
<b>Total Liabilities</b>	<b>7,722,318</b>	<b>13,359,489</b>	<b>21,081,807</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	18,887,291	3,108,046	21,995,337
Restricted for:			
Capital Projects	624,807	-	624,807
Transportation Programs	418,802	-	418,802
Public Safety Programs	741,042	-	741,042
Health Programs	46,514	-	46,514
Permanant Endowments	87,382	-	87,382
Grant Programs	188,912	-	188,912
Other	8,171	-	8,171
Unrestricted	1,578,909	568,573	2,147,482
<b>Total Net Assets</b>	<b>\$ 22,581,830</b>	<b>\$ 3,676,619</b>	<b>\$ 26,258,449</b>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Public Safety	\$ 5,171,351	\$ 718,966	\$ 114,235	\$ -
Health	315,102	118,744	-	-
Leisure Time	436,038	128,247	-	-
Community Development	223,536	-	166,181	-
Transportation	2,056,696	175,405	528,846	1,499,324
General Government	2,192,531	936,965	-	126,137
Interest on Debt	144,178	-	-	-
<b>Total Governmental Activities</b>	<b>10,539,432</b>	<b>2,078,327</b>	<b>809,262</b>	<b>1,625,461</b>
<b>Business-type Activities:</b>				
Water	1,249,550	1,468,794	-	79,728
Sewer	1,673,721	1,712,057	-	263,078
Recycling Program	80,885	95,875	-	-
<b>Total Business-type Activities</b>	<b>3,004,156</b>	<b>3,276,726</b>	<b>-</b>	<b>342,806</b>
<b>Total Government</b>	<b>\$ 13,543,588</b>	<b>\$ 5,355,053</b>	<b>\$ 809,262</b>	<b>\$ 1,968,267</b>

General Revenues:

- Property Taxes
- Income Taxes
- Payments in Lieu of Taxes
- Interest Earnings
- Grants and Contributions Unrestricted
- Other Unrestricted
- Gain/(Loss) on Disposal of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (4,338,150)	\$ -	\$ (4,338,150)
(196,358)	-	(196,358)
(307,791)	-	(307,791)
(57,355)	-	(57,355)
146,879	-	146,879
(1,129,429)	-	(1,129,429)
(144,178)	-	(144,178)
<u>(6,026,382)</u>	<u>-</u>	<u>(6,026,382)</u>
-	298,972	298,972
-	301,414	301,414
-	14,990	14,990
<u>-</u>	<u>615,376</u>	<u>615,376</u>
<u>\$ (6,026,382)</u>	<u>\$ 615,376</u>	<u>\$ (5,411,006)</u>
565,912	-	565,912
5,275,958	-	5,275,958
147,948	-	147,948
232,352	2,994	235,346
772,126	-	772,126
304,738	-	304,738
(25,638)	-	(25,638)
234,000	(234,000)	-
<u>7,507,396</u>	<u>(231,006)</u>	<u>7,276,390</u>
1,481,014	384,370	1,865,384
21,100,816	3,292,249	24,393,065
<u>\$ 22,581,830</u>	<u>\$ 3,676,619</u>	<u>\$ 26,258,449</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2008**

	General Fund	Street Fund	Police & Fire Levy Fund	East Lawn Reconstruction Fund
<b>Assets:</b>				
Pooled Cash and Investments	\$ 550,470	\$ 38,638	\$ 480,209	\$ -
Receivables:				
Income Tax	583,544	-	233,418	-
Property Tax	485,323	-	-	-
Interest	97,470	-	-	-
Accounts	326,987	-	-	-
Notes	-	-	-	-
Due From Other Governments	311,819	248,313	-	381,535
Due From Other Funds	12,742	-	-	-
Inventory	16,181	65,543	-	-
Prepaid Assets	25,497	4,337	-	-
Advances To Other Funds	331,460	-	-	-
<b>Total Assets</b>	<b>\$ 2,741,493</b>	<b>\$ 356,831</b>	<b>\$ 713,627</b>	<b>\$ 381,535</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 66,400	\$ 9,051	\$ 2,479	\$ 341,515
Retainage Payable	-	-	-	54,556
Accrued Wages and Benefits	86,350	11,780	17,138	-
Due To Other Governments	318,721	25,602	65,653	-
Due To Other Funds	-	-	-	12,742
Deferred Revenue	1,224,180	165,542	95,942	53,465
Notes Payable	-	-	-	-
Advances From Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,695,651</b>	<b>211,975</b>	<b>181,212</b>	<b>462,278</b>
<b>Fund Balances:</b>				
Reserved for:				
Inventory	16,181	65,543	-	-
Encumbrances	-	-	60,551	-
Advances	331,460	-	-	-
Notes	-	-	-	-
Prepays	25,497	4,337	-	-
Unreserved, reported in:				
General Fund	672,704	-	-	-
Special Revenue Funds	-	74,976	471,864	-
Permanent Endowment	-	-	-	-
Capital Project Fund	-	-	-	(80,743)
<b>Total Fund Balances</b>	<b>1,045,842</b>	<b>144,856</b>	<b>532,415</b>	<b>(80,743)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,741,493</b>	<b>\$ 356,831</b>	<b>\$ 713,627</b>	<b>\$ 381,535</b>

See accompanying notes to the basic financial statements

Capital Improvement Fund	Perpetual Investment Fund	Other Governmental Funds	Total Governmental Funds
\$ 416,856	\$ 1,877,353	\$ 1,519,554	\$ 4,883,080
194,515	-	77,805	1,089,282
-	-	100,139	585,462
-	-	8,129	105,599
20,628	-	44,936	392,551
-	-	39,685	39,685
-	-	26,984	968,651
-	-	-	12,742
-	-	38,663	120,387
-	-	1,881	31,715
-	-	-	331,460
<u>\$ 631,999</u>	<u>\$ 1,877,353</u>	<u>\$ 1,857,776</u>	<u>\$ 8,560,614</u>
\$ 9,805	\$ -	\$ 26,143	\$ 455,393
-	-	-	54,556
-	-	5,287	120,555
-	-	12,526	422,502
-	-	-	12,742
79,952	-	214,599	1,833,680
100,000	-	435,000	535,000
141,460	-	190,000	331,460
<u>331,217</u>	<u>-</u>	<u>883,555</u>	<u>3,765,888</u>
-	-	38,663	120,387
56,135	-	50,799	167,485
-	-	-	331,460
-	-	39,685	39,685
-	-	1,881	31,715
-	-	-	672,704
-	-	489,937	1,036,777
-	-	87,382	87,382
244,647	1,877,353	265,874	2,307,131
<u>300,782</u>	<u>1,877,353</u>	<u>974,221</u>	<u>4,794,726</u>
<u>\$ 631,999</u>	<u>\$ 1,877,353</u>	<u>\$ 1,857,776</u>	<u>\$ 8,560,614</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008

<b>Total Governmental Fund Balances</b>	\$ 4,794,726
 <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 and therefore are not reported in the funds.	21,994,209
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,261,347
Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	
Unamortized Bond Issuance Costs	93,527
Unamortized Premium on Bonds	(33,106)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(873,191)
General obligation debt	(4,612,539)
Accrued interest payable	<u>(43,143)</u>
 <b>Net Assets of Governmental Activities</b>	 <b><u><u>\$ 22,581,830</u></u></b>

See accompanying notes to the basic financial statements

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**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Street Fund	Police & Fire Levy Fund	East Lawn Reconstruction Fund
<b>Revenues:</b>				
Income Taxes	\$ 2,768,576	\$ -	\$ 1,103,173	\$ -
Property taxes	434,269	-	-	-
Intergovernmental	904,501	508,212	3,500	1,283,167
Charges for Services	713,553	-	-	-
Fines, Licenses, and Permits	698,317	-	-	-
Interest	172,321	-	-	-
Miscellaneous	65,358	6,581	1,380	-
Total revenues	<u>5,756,895</u>	<u>514,793</u>	<u>1,108,053</u>	<u>1,283,167</u>
<b>Expenditures:</b>				
Current:				
Public Safety	3,605,901	-	1,009,770	-
Health	51,698	-	-	-
Leisure Time	344,490	-	-	-
Community Development	982	-	-	-
Transportation	12,533	704,839	-	-
General Government	1,687,361	-	-	-
Capital Outlay	-	-	37,145	1,363,910
Debt service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>5,702,965</u>	<u>704,839</u>	<u>1,046,915</u>	<u>1,363,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,930	(190,046)	61,138	(80,743)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	230,000	-	-
Transfers Out	(300,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>230,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(246,070)	39,954	61,138	(80,743)
Fund Balance at Beginning of Year	1,291,912	104,902	471,277	-
Fund Balance at End of Year	<u>\$ 1,045,842</u>	<u>\$ 144,856</u>	<u>\$ 532,415</u>	<u>\$ (80,743)</u>

See accompanying notes to the basic financial statements

Capital Improvement Fund	Perpetual Investment Fund	Other Governmental Funds	Total Governmental Funds
\$ 919,310	\$ -	\$ 367,725	\$ 5,158,784
-	-	91,421	525,690
85,000	-	516,451	3,300,831
-	-	267,164	980,717
-	-	259,501	957,818
-	-	30,495	202,816
152,094	-	79,325	304,738
<u>1,156,404</u>	<u>-</u>	<u>1,612,082</u>	<u>11,431,394</u>
-	-	297,986	4,913,657
-	-	195,147	246,845
-	-	-	344,490
-	-	222,554	223,536
191,999	-	279,558	1,188,929
217,738	-	81,233	1,986,332
369,471	-	304,626	2,075,152
67,401	-	365,000	432,401
23,998	-	116,699	140,697
<u>870,607</u>	<u>-</u>	<u>1,862,803</u>	<u>11,552,039</u>
285,797	-	(250,721)	(120,645)
-	-	70,000	300,000
-	-	-	(300,000)
<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
285,797	-	(180,721)	(120,645)
14,985	1,877,353	1,154,942	4,915,371
<u>\$ 300,782</u>	<u>\$ 1,877,353</u>	<u>\$ 974,221</u>	<u>\$ 4,794,726</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ (120,645)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 760,866

The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net assets. (25,638)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 380,690

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 496,032

Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of bond issuance costs	(14,648)
Amortization of premium on bonds	4,729

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

Compensated absences	(6,810)
Accrued interest	6,438

**Change in Net Assets of Governmental Activities** \$ 1,481,014

See accompanying notes to the basic financial statements

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**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
<b>Assets</b>				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 766,848	\$ 156,503	\$ 108,846	\$ 1,032,197
Receivables:				
Accounts	174,440	232,203	2,983	409,626
Due From Other Governments	3,322	2,628	-	5,950
Inventory	55,583	23,235	-	78,818
Prepaid Assets	2,840	6,868	-	9,708
Noncurrent Assets:				
Depreciable Capital Assets, Net	1,497,122	2,394,406	-	3,891,528
Non-Depreciable Capital Assets	8,322,642	3,282,378	-	11,605,020
Deferred Bond Issuance Costs	210	3,051	-	3,261
<b>Total assets</b>	<b>10,823,007</b>	<b>6,101,272</b>	<b>111,829</b>	<b>17,036,108</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	307,856	250,374	12,771	571,001
Accrued Wages and Benefits	6,411	8,145	-	14,556
Due to Other Governments	15,656	19,348	-	35,004
Accrued Interest payable	7,941	-	-	7,941
Accrued Vacation and Sick Leave	12,446	19,370	-	31,816
Retainage Payable	195,296	63,967	-	259,263
Notes Payable	300,000	500,000	-	800,000
Bonds Payable	249,000	-	-	249,000
Loan Payable	177,585	568,541	-	746,126
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	23,996	24,149	-	48,145
Bonds Payable	654,000	-	-	654,000
Loan Payable	6,218,668	3,723,969	-	9,942,637
<b>Total Liabilities</b>	<b>8,168,855</b>	<b>5,177,863</b>	<b>12,771</b>	<b>13,359,489</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	2,220,721	887,325	-	3,108,046
Unrestricted	433,431	36,084	99,058	568,573
<b>Total Net Assets</b>	<b>\$ 2,654,152</b>	<b>\$ 923,409</b>	<b>\$ 99,058</b>	<b>\$ 3,676,619</b>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
<b>Operating Revenues</b>				
Charges for Services	\$ 1,468,794	\$ 1,712,057	\$ 95,875	\$ 3,276,726
Total Operating Revenues	1,468,794	1,712,057	95,875	3,276,726
<b>Operating Expenses</b>				
Personal Services	351,170	482,103	-	833,273
Contractual Services	307,280	470,767	80,885	858,932
Supplies and Materials	52,826	167,205	-	220,031
Administrative Fees	314,839	255,646	-	570,485
Depreciation	160,089	219,341	-	379,430
Total Operating Expenses	1,186,204	1,595,062	80,885	2,862,151
Operating Income/(Loss)	282,590	116,995	14,990	414,575
<b>Nonoperating Revenues (Expenses)</b>				
Intergovernmental Revenue	79,728	263,078	-	342,806
Interest Revenue	1,123	1,871	-	2,994
Interest Expense	(63,346)	(78,659)	-	(142,005)
Transfers Out	-	(234,000)	-	(234,000)
Total Non-Operating Revenues (Expenses)	17,505	(47,710)	-	(30,205)
Change in Net Assets	300,095	69,285	14,990	384,370
Net Assets at Beginning of Year	2,354,057	854,124	84,068	3,292,249
Net Assets at End of Year	\$ 2,654,152	\$ 923,409	\$ 99,058	\$ 3,676,619

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 1,534,593	\$ 1,744,546	\$ 92,892	\$ 3,372,031
Other operating receipts	-	-	-	-
Cash paid to employees	(372,615)	(499,628)	-	(872,243)
Cash paid to suppliers	(380,413)	(578,559)	(68,114)	(1,027,086)
Cash paid for other expenses	(314,839)	(255,646)	-	(570,485)
Net cash flows from operating activities	<u>466,726</u>	<u>410,713</u>	<u>24,778</u>	<u>902,217</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(5,942,136)	(3,696,013)	-	(9,638,149)
Capital grants	76,406	260,450	-	336,856
Payment of debt	(266,048)	(398,548)	-	(664,596)
Payment of interest	(62,128)	(180,667)	-	(242,795)
Proceeds of notes	5,882,238	3,092,923	-	8,975,161
Net cash flows from capital and related financing activities	<u>(311,668)</u>	<u>(921,855)</u>	<u>-</u>	<u>(1,233,523)</u>
<b>Cash Flows from Investing Activities</b>				
Cash received from interest	1,123	1,871	-	2,994
Net cash flows from investing activities	<u>1,123</u>	<u>1,871</u>	<u>-</u>	<u>2,994</u>
Net change in cash	156,181	(509,271)	24,778	(328,312)
Cash and cash equivalents at beginning of year	610,667	665,774	84,068	1,360,509
Cash and cash equivalents at end of year	<u>\$ 766,848</u>	<u>\$ 156,503</u>	<u>\$ 108,846</u>	<u>\$ 1,032,197</u>
<b>Flows from Operating Activities:</b>				
Operating income (loss)	\$ 282,590	\$ 116,995	\$ 14,990	\$ 414,575
Add depreciation expense	160,089	219,341	-	379,430
(Increase)/Decrease in current assets				
Accounts receivable	65,799	32,489	(2,983)	95,305
Prepaid Items	(2,840)	(6,868)	-	(9,708)
Material and Supply Inventory	(3,164)	30,917	-	27,753
Increase/(Decrease) in current liabilities				
Accounts payable	(14,303)	35,364	12,771	33,832
Accrued Wages and Benefits	1,051	1,278	-	2,329
Accrued Vacation and Sick Leave	(20,277)	(12,520)	-	(32,797)
Due To Other Governments	(2,219)	(6,283)	-	(8,502)
Net Cash Flows from Operating Activities	<u>\$ 466,726</u>	<u>\$ 410,713</u>	<u>\$ 24,778</u>	<u>\$ 902,217</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2008

	Agency Funds
<b>Assets</b>	
Restricted Cash	\$ 196,185
Total Assets	<u>196,185</u>
<b>Liabilities</b>	
Payable from Restricted Assets	196,185
Total Liabilities	<u>196,185</u>
<b>Net Assets</b>	
Total Net Assets	<u>\$ -</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 1 – 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, recycling, 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, 2008.

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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

**(a) *Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**(b) Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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

Police and 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.

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

East Lawn Street Reconstruction Fund - To account for revenues and expenditures associated with the reconstruction of East Lawn Street.

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

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

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.

Recycling Program Fund - Accounts for the operation of the recycling service provided by the City. The operation is exclusively financed by customer user charges.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds consist of the Champaign County Municipal Court fund and employee supplemental health insurance fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**(c) Cash and Cash Equivalents**

The City pools cash and investments of various funds to improve investment performance. Each fund's position in the pool is reflected in the participating fund as cash and cash equivalents. Interest earnings from cash and investments are allocated to the General Fund, except for funds derived from contract, trust agreement or City ordinance which require crediting otherwise. Of the amount reported in the general fund, \$257,241 was assigned from other City funds.

For purposes of the statement of cash flows, the City's proprietary funds consider cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as certificates of deposit are reported at cost.

**(d) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements and outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

**(e) Inventory and Prepaid Assets**

Inventory is valued at cost (first-in, first-out). In the both the governmental and proprietary funds, inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental funds, inventories and prepaid items are offset by a fund balance reserve account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported in the governmental activities) the City chose to include all such items acquired from January 1, 1980 through the present. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Life (Years)</u>
Land improvements	25
Buildings and improvements	25
Machinery and equipment	5 to 20
Infrastructure	25-50

**(g) 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.

**(h) Compensated Absences**

Vested vacation and sick leave is recorded as an expense in the government-wide and proprietary fund financial statements in the period in which such leave was earned. In the governmental funds, an expenditure is recorded 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.

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Long Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**(j) Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**(k) 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

Deposits - At year-end, the carrying amount of the City's deposits was \$6,111,462, which includes certificates of deposit totaling \$3,396,368, and the bank balance was \$6,019,680. Of the bank balance, \$690,490 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions in amounts equal to at least 105% of the City's carrying value of deposits. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As mention above, at year end, \$5,329,190 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized by securities held by a pledging financial institution's trust department or agent, but not in the City's name.

**NOTE 4 – 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 2008 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992, and is designated to fund fire and police personnel and capital improvement costs.

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

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 5 – PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. All property is required to be revalued every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2002.

Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value.

Public utility property taxes are assessed on tangible personal property as well as land and improvements at 88% of true value (50% of cost) with certain exceptions. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Tangible personal property taxes are assessed at 25 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year.

The assessed value of the City for tax years 2008 and 2007, upon which the 2009 and 2008 levies were based, were \$217,803,706 and \$217,076,164, respectively.

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

The assessed valuations of the City for tax year 2007, which were used to collect taxes in calendar year 2008, are as follows:

	<u>Amount</u>	<u>Percent</u>
Real Estate (Other Than Public Utility)	\$187,163,550	86%
Public Utility	6,537,750	3%
Tangible Personal	<u>24,102,406</u>	<u>11%</u>
Total Assessed Value	<u>\$217,803,706</u>	<u>100%</u>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for Governmental Activities for the fiscal year follows:

***Governmental Activities***

	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 3,432,076	\$ 56,000	\$ -	\$ 3,488,076
Construction in Progress	182,988	1,505,418		1,688,406
Total Nondepreciable Assets	<u>3,615,064</u>	<u>1,561,418</u>	<u>-</u>	<u>5,176,482</u>
Depreciable Capital Assets				
Building and Improvements	14,948,887	109,690	-	15,058,577
Machinery and Equipment	3,757,843	187,701	(222,910)	3,722,634
Infrastructure	12,890,613	234,000	-	13,124,613
Total Depreciable Assets	<u>31,597,343</u>	<u>531,391</u>	<u>(222,910)</u>	<u>31,905,824</u>
Less accumulated depreciation				
Building and Improvements	8,400,169	834,703	-	9,234,872
Machinery and Equipment	2,716,806	234,634	(197,272)	2,754,168
Infrastructure	2,836,451	262,606		3,099,057
Total accumulated depreciation	<u>13,953,426</u>	<u>1,331,943</u>	<u>(197,272)</u>	<u>15,088,097</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>17,643,917</u>	<u>(800,552)</u>	<u>(25,638)</u>	<u>16,817,727</u>
Total Capital Assets, Net	<u>\$ 21,258,981</u>	<u>\$ (744,552)</u>	<u>\$ (25,638)</u>	<u>\$ 21,994,209</u>

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 241,565
Public Safety	199,696
Transportation	751,206
Health	45,360
Leisure Activities	94,116
Total depreciation expense	<u>1,331,943</u>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 6 – CAPITAL ASSETS (Continued)**

*Business Type Activities*

<b>Water Revenue Fund</b>	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 460,028	-	-	\$ 460,028
Work in Progress	1,331,984	6,530,680	-	7,862,664
<b>Total Nondepreciable Assets</b>	<b>1,792,012</b>	<b>6,530,680</b>	<b>-</b>	<b>8,322,692</b>
Depreciable Capital Assets				
Buildings	10,555,736	-	-	10,555,736
Equipment	2,702,671	-	-	2,702,671
Infrastructure	480,263	-	-	480,263
<b>Total Depreciable Assets</b>	<b>13,738,670</b>	<b>-</b>	<b>-</b>	<b>13,738,670</b>
Less accumulated depreciation				
Buildings	10,112,363	101,407	-	10,213,770
Equipment	1,957,692	49,077	-	2,006,769
Infrastructure	11,454	9,605	-	21,059
<b>Total accumulated depreciation</b>	<b>12,081,509</b>	<b>160,089</b>	<b>-</b>	<b>12,241,598</b>
<b>Depreciable Capital Assets, Net of accumulated depreciation</b>	<b>1,657,161</b>	<b>(160,089)</b>	<b>-</b>	<b>1,497,072</b>
<b>Total Capital Assets, Net</b>	<b>\$ 3,449,173</b>	<b>\$ 6,370,591</b>	<b>\$ -</b>	<b>\$ 9,819,764</b>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 6 – CAPITAL ASSETS (Continued)**

<b>Sewer Revenue Fund</b>	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 489,768	\$ -	\$ -	\$ 489,768
Work in Progress	614,668	2,177,942	-	2,792,610
Total Nondepreciable Assets	<u>1,104,436</u>	<u>2,177,942</u>	<u>-</u>	<u>3,282,378</u>
Depreciable Capital Assets				
Buildings	20,595,620	-	(244,205)	20,351,415
Equipment	1,534,397	-	-	1,534,397
Infrastructure	693,761	920,000	-	1,613,761
Total Depreciable Assets	<u>22,823,778</u>	<u>920,000</u>	<u>(244,205)</u>	<u>23,499,573</u>
Less accumulated depreciation				
Buildings	19,701,058	165,712	(244,205)	19,622,565
Equipment	1,413,233	39,754	-	1,452,987
Infrastructure	15,740	13,875	-	29,615
Total accumulated depreciation	<u>21,130,031</u>	<u>219,341</u>	<u>(244,205)</u>	<u>21,105,167</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>1,693,747</u>	<u>700,659</u>	<u>-</u>	<u>2,394,406</u>
Total Capital Assets, Net	<u><u>\$ 2,798,183</u></u>	<u><u>\$ 2,878,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,676,784</u></u>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 7 – LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2008:

<i>Governmental Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Municipal Bldg Renovation GO Bonds 2006-2015 3.25%-4% Police & Fire Capital Improve. Fund	\$ 2,030,000	-	(225,000)	1,805,000	230,000
Airport Runway Expansion GO Bonds 2006-2015 3.25%-4% Airport Fund	48,000	-	(16,000)	32,000	16,000
Refunding Bonds Premium 2006-2015	37,835	-	(4,729)	33,106	-
9-1-1 Radio Equipment GO Bonds 2006-2016 4.25%-4.3% Police & Fire Capital Improve. Fund	460,000	-	(45,000)	415,000	45,000
Mausoluem Phase II GO Bonds 2006-2011 4.25% Mausoluem Trust Fund	410,000	-	(95,000)	315,000	100,000
HB300 Energy Savings	551,740	-	(51,401)	500,339	53,635
<b>Total</b>	<b>3,537,575</b>	<b>-</b>	<b>(437,130)</b>	<b>3,100,445</b>	<b>444,635</b>
Compensated Absences	866,381	297,314	(290,504)	873,191	279,735
Landfill Post Closure Liability	1,340,204	-	(58,382)	1,281,822	79,129
Unfunded P & F Pension Obligation Police & Fire Pension Levy Fund	268,627	-	(5,249)	263,378	5,472
<b>Total Governmental Activities Long Term Liabilities</b>	<b>\$ 6,012,787</b>	<b>\$ 297,314</b>	<b>\$ (791,265)</b>	<b>\$ 5,518,836</b>	<b>\$ 808,971</b>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2008:

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Water Fund:</b>					
GO Bonds 1995-2009 3.9%-5.85% Refinance Waterworks 79	\$ 245,000	\$ -	\$ (120,000)	\$ 125,000	\$ 125,000
GO Bonds 1997-2010 4.3%-5.85% Gwynne St Water Tower	102,000	-	(34,000)	68,000	34,000
GO Bonds 2006-2015 4%-4.75% Water System Improvements	795,000	-	(85,000)	710,000	90,000
OPWC 0% Interest Loan	312,396	-	(22,314)	290,082	22,314
OPWC 0% Interest Loan Well Field	92,309	-	(4,734)	87,575	4,734
OWDA Loan 2008-2029 3.36% North 29 Water System Improvement	-	5,019,493	-	5,019,493	100,537
OPWC 0% Interest Loan Well Field	-	1,000,000	-	1,000,000	50,000
Deferred Amount of Refunding	(2,695)		1,798	(897)	-
Accrued Vacation and Sick Leave	56,719	17,183	(37,460)	36,442	12,446
<b>Total Business-Type Activities</b>	<b>\$ 1,600,729</b>	<b>\$ 6,036,676</b>	<b>\$ (301,710)</b>	<b>\$ 7,335,695</b>	<b>\$ 439,031</b>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Sewer Fund:</b>					
OWDA Loan 1995-2012 4.56% Refinanced 1995 Upgrade	782,570	-	(172,608)	609,962	194,225
OWDA Loan 1995-2015 4.56% N-Viro Project	247,303	-	(67,128)	180,175	-
OWDA Loan 1996-2016 4.04% N-Viro Project	434,213	-	(38,891)	395,322	46,115
OPWC 0% Interest Loan	240,000	-	(30,000)	210,000	30,000
OWDA Loan 2008-2018 4.11% Sludge Handling Improvements	-	1,180,432	(124,057)	1,056,375	129,208
OWDA Loan 2008-2029 3.95% Sludge Handling Facility	-	665,490	(28,984)	636,506	59,696
OWDA Loan 2008-2018 4.78% Septage Receiving Facility	-	423,893	(21,696)	402,197	44,961
OWDA Loan 2008-2018 4.78% Septage Receiving Facility	-	635,891	(26,284)	609,607	54,336
OPWC 0% Northwest Sanitary	-	200,000	-	200,000	10,000
Deferred Amount on Refunding	(11,882)	-	4,248	(7,634)	-
Accrued Vacation and Sick Leave	56,039	17,221	(29,741)	43,519	19,370
<b>Total Business-Type Activities</b>	<b>\$ 1,748,243</b>	<b>\$ 3,122,927</b>	<b>\$ (535,141)</b>	<b>\$ 4,336,029</b>	<b>\$ 587,911</b>

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

Annual requirements to pay principal and interest on long-term debt at December 31, 2008:

	<b>Governmental Activities</b>		<b>Business Type-Activities</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Water</b>		<b>Sewer</b>	
			<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2009	444,635	122,940	426,585	136,339	568,541	174,320
2010	461,966	105,835	412,218	214,812	591,745	151,116
2011	468,398	88,068	385,203	202,836	657,317	136,161
2012	365,936	68,731	397,425	191,339	464,863	110,299
2013	383,584	53,757	409,892	179,373	483,137	93,069
2014-2018	942,820	64,777	1,870,625	713,473	1,434,541	155,966
2019-2023	-	-	1,829,488	468,829	50,000	-
2024-2028	-	-	1,568,714	170,335	50,000	-
<b>Total</b>	<b>3,067,339</b>	<b>504,108</b>	<b>7,300,150</b>	<b>2,277,336</b>	<b>4,300,144</b>	<b>820,931</b>

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, 2008, the City's total net debt amounted to .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, 2008, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 8 – ADVANCE REFUNDINGS**

On February 1, 1995, the City of Urbana advance-refunded the 1991 Wastewater Treatment Plant Upgrade Bonds with an 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 to provide for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered defeased and the liability has been removed from the City's financial statements. 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, 2008, the debt service requirement to maturity of the defeased bonds was \$772,290.

On July 1, 1995, the City issued \$4.885 million in General Obligation Bonds to finance a municipal building upgrade (\$3.6 million) and advance refund the 1979 Water Mortgage Revenue Bonds (\$1,545,000). The bonds were issued with interest rates ranging from 3.9% to 5.5%, compared to the refunded bonds having an interest rate of 6.75%.

The net proceeds of the refunding bonds (\$1,662,373) plus \$341,172 of the 1979 Revenue Bonds' sinking funds were used to purchase U.S. government securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the 1979 revenue bonds are considered defeased and the liability for those bonds has been removed from the City's financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$191,833. 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, 2008, the debt service requirement to maturity of the defeased bonds was \$171,200.

On August 1, 2005, the City issued \$2.645 million in General Obligation Bonds to currently refund the 1995 Municipal Building Bonds, Airport Runway Realignment Bonds, and Water Tower Maintenance Bonds. The net proceeds of the refunding bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the 1995 Municipal Building Bonds, Airport Runway Realignment Bonds, and Water Tower Maintenance Bonds are considered defeased and the liability for those bonds has been removed from the City's financial statements. The current refunding reduced resulting in net present value cash flow savings of \$156,649. As of December 31, 2008, the debt service requirement to maturity of the defeased bonds was \$0.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 9 – SHORT-TERM OBLIGATIONS**

The City’s short-term debt activity for the fiscal year, including amounts outstanding, interest rates, and the purpose for which the debt was issued, are as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Bond Anticipation Notes</b>				
Recreation Building, 3.5%	\$ 100,000	\$ 100,000	\$ (100,000)	\$ 100,000
Armory Building, 3.5%	-	235,000	-	235,000
Scioto Street, 3.5%	-	200,000	-	200,000
<b>Total Bond Anticipation Notes</b>	<u>\$ 100,000</u>	<u>\$ 535,000</u>	<u>\$ (100,000)</u>	<u>\$ 535,000</u>
 <b>Business-Type Activities</b>				
<b>Bond Anticipation Notes</b>				
Water Lines, 3.5%	\$ 300,000	\$ 300,000	\$ (300,000)	\$ 300,000
Sewer Lines, 3.5%	500,000	500,000	(500,000)	500,000
<b>Total Bond Anticipation Notes</b>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ (800,000)</u>	<u>\$ 800,000</u>

The City has issued bond anticipation notes to provide funds for the acquisition and construction of capital facilities and infrastructure. By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. Limitations also exist on the number of times notes may be renewed. The liability for the bond anticipation notes issued by the City is recorded in the funds that received the note proceeds.

All of the debt is backed by the full faith and credit of the City and mature within one year. The liability is reflected in the fund which received the proceeds and which will repay the debt.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 10 – RISK MANAGEMENT**

The City belongs to the Public Entities Pool of Ohio ("PEP"), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductible.

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

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

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

<u>Casualty &amp; Property Coverage</u>	<u>2008</u>	<u>2007</u>
Assets	\$35,769,000	\$37,560,071
Liabilities	\$15,310,000	\$17,340,825
Retained Earnings	\$20,459,000	\$20,219,246

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

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

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

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 11 – PENSION BENEFITS**

Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2008 member contribution rates were 10.0% for members in state and local classifications. The 2008 employer contribution rate for state and local employers was 14.00% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2008, 2007, and 2006 were \$361,972, \$389,328, and \$392,841, respectively. Approximately 90% has been contributed for 2008 and 100% has been contributed for 2007 and 2006. The unpaid contribution for 2008 is recorded as a liability in the respective funds.

Ohio Police and Fire Pension Fund

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

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 11 – PENSION BENEFITS (Continued)**

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, 2008, 2007 and 2006 were \$595,985, \$574,073, and \$559,114, respectively, equal to the required contribution for each year. Approximately 73% has been contributed for 2008 and 100% has been contributed for 2007 and 2006. The unpaid contribution for 2008 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, 2008, the unfunded liability is payable, including principal and interest, in annual installments for \$16,666 through the year 2035. The principal balance of \$263,378 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.

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS**

A. Public Employees Retirement System

**Plan Description.** Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy.** The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.40%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of employer contributions that were used to fund post-employment benefits were \$180,986 for 2008.

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

**B. Ohio Police and Fire Pension Fund**

**Plan Description.** The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

**CITY OF URBANA, OHIO**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy.** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F for the years ending December 31, 2008, 2007, and 2006 were \$595,985, \$574,073, and \$559,114, respectively, of which \$183,566, \$177,164 and \$197,144, respectively, was allocated to the healthcare plan.

**NOTE 13 – LANDFILL CLOSURE/ POST CLOSURE COSTS**

State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. The City stopped accepting waste at the landfill in 1987. The Ohio EPA approved the final closure and post closure plan in January 1988. With the assistance of Arcadis Engineering, the geological engineers, the \$1,281,822 reported as landfill post closure liability at December 31, 2008, 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.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 14 – INTERFUND BALANCES**

Interfund balances at December 31, 2008 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
General	216,460	115,000	-	331,460
Capital Improvement	(141,460)	-	-	(141,460)
Mausoleum Trust	(75,000)	(115,000)	-	(190,000)

In accordance with City financial policies, the City’s General Fund allocates administrative costs to various other funds. The Capital Improvement Fund amount noted above represents the Capital Improvement Funds’ share of administrative costs not yet paid to the General Fund.

The Mausoleum Trust Fund amount noted above represents monies advanced from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. These funds will be returned to the General Fund as funds become available through mausoleum sales.

**NOTE 15 – INTERFUND TRANSFERS**

Interfund transfers during the fiscal year were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-	300,000
Street	230,000	-
Oakdale Cemetery	70,000	-

Transfers are used to (1) move receipts restricted to debt service from the fund(s) collecting the receipts to the debt service fund(s) as debt service payments become due, (2) move matching monies to finance the City’s share of grant expenses, and (3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code and grant requirements.

**CITY OF URBANA, OHIO**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE 16 – SIGNIFICANT CONSTRUCTION COMMITMENTS**

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

The reconstruction of East Lawn Avenue was funded with grant, water and sewer, and local share monies. The engineering division has drafted plans for the Scioto Street Enhancement and widening project scheduled for completion in 2009; grant funding and local share funding will finance the \$1.4 million project.

The City is substantially complete with the new north well field which will be completed in 2009 at an estimated cost of \$8.0 million. The three wells will supply additional water and backup for the city in excess of the needs well into the future.

The City will also begin and complete construction on the old Armory in 2009 at a cost of \$0.4. The building will house the new Ohio HI-Point Career Center which is scheduled for occupancy mid-year 2009. The facility will be used for community job force training.

**NOTE 17 – 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.

**NOTE 18 – DEFICIT FUND BALANCE/ NETASSETS**

The following individual fund had deficit fund balances/net assets at December 31, 2008:

East Lawn Reconstruction Fund	\$ 80,743
Oakdale Cemetery Fund	\$ 8,563
Victim Assistance Grant Fund	\$ 1,349
Mausoleum Trust Fund	\$ 175,309

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF URBANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b><u>Revenues:</u></b>				
Income Tax	\$ 2,830,000	\$ 2,830,000	\$ 2,779,804	\$ (50,196)
Property Tax	421,308	421,308	401,050	(20,258)
Intergovernmental	910,792	910,792	1,042,151	131,359
Charges for Services	678,600	678,600	702,685	24,085
Fines, Licenses and Permits	623,250	623,250	688,416	65,166
Interest	100,000	100,000	282,688	182,688
Miscellaneous	50,000	50,000	62,768	12,768
Reimbursements	770,000	770,000	439,035	(330,965)
<b>Total Revenues</b>	<u>\$ 6,383,950</u>	<u>\$ 6,383,950</u>	<u>\$ 6,398,597</u>	<u>\$ 14,647</u>
<b><u>Expenditures:</u></b>				
<b>Current:</b>				
<b>General Government</b>				
City Council				
Personal Services	68,145	78,145	77,198	947
Supplies, Materials and Other	1,764	1,764	2,014	(250)
Total City Council	<u>69,909</u>	<u>79,909</u>	<u>79,212</u>	<u>697</u>
Mayor/Administration				
Personal Services	222,085	248,085	242,488	5,597
Supplies, Materials and Other	16,725	16,725	13,235	3,490
Total Mayor/Administration	<u>238,810</u>	<u>264,810</u>	<u>255,723</u>	<u>9,087</u>
Municipal Court				
Personal Services	623,790	613,790	564,125	49,665
Supplies, Materials and Other	65,734	66,055	88,254	(22,199)
Total Municipal Court	<u>689,524</u>	<u>679,845</u>	<u>652,379</u>	<u>27,466</u>
Engineering				
Personal Services	271,480	241,480	223,481	17,999
Supplies, Materials and Other	9,991	3,355	12,897	(9,542)
Total Engineering	<u>281,471</u>	<u>244,835</u>	<u>236,378</u>	<u>8,457</u>
Public Works				
Supplies, Materials and Other	155,428	168,145	169,748	(1,603)
Total Public Works	<u>155,428</u>	<u>168,145</u>	<u>169,748</u>	<u>(1,603)</u>
Finance Accounting				
Personal Services	209,995	229,515	226,798	2,717
Supplies, Materials and Other	19,269	17,749	14,301	3,448
Total Finance Accounting	<u>229,264</u>	<u>247,264</u>	<u>241,099</u>	<u>6,165</u>
Finance Income Tax				
Personal Services	82,555	86,760	81,842	4,918
Supplies, Materials and Other	21,825	23,620	19,925	3,695
Total Finance Income Tax	<u>104,380</u>	<u>110,380</u>	<u>101,767</u>	<u>8,613</u>

CITY OF URBANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Law Department				
Personal Services	112,790	122,390	119,830	2,560
Supplies, Materials and Other	9,556	12,556	13,720	(1,164)
Total Law Department	<u>122,346</u>	<u>134,946</u>	<u>133,550</u>	<u>1,396</u>
Non-Departmental				
Supplies, Materials and Other	305,769	355,769	344,809	10,960
Total Non-Departmental	<u>305,769</u>	<u>355,769</u>	<u>344,809</u>	<u>10,960</u>
<b>Total General Government</b>	<u>2,196,901</u>	<u>2,285,903</u>	<u>2,214,665</u>	<u>71,238</u>
<b>Security of Person and Property</b>				
Police Services				
Personal Services	1,457,380	1,507,380	1,458,552	48,828
Supplies, Materials and Other	164,229	194,638	202,660	(8,022)
Total Police Services	<u>1,621,609</u>	<u>1,702,018</u>	<u>1,661,212</u>	<u>40,806</u>
Fire Services				
Personal Services	1,796,615	1,821,615	1,782,092	39,523
Supplies, Materials and Other	59,291	64,825	74,869	(10,044)
Total Fire Services	<u>1,855,906</u>	<u>1,886,440</u>	<u>1,856,961</u>	<u>29,479</u>
Ambulance Services				
Personal Services	56,225	39,725	25,284	14,441
Supplies, Materials and Other	43,386	44,033	46,799	(2,766)
Total Ambulance Services	<u>99,611</u>	<u>83,758</u>	<u>72,083</u>	<u>11,675</u>
<b>Total Security of Person and Property</b>	<u>3,577,126</u>	<u>3,672,216</u>	<u>3,590,256</u>	<u>81,960</u>
<b>Health</b>				
Supplies, Materials and Other	51,000	51,000	50,846	154
<b>Total Health</b>	<u>51,000</u>	<u>51,000</u>	<u>50,846</u>	<u>154</u>
<b>Leisure Activities</b>				
Recreation Administration				
Personal Services	84,880	60,380	57,821	2,559
Supplies, Materials and Other	12,050	12,050	14,568	(2,518)
Total Recreation Administration	<u>96,930</u>	<u>72,430</u>	<u>72,389</u>	<u>41</u>
Recreation Programs				
Supplies, Materials and Other	74,564	74,564	66,647	7,917
Total Recreation Programs	<u>74,564</u>	<u>74,564</u>	<u>66,647</u>	<u>7,917</u>
Recreation-Pool				
Personal Services	44,290	51,170	51,159	11
Supplies, Materials and Other	46,985	56,655	56,535	120
Total Recreation-Pool	<u>91,275</u>	<u>107,825</u>	<u>107,694</u>	<u>131</u>
Recreation Parks				
Personal Services	64,290	70,090	69,348	742
Supplies, Materials and Other	29,346	33,846	33,191	655
Total Recreation Parks	<u>93,636</u>	<u>103,936</u>	<u>102,539</u>	<u>1,397</u>
<b>Total Leisure Activities</b>	<u>356,405</u>	<u>358,755</u>	<u>349,269</u>	<u>9,486</u>

CITY OF URBANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Community Environment</b>				
Code Enforcement				
Personal Services	76,570	86,370	83,803	2,567
Supplies, Materials and Other	2,001	2,010	2,239	(229)
<b>Total Community Environment</b>	<u>78,571</u>	<u>88,380</u>	<u>86,042</u>	<u>2,338</u>
<b>Basic Utilities</b>				
Finance Utility Billing				
Personal Services	107,355	107,355	93,810	13,545
Supplies, Materials and Other	24,920	30,920	42,872	(11,952)
<b>Total Basic Utilities</b>	<u>132,275</u>	<u>138,275</u>	<u>136,682</u>	<u>1,593</u>
<b>Transportation</b>				
Parking Enforcement				
Personal Services	13,060	13,060	12,305	755
Supplies, Materials and Other	2,000	2,000	488	1,512
<b>Total Transportation</b>	<u>15,060</u>	<u>15,060</u>	<u>12,793</u>	<u>2,267</u>
<b>Total Expenditures</b>	<u>6,407,338</u>	<u>6,609,589</u>	<u>6,440,553</u>	<u>169,036</u>
Excess of Revenues Over/(Under) Expenditures	<u>(23,388)</u>	<u>(225,639)</u>	<u>(41,956)</u>	<u>(151,748)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	(310,000)	(310,000)	(300,000)	(10,000)
Advances Out	-	(115,000)	(115,000)	-
Total Financing Sources (Uses)	<u>(310,000)</u>	<u>(425,000)</u>	<u>(415,000)</u>	<u>(10,000)</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	<u>(333,388)</u>	<u>(650,639)</u>	<u>(456,956)</u>	<u>(161,748)</u>
Fund Balance January 1, 2008	660,010	660,010	660,010	-
Prior Year Encumbrances	30,154	30,154	30,154	-
Fund Balance December 31, 2008	<u>356,776</u>	<u>39,525</u>	<u>233,208</u>	<u>(161,748)</u>

CITY OF URBANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>				
Intergovernmental	574,000	574,000	509,249	64,751
Miscellaneous	2,000	2,000	6,581	(4,581)
Reimbursements	95,000	95,000	124,579	(29,579)
<b>Total Revenues</b>	<u>671,000</u>	<u>671,000</u>	<u>640,409</u>	<u>30,591</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Transportation</b>				
Personal Services	625,670	625,670	611,797	13,873
Supplies, Materials and Other	190,508	247,008	260,765	(13,757)
<b>Total Transportation</b>	<u>816,178</u>	<u>872,678</u>	<u>872,562</u>	<u>116</u>
Excess of Revenues Over/(Under) Expenditures	<u>(145,178)</u>	<u>(201,678)</u>	<u>(232,153)</u>	<u>30,707</u>
Other Financing Sources (Uses)				
Operating Transfers In	165,000	165,000	230,000	65,000
Total Financing Sources (Uses)	<u>165,000</u>	<u>165,000</u>	<u>230,000</u>	<u>65,000</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	<u>19,822</u>	<u>(36,678)</u>	<u>(2,153)</u>	<u>95,707</u>
Fund Balance January 1, 2008	33,484	33,484	33,484	-
Prior Year Encumbrances	3,872	3,872	3,872	-
Fund Balance December 31, 2008	<u><u>57,178</u></u>	<u><u>678</u></u>	<u><u>35,203</u></u>	<u><u>95,707</u></u>

CITY OF URBANA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS  
 POLICE AND FIRE LEVY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>				
Income Tax	1,180,000	1,180,000	1,111,922	68,078
Miscellaneous	-	-	4,880	(4,880)
<b>Total Revenues</b>	<u>1,180,000</u>	<u>1,180,000</u>	<u>1,116,802</u>	<u>63,198</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public Safety</b>				
Personal Services	969,575	991,575	966,716	24,859
Supplies, Materials and Other	112,249	145,249	134,468	10,781
<b>Total Security of Persons and Property</b>	<u>1,081,824</u>	<u>1,136,824</u>	<u>1,101,184</u>	<u>35,640</u>
Excess of Revenues Over/(Under) Expenditures	<u>98,176</u>	<u>43,176</u>	<u>15,618</u>	<u>27,558</u>
Fund Balance January 1, 2008	391,393	391,393	391,393	-
Prior Year Encumbrances	10,169	10,169	10,169	-
Fund Balance December 31, 2008	<u>499,738</u>	<u>444,738</u>	<u>417,180</u>	<u>27,558</u>

CITY OF URBANA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 1 - BUDGETARY PROCESS**

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

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

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

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

CITY OF URBANA  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 1 - BUDGETARY PROCESS (Continued)**

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).

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

**Excess (Deficiency) of Revenues and Other Financing Sources  
 Over (Under) Expenditures and Other Financing Uses**

	General Fund	Street Fund	Police & Fire Levy Fund
GAAP Basis	\$ (246,070)	\$ 39,954	\$ 61,138
Revenue Accruals	202,667	1,037	8,749
Expenditure Accruals	(277,981)	(39,709)	8,761
Advances	(115,000)	-	-
Encumbrances	(20,572)	(3,435)	(63,030)
Budget Basis	<u>\$ (456,956)</u>	<u>\$ (2,153)</u>	<u>\$ 15,618</u>

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**SUPPLEMENTARY INFORMATION**

## Nonmajor Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A description of each of the City's nonmajor special revenue funds is as follows:

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

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

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

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

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

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

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

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

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

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

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

*D.A.R.E. Grant Fund* – accounts for a grant from the Attorney General of Ohio for drug abuse resistance education.

*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) Fund* – accounts for grant 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.

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

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

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

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

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

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

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

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

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

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A description of each of the City's nonmajor capital projects funds is as follows:

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

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

**THE CITY OF URBANA, OHIO  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	Airport Fund	State Highway Fund	Oak Dale Cemetery Fund	Police and Fire Pension Levy	Supplemental Investment	CDBG Program Income
<b><u>ASSETS</u></b>						
Pooled Cash and Investments	\$ 27,886	\$ 7,356	\$ 2,162	\$ 26,385	\$ 387,508	\$ 48,648
Receivables:						
Income Tax	-	-	-	-	-	-
Property Tax	-	-	-	100,139	-	-
Interest	-	-	-	-	8,129	-
Accounts	-	-	26,985	-	-	-
Notes	-	-	-	-	-	39,685
Due From Other Governments	-	20,133	-	6,851	-	-
Inventory	38,663	-	-	-	-	-
Prepaid Assets	-	-	1,881	-	-	-
Advances To Other Funds	-	-	-	-	-	-
Total Assets	<u>\$ 66,549</u>	<u>\$ 27,489</u>	<u>\$ 31,028</u>	<u>\$ 133,375</u>	<u>\$ 395,637</u>	<u>\$ 88,333</u>
<b><u>LIABILITIES</u></b>						
Accounts Payable	\$ 4,566	\$ -	\$ 5,094	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-	-	-
Accrued Wages and Benefits	-	-	2,086	-	-	-
Due To Other Governments	-	-	5,426	-	-	-
Deferred Revenue	-	13,422	26,985	106,990	8,129	-
Notes Payable	-	-	-	-	-	-
Advances From Other Funds	-	-	-	-	-	-
Total Liabilities	<u>4,566</u>	<u>13,422</u>	<u>39,591</u>	<u>106,990</u>	<u>8,129</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>						
Reserved for:						
Inventory	38,663	-	-	-	-	-
Encumbrances	-	-	-	-	-	8,206
Advances	-	-	-	-	-	-
Notes	-	-	-	-	-	39,685
Prepays	-	-	1,881	-	-	-
Unreserved, reported in:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	23,320	14,067	(10,444)	26,385	387,508	40,442
Permanent Endowment	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-
Total Fund Balance	<u>61,983</u>	<u>14,067</u>	<u>(8,563)</u>	<u>26,385</u>	<u>387,508</u>	<u>88,333</u>
Total Liabilities and Fund Balance	<u>\$ 66,549</u>	<u>\$ 27,489</u>	<u>\$ 31,028</u>	<u>\$ 133,375</u>	<u>\$ 395,637</u>	<u>\$ 88,333</u>

FAA Airport Grant Fund	CHIP Grant Fund	CHIP Penn Depot Grant	ODNR Natureworks Grant	Ohio Hi-Point Career	FY07 CHIP Grant	Law Enforcement Fund	Mandatory Drug Fine	Indigent Alcohol
\$ 23,776	\$ -	\$ 200,000	\$ -	\$ 235,000	\$ 27,093	\$ 19,778	\$ 10,839	\$ 13,185
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	585	-	75
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 23,776</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ 27,093</u>	<u>\$ 20,363</u>	<u>\$ 10,839</u>	<u>\$ 13,260</u>
\$ 4,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720	\$ -	\$ 4,500
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	200,000	-	235,000	27,093	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,844</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>235,000</u>	<u>27,093</u>	<u>720</u>	<u>-</u>	<u>4,500</u>
-	-	-	-	-	-	-	-	-
18,932	-	-	-	-	22,315	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(22,315)	19,643	10,839	8,760
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>18,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,643</u>	<u>10,839</u>	<u>8,760</u>
<u>\$ 23,776</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ 27,093</u>	<u>\$ 20,363</u>	<u>\$ 10,839</u>	<u>\$ 13,260</u>

THE CITY OF URBANA, OHIO  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 DECEMBER 31, 2008  
 (Continued)

	Probation Office Grants	Victim Assistance Grant	Capital Police & Fire Fund	Municipal Court Improvement	Cemetery Trust Income	Fire Donation Trust
<b>ASSETS</b>						
Pooled Cash and Investments	\$ 101,394	\$ -	\$ 68,205	\$ 148,884	\$ 28,092	\$ 25,930
Receivables:						
Income Tax	-	-	77,805	-	-	-
Property Tax	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Accounts	4,780	-	-	12,511	-	-
Notes	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid Assets	-	-	-	-	-	-
Advances To Other Funds	-	-	-	-	-	-
Total Assets	<u>\$ 106,174</u>	<u>\$ -</u>	<u>\$ 146,010</u>	<u>\$ 161,395</u>	<u>\$ 28,092</u>	<u>\$ 25,930</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 52	\$ -	\$ -	\$ 6,142	\$ -	\$ 225
Retainage Payable	-	-	-	-	-	-
Accrued Wages and Benefits	1,625	522	-	1,054	-	-
Due To Other Governments	3,918	827	-	2,355	-	-
Deferred Revenue	-	-	31,980	-	-	-
Notes Payable	-	-	-	-	-	-
Advances From Other Funds	-	-	-	-	-	-
Total Liabilities	<u>5,595</u>	<u>1,349</u>	<u>31,980</u>	<u>9,551</u>	<u>-</u>	<u>225</u>
<b>FUND BALANCE</b>						
Reserved for:						
Inventory	-	-	-	-	-	-
Encumbrances	1,346	-	-	-	-	-
Advances	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Unreserved, reported in:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	99,233	(1,349)	-	-	28,092	25,705
Permanent Endowment	-	-	-	-	-	-
Capital Project Fund	-	-	114,030	151,844	-	-
Total Fund Balance	<u>100,579</u>	<u>(1,349)</u>	<u>114,030</u>	<u>151,844</u>	<u>28,092</u>	<u>25,705</u>
Total Liabilities and Fund Balance	<u>\$ 106,174</u>	<u>\$ -</u>	<u>\$ 146,010</u>	<u>\$ 161,395</u>	<u>\$ 28,092</u>	<u>\$ 25,930</u>

Fire Safety Council	Police Trust	City Beautification Trust	Masoleum Trust	Cemetery Perpetual Trust	Totals
\$ 182	\$ 7,007	\$ 8,171	\$ 14,691	\$ 87,382	\$ 1,519,554
-	-	-	-	-	77,805
-	-	-	-	-	100,139
-	-	-	-	-	8,129
-	-	-	-	-	44,936
-	-	-	-	-	39,685
-	-	-	-	-	26,984
-	-	-	-	-	38,663
-	-	-	-	-	1,881
-	-	-	-	-	-
<u>\$ 182</u>	<u>\$ 7,007</u>	<u>\$ 8,171</u>	<u>\$ 14,691</u>	<u>\$ 87,382</u>	<u>\$ 1,857,776</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,143
-	-	-	-	-	-
-	-	-	-	-	5,287
-	-	-	-	-	12,526
-	-	-	-	-	214,599
-	-	-	-	-	435,000
-	-	-	190,000	-	190,000
-	-	-	190,000	-	883,555
-	-	-	-	-	38,663
-	-	-	-	-	50,799
-	-	-	-	-	-
-	-	-	-	-	39,685
-	-	-	-	-	1,881
-	-	-	-	-	-
182	7,007	8,171	(175,309)	-	489,937
-	-	-	-	87,382	87,382
-	-	-	-	-	265,874
<u>182</u>	<u>7,007</u>	<u>8,171</u>	<u>(175,309)</u>	<u>87,382</u>	<u>974,221</u>
<u>\$ 182</u>	<u>\$ 7,007</u>	<u>\$ 8,171</u>	<u>\$ 14,691</u>	<u>\$ 87,382</u>	<u>\$ 1,857,776</u>

**THE CITY OF URBANA, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Airport Fund	State Highway Fund	Oak Dale Cemetery Fund	Police and Fire Pension Levy	Supplemental Investment	CDBG Program Income
<b><u>REVENUES</u></b>						
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	91,421	-	-
Intergovernmental	-	41,205	-	33,006	-	-
Charges for Services	175,405	-	85,536	-	-	-
Fines, Licenses, and Permits	-	-	-	-	-	-
Interest	-	-	-	-	20,042	2,174
Miscellaneous	60,235	-	120	-	-	1,069
Total Revenues	<u>235,640</u>	<u>41,205</u>	<u>85,656</u>	<u>124,427</u>	<u>20,042</u>	<u>3,243</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Public Safety	-	-	-	108,000	-	-
Health	-	-	191,511	-	-	-
Leisure Time	-	-	-	-	-	-
Community Development	-	-	-	-	-	13,547
Transportation	224,721	49,993	-	-	-	-
General Government	-	-	-	3,113	-	-
Capital Outlay	-	-	-	-	-	-
Debt service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>224,721</u>	<u>49,993</u>	<u>191,511</u>	<u>111,113</u>	<u>-</u>	<u>13,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,919	(8,788)	(105,855)	13,314	20,042	(10,304)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers In	-	-	70,000	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,919	(8,788)	(35,855)	13,314	20,042	(10,304)
Fund Balance at Beginning of Year	51,064	22,855	27,292	13,071	367,466	98,637
Fund Balance at End of Year	<u>\$ 61,983</u>	<u>\$ 14,067</u>	<u>\$ (8,563)</u>	<u>\$ 26,385</u>	<u>\$ 387,508</u>	<u>\$ 88,333</u>

FAA Airport Grant Fund	CHIP Grant Fund	CHIP Penn Depot Grant	ODNR Natureworks Grant	Ohio Hi-Point Career	FY07 CHIP Grant	Law Enforcement Fund	Mandatory Drug Fine	Indigent Alcohol
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
87,100	-	3,964	56,000	57,000	166,181	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,999	1,381	10,862
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>87,100</u>	<u>-</u>	<u>3,964</u>	<u>56,000</u>	<u>57,000</u>	<u>166,181</u>	<u>7,999</u>	<u>1,381</u>	<u>10,862</u>
-	-	-	-	-	-	11,466	-	13,550
-	-	-	-	-	-	-	-	-
-	42,826	-	-	-	166,181	-	-	-
4,844	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
81,443	-	3,964	56,000	57,000	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>86,287</u>	<u>42,826</u>	<u>3,964</u>	<u>56,000</u>	<u>57,000</u>	<u>166,181</u>	<u>11,466</u>	<u>-</u>	<u>13,550</u>
813	(42,826)	-	-	-	-	(3,467)	1,381	(2,688)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
813	(42,826)	-	-	-	-	(3,467)	1,381	(2,688)
18,119	42,826	-	-	-	-	23,110	9,458	11,448
<u>\$ 18,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,643</u>	<u>\$ 10,839</u>	<u>\$ 8,760</u>

**THE CITY OF URBANA, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**  
**(Continued)**

	Probtion Office Grants	Victim Assistance Grant	Capital Police & Fire Fund	Municipal Court Improvement	Cemetery Trust Income	Fire Donation Trust
<b>REVENUES</b>						
Income Taxes	\$ -	\$ -	\$ 367,725	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-
Intergovernmental	55,197	16,798	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines, Licenses, and Permits	85,973	-	-	153,286	-	-
Interest	-	-	-	4,375	3,904	-
Miscellaneous	-	-	-	-	-	11,825
Total Revenues	<u>141,170</u>	<u>16,798</u>	<u>367,725</u>	<u>157,661</u>	<u>3,904</u>	<u>11,825</u>
<b>EXPENDITURES</b>						
Current:						
Public Safety	133,989	16,986	-	-	-	8,681
Health	-	-	-	-	3,636	-
Leisure Time	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
General Government	-	-	-	65,109	-	-
Capital Outlay	-	-	93,288	12,931	-	-
Debt service:						
Principal Retirement	-	-	224,900	45,100	-	-
Interest and Fiscal Charges	-	-	92,453	6,821	-	-
Total Expenditures	<u>133,989</u>	<u>16,986</u>	<u>410,641</u>	<u>129,961</u>	<u>3,636</u>	<u>8,681</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,181	(188)	(42,916)	27,700	268	3,144
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,181	(188)	(42,916)	27,700	268	3,144
Fund Balance at Beginning of Year	93,398	(1,161)	156,946	124,144	27,824	22,561
Fund Balance at End of Year	<u>\$ 100,579</u>	<u>\$ (1,349)</u>	<u>\$ 114,030</u>	<u>\$ 151,844</u>	<u>\$ 28,092</u>	<u>\$ 25,705</u>

Fire Safety Council	Police Trust	City Beautification Trust	Masoleum Trust	Cemetery Perpetual Trust	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,725
-	-	-	-	-	91,421
-	-	-	-	-	516,451
-	-	-	6,223	-	267,164
-	-	-	-	-	259,501
-	-	-	-	-	30,495
-	5,000	1,076	-	-	79,325
-	5,000	1,076	6,223	-	1,612,082
351	4,963	-	-	-	297,986
-	-	-	-	-	195,147
-	-	-	-	-	-
-	-	-	-	-	222,554
-	-	-	-	-	279,558
-	-	13,011	-	-	81,233
-	-	-	-	-	304,626
-	-	-	95,000	-	365,000
-	-	-	17,425	-	116,699
351	4,963	13,011	112,425	-	1,862,803
(351)	37	(11,935)	(106,202)	-	(250,721)
-	-	-	-	-	70,000
-	-	-	-	-	-
-	-	-	-	-	70,000
(351)	37	(11,935)	(106,202)	-	(180,721)
533	6,970	20,106	(69,107)	87,382	1,154,942
\$ 182	\$ 7,007	\$ 8,171	\$ (175,309)	\$ 87,382	\$ 974,221

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Airport Fund</b>			
<b><u>Revenues:</u></b>			
Charges for Services	\$ 190,000	\$ 175,405	\$ (14,595)
Miscellaneous	46,000	60,235	14,235
<b>Total Revenues</b>	<b>236,000</b>	<b>235,640</b>	<b>(360)</b>
<b><u>Expenditures:</u></b>			
<b>Transportation</b>			
Personal Services	18,707	17,494	1,213
Supplies, Materials and Other	233,414	227,255	6,159
<b>Total Expenditures</b>	<b>252,121</b>	<b>244,749</b>	<b>7,372</b>
Excess of Revenues Over/(Under) Expenditures	(16,121)	(9,109)	7,012
Fund Balance - January 1	34,314	34,314	-
Prior Year Encumbrances Appropriated	2,167	2,167	-
Fund Balance - December 31	<u>\$ 20,360</u>	<u>\$ 27,372</u>	<u>\$ 7,012</u>
<b>State Highway Fund</b>			
<b><u>Revenues:</u></b>			
Intergovernmental	\$ 45,000	\$ 41,289	\$ (3,711)
<b>Total Revenues</b>	<b>45,000</b>	<b>41,289</b>	<b>(3,711)</b>
<b><u>Expenditures:</u></b>			
<b>Transportation</b>			
Supplies, Materials and Other	50,000	49,993	7
<b>Total Expenditures</b>	<b>50,000</b>	<b>49,993</b>	<b>7</b>
Excess of Revenues Over/(Under) Expenditures	(5,000)	(8,704)	(3,704)
Fund Balance - January 1	16,060	16,060	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 11,060</u>	<u>\$ 7,356</u>	<u>\$ (3,704)</u>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Oak Dale Cemetery</b>			
<b><u>Revenues:</u></b>			
Charges for Services	\$ 89,000	\$ 85,536	\$ (3,464)
Miscellaneous	500	120	(380)
<b>Total Revenues</b>	<b>89,500</b>	<b>85,656</b>	<b>(3,844)</b>
<b><u>Expenditures:</u></b>			
<b>Health</b>			
Personal Services	144,070	124,518	19,552
Supplies, Materials and Other	78,892	68,687	10,205
<b>Total Expenditures</b>	<b>222,962</b>	<b>193,205</b>	<b>29,757</b>
Excess of Revenues Over/(Under) Expenditures	(133,462)	(107,549)	25,913
<b><u>Other Financing Sources:</u></b>			
Operating Transfers In	100,000	70,000	(30,000)
<b>Total Other Financing Uses</b>	<b>100,000</b>	<b>70,000</b>	<b>(30,000)</b>
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(33,462)	(37,549)	(4,087)
Fund Balance - January 1	35,172	35,172	-
Prior Year Encumbrances Appropriated	1,957	1,957	-
Fund Balance - December 31	<b>\$ 3,667</b>	<b>\$ (420)</b>	<b>\$ (4,087)</b>
<b>Police and Fire Pension Levy Fund</b>			
<b><u>Revenues:</u></b>			
Property Taxes	\$ 100,972	\$ 98,734	\$ (2,238)
Intergovernmental	18,448	33,006	14,558
<b>Total Revenues</b>	<b>119,420</b>	<b>131,740</b>	<b>12,320</b>
<b><u>Expenditures:</u></b>			
<b>Public Safety</b>			
Supplies, Materials and Other	125,000	111,113	13,887
<b>Total Expenditures</b>	<b>125,000</b>	<b>111,113</b>	<b>13,887</b>
Excess of Revenues Over/(Under) Expenditures	(5,580)	20,627	26,207
Fund Balance - January 1	5,758	5,758	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<b>\$ 178</b>	<b>\$ 26,385</b>	<b>\$ 26,207</b>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Supplemental Investment</b>			
<b><u>Revenues:</u></b>			
Interest	\$ 17,000	\$ 30,167	\$ 13,167
<b>Total Revenues</b>	<b>17,000</b>	<b>30,167</b>	<b>13,167</b>
<b><u>Expenditures:</u></b>			
<b>General Government</b>			
Supplies, Materials and Other	150,000	-	150,000
<b>Total Expenditures</b>	<b>150,000</b>	<b>-</b>	<b>150,000</b>
Excess of Revenues Over/(Under) Expenditures	(133,000)	30,167	163,167
Fund Balance - January 1	357,341	357,341	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 224,341</u>	<u>\$ 387,508</u>	<u>\$ 163,167</u>
<b>CDBG Program Income</b>			
<b><u>Revenues:</u></b>			
Interest	\$ 4,800	\$ 2,174	\$ (2,626)
Miscellaneous	5,200	12,169	6,969
<b>Total Revenues</b>	<b>10,000</b>	<b>14,343</b>	<b>4,343</b>
<b><u>Expenditures:</u></b>			
<b>Community Environment</b>			
Supplies, Materials and Other	23,206	11,697	11,509
<b>Total Expenditures</b>	<b>23,206</b>	<b>11,697</b>	<b>11,509</b>
Excess of Revenues Over/(Under) Expenditures	(13,206)	2,646	15,852
Fund Balance - January 1	23,245	23,245	-
Prior Year Encumbrances Appropriated	11,319	11,319	-
Fund Balance - December 31	<u>\$ 21,358</u>	<u>\$ 37,210</u>	<u>\$ 15,852</u>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Cemetery Trust Income Fund</b>			
<b><u>Revenues:</u></b>			
Interest	\$ 2,000	\$ 201	\$ (1,799)
<b>Total Revenues</b>	<b>2,000</b>	<b>201</b>	<b>(1,799)</b>
<b><u>Expenditures:</u></b>			
<b>General Government</b>			
Supplies, Materials and Other	4,000	3,637	363
<b>Total Expenditures</b>	<b>4,000</b>	<b>3,637</b>	<b>363</b>
Excess of Revenues Over/(Under) Expenditures	(2,000)	(3,436)	(1,436)
Fund Balance - January 1	24,154	24,154	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 22,154</u>	<u>\$ 20,718</u>	<u>\$ (1,436)</u>
<b>Fire Donation Trust</b>			
<b><u>Revenues:</u></b>			
Miscellaneous	\$ 1,000	\$ 11,825	\$ 10,825
<b>Total Revenues</b>	<b>1,000</b>	<b>11,825</b>	<b>10,825</b>
<b><u>Expenditures:</u></b>			
<b>Public Safety</b>			
Supplies, Materials and Other	20,522	7,346	13,176
<b>Total Expenditures</b>	<b>20,522</b>	<b>7,346</b>	<b>13,176</b>
Excess of Revenues Over/(Under) Expenditures	(19,522)	4,479	24,001
Fund Balance - January 1	22,016	22,016	-
Prior Year Encumbrances Appropriated	543	543	-
Fund Balance - December 31	<u>\$ 3,037</u>	<u>\$ 27,038</u>	<u>\$ 24,001</u>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Fire Safety Council</b>			
<b><u>Revenues:</u></b>			
Miscellaneous	\$ 500	\$ -	\$ (500)
<b>Total Revenues</b>	<b>500</b>	<b>-</b>	<b>(500)</b>
<b><u>Expenditures:</u></b>			
<b>Public Safety</b>			
Supplies, Materials and Other	1,000	351	649
<b>Total Expenditures</b>	<b>1,000</b>	<b>351</b>	<b>649</b>
Excess of Revenues Over/(Under) Expenditures	(500)	(351)	149
Fund Balance - January 1	533	533	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 33</u>	<u>\$ 182</u>	<u>\$ 149</u>
<b>Police Donation Fund</b>			
<b><u>Revenues:</u></b>			
Miscellaneous	\$ 300	\$ 5,000	\$ 4,700
<b>Total Revenues</b>	<b>300</b>	<b>5,000</b>	<b>4,700</b>
<b><u>Expenditures:</u></b>			
<b>Public Safety</b>			
Supplies, Materials and Other	5,000	4,963	37
<b>Total Expenditures</b>	<b>5,000</b>	<b>4,963</b>	<b>37</b>
Excess of Revenues Over/(Under) Expenditures	(4,700)	37	4,737
Fund Balance - January 1	6,970	6,970	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 2,270</u>	<u>\$ 7,007</u>	<u>\$ 4,737</u>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>City Beautification</b>			
<b><u>Revenues:</u></b>			
Miscellaneous	\$ 500	\$ 1,076	\$ 576
<b>Total Revenues</b>	<u>500</u>	<u>1,076</u>	<u>576</u>
<b><u>Expenditures:</u></b>			
<b>General Government</b>			
Supplies, Materials and Other	15,000	13,011	1,989
<b>Total Expenditures</b>	<u>15,000</u>	<u>13,011</u>	<u>1,989</u>
Excess of Revenues Over/(Under) Expenditures	(14,500)	(11,935)	2,565
Fund Balance - January 1	20,106	20,106	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<u>\$ 5,606</u>	<u>\$ 8,171</u>	<u>\$ 2,565</u>

**CITY OF URBANA, OHIO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS**  
**NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	Final Budget	Actual	Variance Over/(Under)
<b>Capital Improvements</b>			
<b><u>Revenues:</u></b>			
Income Taxes	\$ 927,000	\$ 926,601	\$ (399)
Intergovernmental	70,000	85,000	15,000
Miscellaneous	-	81,110	81,110
Reimbursements	28,000	50,356	22,356
<b>Total Revenues</b>	<b>1,025,000</b>	<b>1,143,067</b>	<b>118,067</b>
<b><u>Expenditures:</u></b>			
<b>General Government</b>			
Supplies, Materials and Other	451,708	336,212	115,496
<b>Capital Outlay</b>			
Supplies, Materials and Other	596,941	431,330	165,611
<b>Debt Service-Principal</b>			
Supplies, Materials and Other	67,407	67,401	6
<b>Debt Service-Interest</b>			
Supplies, Materials and Other	23,998	23,998	-
<b>Total Expenditures</b>	<b>1,140,054</b>	<b>858,941</b>	<b>281,113</b>
Excess of Revenues Over/(Under) Expenditures	(115,054)	284,126	399,180
Fund Balance - January 1	97,761	97,761	-
Prior Year Encumbrances Appropriated	42,554	42,554	-
Fund Balance - December 31	<b>\$ 25,261</b>	<b>\$ 424,441</b>	<b>\$ 399,180</b>
<b>Capital Police and Fire</b>			
<b><u>Revenues:</u></b>			
Income Taxes	\$ 390,000	\$ 370,641	\$ (19,359)
<b>Total Revenues</b>	<b>390,000</b>	<b>370,641</b>	<b>(19,359)</b>
<b><u>Expenditures:</u></b>			
<b>Capital Outlay</b>			
Supplies, Materials and Other	99,000	93,288	5,712
<b>Debt Service-Principal</b>			
Supplies, Materials and Other	240,000	224,900	15,100
<b>Debt Service-Interest</b>			
Supplies, Materials and Other	96,750	92,454	4,296
<b>Total Expenditures</b>	<b>435,750</b>	<b>410,642</b>	<b>25,108</b>
Excess of Revenues Over/(Under) Expenditures	(45,750)	(40,001)	5,749
Fund Balance - January 1	108,206	108,206	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - December 31	<b>\$ 62,456</b>	<b>\$ 68,205</b>	<b>\$ 5,749</b>

**CITY OF URBANA**

**STATEMENT IN CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Assets</b>				
Restricted Cash	<u>\$ 152,013</u>	<u>\$ 2,749,178</u>	<u>\$ (2,705,006)</u>	<u>\$ 196,185</u>
Total Assets	<u><u>\$ 152,013</u></u>	<u><u>\$ 2,749,178</u></u>	<u><u>\$ (2,705,006)</u></u>	<u><u>\$ 196,185</u></u>
<b>Liabilities</b>				
Payable from Restricted Assets	<u>\$ 152,013</u>	<u>\$ 2,749,178</u>	<u>\$ (2,705,006)</u>	<u>\$ 196,185</u>
Total Liabilities	<u><u>\$ 152,013</u></u>	<u><u>\$ 2,749,178</u></u>	<u><u>\$ (2,705,006)</u></u>	<u><u>\$ 196,185</u></u>

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### **III. STATISTICAL SECTION**

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# Statistical Section

This part of City of Urbana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Contents

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the income tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **Economic and Demographic Information**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

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

	<u>Year Ended December 31,</u>							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities								
@ Invested in capital assets, net of related debt	\$ 17,660,490	\$ 15,400,962	\$ 14,672,549	\$ 18,167,776	\$ 17,793,096	\$ 17,636,470	\$ 17,729,581	\$ 18,887,291
Restricted for:								
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,788,155	1,564,394	2,115,630
Unrestricted	<u>1,813,647</u>	<u>3,713,957</u>	<u>3,883,237</u>	<u>(242,096)</u>	<u>608,441</u>	<u>942,374</u>	<u>1,806,841</u>	<u>1,578,909</u>
Total governmental activities net assets	<u>20,742,137</u>	<u>20,702,290</u>	<u>20,252,181</u>	<u>19,469,942</u>	<u>19,641,164</u>	<u>20,366,999</u>	<u>21,100,816</u>	<u>22,581,830</u>
Business-type activities								
Invested in capital assets, net of related debt	(942,728)	(1,957,660)	(1,885,783)	(650,358)	106,522	1,596,920	2,566,523	3,108,046
Unrestricted	<u>1,099,582</u>	<u>1,540,028</u>	<u>1,904,203</u>	<u>1,249,904</u>	<u>1,582,930</u>	<u>1,452,863</u>	<u>725,726</u>	<u>568,573</u>
Total business-type activities net assets	<u>156,854</u>	<u>(417,632)</u>	<u>18,420</u>	<u>599,546</u>	<u>1,689,452</u>	<u>3,049,783</u>	<u>3,292,249</u>	<u>3,676,619</u>
Total								
Invested in capital assets, net of related debt	16,717,762	13,443,302	12,786,766	17,517,418	17,899,618	19,233,390	20,296,104	21,995,337
Restricted for:								
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,788,155	1,564,394	2,115,630
Unrestricted	<u>2,913,229</u>	<u>5,253,985</u>	<u>5,787,440</u>	<u>1,007,808</u>	<u>2,191,371</u>	<u>2,395,237</u>	<u>2,532,567</u>	<u>2,147,482</u>
Total net assets	<u>\$ 20,898,991</u>	<u>\$ 20,284,658</u>	<u>\$ 20,270,601</u>	<u>\$ 20,069,488</u>	<u>\$ 21,330,616</u>	<u>\$ 23,416,782</u>	<u>\$ 24,393,065</u>	<u>\$ 26,258,449</u>

**Note:** Accounting standards require that the net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. @ - The amount reported as Invested in capital assets, net of related debt for 2001-2006 has been adjusted to reflect an estimate on the retro activity reporting of infrastructure assets.

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

	<b>Year Ended December 31,</b>							
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,794,545	\$ 1,701,976	\$ 1,512,995	\$ 1,603,012	\$ 1,989,062	\$ 1,910,616	\$ 2,162,193	\$ 2,192,531
Public safety	4,228,483	4,132,561	4,443,104	4,885,236	4,685,320	4,736,665	4,893,924	5,171,351
Health	229,527	220,333	250,120	308,315	282,016	285,521	284,920	315,102
Transportation	1,240,739	1,076,096	1,696,649	1,582,314	1,859,946	1,460,453	2,020,500	2,056,696
Community Development	720,536	431,608	420,659	735,964	630,101	399,554	380,013	223,536
Leisure Time	348,031	337,793	288,206	481,627	332,706	346,571	426,136	436,038
Basic utility services	117,721	125,902	122,403	128,537	132,590	4,671	2,889	-
Interest on long-term debt	214,145	141,261	149,541	164,376	148,735	123,459	152,733	144,178
Total governmental activities expenses	<u>8,893,727</u>	<u>8,167,530</u>	<u>8,883,677</u>	<u>9,889,381</u>	<u>10,060,476</u>	<u>9,267,510</u>	<u>10,323,308</u>	<u>10,539,432</u>
Business-type activities:								
Water	759,073	1,185,834	1,004,984	1,284,327	1,100,217	1,123,681	1,290,607	1,249,550
Sewer	1,856,752	1,820,864	1,704,783	1,810,374	1,769,378	1,803,123	1,910,497	1,673,721
Other business-type activities	-	-	11,300	-	-	-	-	80,885
Total business-type activities expenses	<u>2,615,825</u>	<u>3,006,698</u>	<u>2,721,067</u>	<u>3,094,701</u>	<u>2,869,595</u>	<u>2,926,804</u>	<u>3,201,104</u>	<u>3,004,156</u>
Total Expenses	11,509,552	11,174,228	11,604,744	12,984,082	12,930,071	12,194,314	13,524,412	13,543,588
<b>Program Revenues</b>								
Governmental activities:								
Public safety	262,524	636,481	557,953	649,379	703,236	546,427	764,302	833,201
Health	113,503	80,340	97,850	113,678	106,449	87,706	99,968	118,744
Transportation	3,422,452	637,459	697,334	1,204,929	1,021,257	3,618,625	852,563	2,203,575
Community Development	326,886	423,339	364,660	394,362	569,360	554,154	253,382	166,181
Leisure Time	102,506	107,834	115,556	122,875	136,445	760,347	129,026	128,247
Basic utility	117,721	125,902	122,403	128,537	132,590	134,445	-	-
General government	345,933	93,181	641,906	637,435	639,149	743,821	913,666	1,063,102
Total governmental activities program revenues	<u>4,691,525</u>	<u>2,104,536</u>	<u>2,597,662</u>	<u>3,251,195</u>	<u>3,308,486</u>	<u>6,445,525</u>	<u>3,012,907</u>	<u>4,513,050</u>
Business-type activities:								
Water	944,234	1,171,719	1,185,088	1,609,209	1,518,672	2,231,675	1,617,211	1,548,522
Sewer	1,849,291	1,926,734	1,828,305	1,944,923	1,978,518	1,930,447	1,826,359	1,975,135
Other business-type activities	-	26,939	54,426	14,695	-	10	-	95,875
Total business-type activities program revenues	<u>2,793,525</u>	<u>3,125,392</u>	<u>3,067,819</u>	<u>3,568,827</u>	<u>3,497,190</u>	<u>4,162,132</u>	<u>3,443,570</u>	<u>3,619,532</u>
<b>Net (Expense) Revenue <sup>(a)</sup></b>								
Governmental activities:								
General government	(1,448,612)	(1,608,795)	(871,089)	(965,577)	(1,349,913)	(1,166,795)	(1,248,527)	(1,129,429)
Public safety	(3,965,959)	(3,496,080)	(3,885,151)	(4,235,857)	(3,982,084)	(4,190,238)	(4,129,622)	(4,338,150)
Health	(116,024)	(139,993)	(152,270)	(194,637)	(175,567)	(197,815)	(184,952)	(196,358)
Transportation	2,181,713	(438,637)	(999,315)	(377,385)	(838,689)	2,158,172	(1,167,937)	146,879
Community Development	(393,650)	(8,269)	(55,999)	(341,602)	(60,741)	154,600	(126,631)	(57,355)
Leisure Time	(245,525)	(229,959)	(172,650)	(358,752)	(196,261)	413,776	(297,110)	(307,791)
Basic utility	-	-	-	-	-	129,774	(2,889)	-
Interest on long-term debt	(214,145)	(141,261)	(149,541)	(164,376)	(148,735)	(123,459)	(152,733)	(144,178)
Total governmental activities	<u>(4,202,202)</u>	<u>(6,062,994)</u>	<u>(6,286,015)</u>	<u>(6,638,186)</u>	<u>(6,751,990)</u>	<u>(2,821,985)</u>	<u>(7,310,401)</u>	<u>(6,026,382)</u>
Business-type activities:								
Water	185,161	(14,115)	180,104	324,882	418,455	1,107,994	326,604	298,972
Sewer	(7,461)	105,870	123,522	134,549	209,140	127,324	(84,138)	301,414
Other business-type activities	-	26,939	43,126	14,695	-	10	-	14,990
Total business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>627,595</u>	<u>1,235,328</u>	<u>242,466</u>	<u>615,376</u>
<b>Total</b>	<b>\$ (4,024,502)</b>	<b>\$ (5,944,300)</b>	<b>\$ (5,939,263)</b>	<b>\$ (6,164,060)</b>	<b>\$ (6,124,395)</b>	<b>\$ (1,586,657)</b>	<b>\$ (7,067,935)</b>	<b>\$ (5,411,006)</b>

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

Schedule 2  
 (continued)

	Year Ended December 31,							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Income taxes	\$ 4,048,812	\$ 4,053,078	\$ 4,044,104	\$ 4,247,561	\$ 4,828,748	\$ 5,020,970	\$ 5,854,508	\$ 5,275,958
Property taxes	563,089	471,537	520,599	707,875	667,221	700,282	677,878	565,912
Other taxes	212,439	124,684	467,531	331,484	281,614	182,794	168,306	147,948
Grants and contributions not restricted to specific programs	1,000,698	1,548,677	656,050	688,799	375,838	657,825	483,237	772,126
Investment earnings	272,826	97,684	221,279	124,123	150,166	261,228	324,908	232,352
(Loss) gain on sale/disposal of capital assets	-	-	-	-	-	-	-	(25,638)
Miscellaneous	111,261	298,349	259,417	89,179	78,605	119,123	535,381	304,738
Transfers	-	-	-	-	-	(205,134)	-	234,000
Total governmental activities	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,382,192</u>	<u>6,737,088</u>	<u>8,044,218</u>	<u>7,507,396</u>
Business-type activities:								
Investment earnings	-	-	-	-	12,970	-	-	2,994
Transfers	-	-	-	-	-	205,134	-	(234,000)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,970</u>	<u>205,134</u>	<u>-</u>	<u>(231,006)</u>
Total	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,395,162</u>	<u>6,942,222</u>	<u>8,044,218</u>	<u>7,276,390</u>
<b>Change in Net Assets</b>								
Governmental activities	2,006,923	531,015	(117,035)	(449,165)	(369,798)	3,915,103	733,817	1,481,014
Business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>640,565</u>	<u>1,440,462</u>	<u>242,466</u>	<u>384,370</u>
Total	<u>\$ 2,184,623</u>	<u>\$ 649,709</u>	<u>\$ 229,717</u>	<u>\$ 24,961</u>	<u>\$ 270,767</u>	<u>\$ 5,355,565</u>	<u>\$ 976,283</u>	<u>\$ 1,865,384</u>

- (a) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported by its own fees and program-specific grants versus its reliance upon funding from taxes and other governmental revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.
- (b) Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>										
Reserved for:										
Inventory	\$ 18,592	\$ 15,989	\$ 11,023	\$ 15,039	\$ 11,018	\$ 11,347	\$ 12,421	\$ 15,148	\$ 10,139	\$ 16,181
Encumbrances	29,542	80,150	98,853	43,181	28,120	28,120	-	29,348	30,153	-
Advances	-	-	-	-	-	-	-	-	75,000	331,460
Prepays	-	-	-	-	-	-	-	-	-	25,497
Unreserved	<u>1,372,572</u>	<u>757,788</u>	<u>647,686</u>	<u>515,096</u>	<u>562,504</u>	<u>739,006</u>	<u>726,775</u>	<u>789,313</u>	<u>1,176,620</u>	<u>672,704</u>
Total general fund	<u>\$ 1,420,706</u>	<u>\$ 853,927</u>	<u>\$ 757,562</u>	<u>\$ 573,316</u>	<u>\$ 601,642</u>	<u>\$ 778,473</u>	<u>\$ 739,196</u>	<u>\$ 833,809</u>	<u>\$ 1,291,912</u>	<u>\$ 1,045,842</u>
<b>All Other Governmental Funds</b>										
Reserved for:										
Inventory	\$ 58,669	\$ 40,685	\$ 38,691	\$ 45,249	\$ 38,006	\$ 44,759	\$ 51,428	\$ 47,893	\$ 55,853	\$ 104,206
Encumbrances	80,686	599,073	212,968	118,866	62,127	90,012	40,713	766,966	168,802	167,485
Notes	-	-	-	-	-	-	-	-	-	39,685
Prepays	-	-	-	-	-	-	-	-	-	6,218
Unreserved, reported in:										
Special revenue funds	1,070,018	1,265,757	823,358	999,180	1,230,571	1,166,015	921,201	509,475	1,180,548	1,036,777
Permenant Endowment	82,382	83,382	84,382	84,382	84,382	85,382	86,382	87,382	87,382	87,382
Capital projects funds	<u>2,042,770</u>	<u>1,803,576</u>	<u>1,963,473</u>	<u>2,369,147</u>	<u>2,295,427</u>	<u>1,681,473</u>	<u>1,810,595</u>	<u>2,461,673</u>	<u>2,130,874</u>	<u>2,307,131</u>
Total all other governmental funds	<u>\$ 3,334,525</u>	<u>\$ 3,792,473</u>	<u>\$ 3,122,872</u>	<u>\$ 3,616,824</u>	<u>\$ 3,710,513</u>	<u>\$ 3,067,641</u>	<u>\$ 2,910,319</u>	<u>\$ 3,873,389</u>	<u>\$ 3,623,459</u>	<u>\$ 3,748,884</u>
<b>Total Governmental Funds</b>	<u>\$ 4,755,231</u>	<u>\$ 4,646,400</u>	<u>\$ 3,880,434</u>	<u>\$ 4,190,140</u>	<u>\$ 4,312,155</u>	<u>\$ 3,846,114</u>	<u>\$ 3,649,515</u>	<u>\$ 4,707,198</u>	<u>\$ 4,915,371</u>	<u>\$ 4,794,726</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>REVENUES:</b>										
Income Tax	\$ 3,931,531	\$ 4,127,995	\$ 4,048,812	\$ 4,053,078	\$ 4,044,104	\$ 4,247,561	\$ 4,828,748	\$ 5,026,646	\$ 5,731,376	\$ 5,158,784
Property Tax	511,939	542,760	563,089	471,537	520,599	677,655	667,221	727,911	687,680	525,690
Intergovernmental	1,486,316	1,420,217	4,525,529	1,897,207	2,290,560	2,888,105	2,411,509	5,440,841	1,869,260	3,300,831
Charges for Services	406,296	482,635	418,819	611,794	541,713	690,212	825,913	934,029	980,915	980,717
Fees, Licenses, & Permits	551,858	535,660	677,946	742,169	706,361	715,000	720,490	808,675	873,477	957,818
Other	1,066,855	2,579,529	563,245	391,687	633,085	230,054	345,701	367,353	592,352	507,554
Total Revenues	<u>7,954,795</u>	<u>9,688,796</u>	<u>10,797,440</u>	<u>8,167,472</u>	<u>8,736,422</u>	<u>9,448,587</u>	<u>9,799,582</u>	<u>13,305,455</u>	<u>10,735,060</u>	<u>11,431,394</u>
<b>EXPENDITURES:</b>										
Current:										
General Government	1,056,782	1,513,914	1,263,511	1,295,634	1,282,542	1,370,497	1,635,713	1,504,648	1,434,654	1,986,332
Public Safety	3,541,050	3,981,491	4,109,908	3,971,066	4,260,049	4,382,113	4,525,036	4,653,317	4,795,579	4,913,657
Health	217,898	217,155	223,178	211,091	219,449	255,968	260,615	281,308	224,177	246,845
Leisure Time	298,938	314,165	299,809	287,733	239,977	267,674	294,473	307,520	351,727	344,490
Community Development	299,842	421,279	720,536	431,608	420,659	735,964	623,443	397,931	307,184	223,536
Basic Utility Services	93,270	102,454	117,721	125,902	122,403	128,537	132,590	134,445	159,623	-
Transportation	923,339	2,422,271	3,715,914	800,983	874,774	988,379	1,342,446	960,502	949,454	1,188,929
Capital Outlays	656,501	627,233	905,032	617,827	872,108	1,385,120	959,660	5,260,956	1,561,361	2,075,152
Debt Service:										
Principal	177,083	173,333	191,667	182,917	172,905	236,000	251,000	236,000	485,260	432,401
Interest	199,594	200,334	217,792	141,261	149,541	164,376	169,825	112,144	163,879	140,697
TOTAL	<u>7,464,297</u>	<u>9,973,629</u>	<u>11,765,068</u>	<u>8,066,022</u>	<u>8,614,407</u>	<u>9,914,628</u>	<u>10,194,801</u>	<u>13,848,771</u>	<u>10,432,898</u>	<u>11,552,039</u>
Excess (deficiency) of revenues over (under) expenditures	490,498	(284,833)	(967,628)	101,450	122,015	(466,041)	(395,219)	(543,316)	302,162	(120,645)
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	411,900	498,100	438,900	800,525	521,037	514,400	230,000	280,000	345,000	300,000
Net Proceeds from issuance of bonds	-	160,000	-	-	-	-	68,994	1,601,000	-	-
Other Uses	-	-	-	-	-	-	-	-	(93,989)	-
Transfers out	(411,900)	(498,100)	(438,900)	(800,525)	(521,037)	(514,400)	(230,000)	(280,000)	(345,000)	(300,000)
Total other financing sources (uses)	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,994</u>	<u>1,601,000</u>	<u>(93,989)</u>	<u>-</u>
Net change in fund balances	\$ 490,498	\$ (124,833)	\$ (967,628)	\$ 101,450	\$ 122,015	\$ (466,041)	\$ (326,225)	\$ 1,057,684	\$ 208,173	\$ (120,645)
Debt service as a percentage of noncapital expenditures	5.9%	4.2%	3.9%	4.6%	4.3%	4.9%	4.8%	4.2%	7.9%	6.4%

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

<b>Year</b>	<b>Individuals</b>		<b>Net Profits</b>	<b>Total</b>	<b>Percent Change</b>	<b>Income Tax Rate</b>
	<b>Withheld by Employer</b>	<b>Paid by Taxpayer</b>				
<b>2008</b>	\$ 3,940,824	\$ 417,010	\$ 1,075,379	\$ 5,433,213	<b>-6.2%</b>	1.40%
<b>2007</b>	\$ 4,002,820	\$ 407,940	\$ 1,380,079	\$ 5,790,839	<b>13.6%</b>	1.40%
<b>2006</b>	\$ 3,925,324	\$ 391,524	\$ 782,762	\$ 5,099,610	<b>5.2%</b>	1.40%
<b>2005</b>	\$ 3,732,831	\$ 459,105	\$ 655,515	\$ 4,847,451	<b>10.5%</b>	1.40%
<b>2004</b>	\$ 3,558,448	\$ 347,712	\$ 480,731	\$ 4,386,891	<b>6.7%</b>	1.40%
<b>2003</b>	\$ 3,452,078	\$ 317,680	\$ 340,670	\$ 4,110,428	<b>5.2%</b>	1.40%
<b>2002</b>	\$ 3,299,851	\$ 359,982	\$ 246,004	\$ 3,905,837	<b>-1.1%</b>	1.40%
<b>2001</b>	\$ 3,185,804	\$ 434,032	\$ 328,279	\$ 3,948,115	<b>-4.8%</b>	1.40%
<b>2000</b>	\$ 3,201,927	\$ 340,615	\$ 603,103	\$ 4,145,645	<b>3.4%</b>	1.40%
<b>1999</b>	\$ 3,013,095	\$ 385,947	\$ 608,581	\$ 4,007,623	<b>4.8%</b>	1.40%

Source: City of Urbana, Ohio, Income Tax Department

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

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

<u>2008</u>	
<u>Rank</u>	<u>Name</u>
1	Honeywell International
2	Rittal
3	Menasha Corp
4	Johnson Welded Products
5	Mercy Health Systems
6	Urbana Board of Education
7	Siemens-Allis
8	Honda of America, Inc.
9	R. T. Bundy Companies
10	Champaign County
Combined percentage of Total income taxes 37.8%	

<u>1999</u>	
<u>Rank</u>	<u>Name</u>
1	FI Aerospace/Honeywell
2	Honda of America Manufacturing, Inc.
3	Siemens-Allis
4	Menasha Corp
5	Urbana Board of Education
6	Mercy Health Systems
7	Howard Paper Mills
8	Champaign County, Ohio
9	Johnson Welding
10	CV Materials
Combined percentage of Total income taxes 50.96%	

Source: City of Urbana, Ohio, Income Tax Department

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

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Obligation Bonds	\$ 9,820,301	\$ 9,579,527	\$ 9,415,512	\$ 9,135,999	\$ 7,594,778	\$ 7,057,802	\$ 7,285,223	\$ 8,261,477	\$ 6,769,654	\$ 14,650,571
Assessed value of taxable property <sup>(a)</sup>	\$ 176,766,955	\$ 191,150,506	\$ 197,842,239	\$ 199,086,696	\$ 202,384,025	\$ 212,655,910	\$ 215,704,137	\$ 216,076,164	\$ 217,803,706	\$ 203,863,869
General Obligation Bonds as percent of total assessed value of taxable property	5.56%	5.01%	4.76%	4.59%	3.75%	3.32%	3.38%	3.82%	3.11%	7.19%
Population <sup>(b)</sup>	11,353	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
General Obligation Bonds Per capita	\$ 865	\$ 825	\$ 811	\$ 787	\$ 654	\$ 608	\$ 627	\$ 711	\$ 583	1261.566434
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (1,830,000)	\$ (1,925,000)	\$ (2,441,000)	\$ (2,570,966)	\$ (1,549,652)	\$ (1,513,338)	\$ (2,127,024)	\$ (2,044,509)	\$ (1,865,828)	\$ (7,300,150)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (4,245,301)	\$ (3,999,527)	\$ (3,560,512)	\$ (3,372,033)	\$ (3,078,126)	\$ (2,813,464)	\$ (2,538,199)	\$ (2,231,968)	\$ (2,204,086)	\$ (4,300,144)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation <sup>(c)</sup>	\$ 3,745,000	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000	\$ 3,985,000	\$ 2,699,740	\$ 3,050,277
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 18,560,530	\$ 20,070,803	\$ 20,773,435	\$ 20,904,103	\$ 21,250,323	\$ 22,328,871	\$ 22,648,934	\$ 22,687,997	\$ 22,869,389	\$ 21,405,706
Legal Debt Margin within 10-1/2% Limitation	\$ 14,815,530	\$ 16,415,803	\$ 17,359,435	\$ 17,711,103	\$ 18,283,323	\$ 19,597,871	\$ 20,028,934	\$ 18,702,997	\$ 20,169,649	\$ 18,355,429
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	20.18%	18.21%	16.43%	15.27%	13.96%	12.23%	11.57%	17.56%	11.81%	14.25%
Net debt subject to 5-1/2% limitation <sup>(d)</sup>	\$ 3,745,000	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000	\$ 3,985,000	\$ 2,699,740	\$ 3,050,277
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 9,722,183	\$ 10,513,278	\$ 10,881,323	\$ 10,949,768	\$ 11,131,121	\$ 11,696,075	\$ 11,863,728	\$ 11,884,189	\$ 11,979,204	\$ 11,212,513
Legal Debt Margin within 5-1/2% Limitation	\$ 5,977,183	\$ 6,858,278	\$ 7,467,323	\$ 7,756,768	\$ 8,164,121	\$ 8,965,075	\$ 9,243,728	\$ 7,899,189	\$ 9,279,464	\$ 8,162,236
Net debt within limitations for Unvoted debt as a percentage of debt limit	38.52%	34.77%	31.37%	29.16%	26.65%	23.35%	22.08%	33.53%	22.54%	27.20%

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

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

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

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

**CITY OF URBANA, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING  
 GENERAL OBLIGATION DEBT  
 DECEMBER 31, 2008**

<u>Governmental Entity</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Urbana</u>	<u>Amount Applicable to City of Urbana</u>
City of Urbana	\$ 3,585,277	100%	\$ 3,585,277
Champaign County	3,390,459	27%	914,407
Urbana City Schools (A)	2,456,792	25%	614,198
Urbana Township	0	0%	0
Salem Township	0	0%	0

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

(A) Based on Fiscal Year ending June 30, 2008

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

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Per Capita Personal Income <sup>(1)(b)</sup></b>	<b>Median Age <sup>(1)(b)</sup></b>	<b>School Enrollment <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>	<b>Total Assessed Property Value <sup>(4)</sup></b>	<b>Estimated Actual Property Value <sup>(4)</sup></b>
1998	11,353 (1)(a)	\$26,684	37.3 yrs	2,439	3.7%	\$176,292,911	\$550,485,964
1999	11,353 (1)(a)	26,684	37.3 yrs	2,378	3.4%	176,766,955	552,973,070
2000	11,613 (1)(b)	33,702	34.9 yrs	2,355	3.4%	191,150,506	608,595,944
2001	11,613 (1)(a)	33,702	34.9 yrs	2,371	4.6%	197,842,239	614,155,881
2002	11,613 (1)(a)	33,702	34.9 yrs	2,382	6.8%	199,086,696	618,388,617
2003	11,613 (1)(a)	33,702	34.9 yrs	2,353	6.6%	202,384,025	628,973,430
2004	11,613 (1)(a)	33,702	34.9 yrs	2,331	6.7%	212,655,910	659,600,260
2005	11,613 (1)(a)	33,702	34.9 yrs	2,319	6.7%	215,704,137	667,535,679
2006	11,613 (1)(a)	33,702	34.9 yrs	2,316	4.9%	216,076,164	675,238,013
2007	11,613 (1)(a)	33,702	34.9 yrs	2,316	4.9%	217,803,706	680,636,581
2008	11,613 (1)(a)	33,702	34.9 yrs	2,316	7.8%	203,863,869	600,233,533

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

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

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

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

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

<u>2008</u>			<u>2006</u>		
	<u>Employer</u>	<u>Approximate Number of Employees</u>		<u>Employer</u>	<u>Approximate Number of Employees</u>
1	Honeywell International	778	1	Fl Aerospace/Honeywell	725
2	Rittal	544	2	Rittal	580
3	Champaign County	380	3	Menasha Corp	480
4	Mercy Health Systems	339	4	Johnson Welding	460
5	Urbana Board of Education	277	5	Urbana Board of Education	400
6	Johnson Welded Products	254	6	Honda of America Manufacturing, Inc.	175
7	Urbana University	226	7	Siemens-Allis	270
8	Menasha Corp	213	8	Fox River Paper Company	220
9	Siemens-Allis	181	9	Mercy Health Systems	400
10	R. T. Bundy Companies	162	10	Champaign County, Ohio	400
	Total	3,354		Total	4,110

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

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

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b><u>Governmental Activities</u></b>										
General Government										
Administration	3.0	3.6	4.0	4.0	4.0	2.1	2.7	3.1	3.4	3.0
Finance	5.0	5.0	5.0	4.8	4.0	4.0	4.2	4.6	4.7	5.0
Engineering	1.0	1.0	1.0	1.2	0.9	1.0	2.2	3.0	3.0	2.5
Municipal Court	8.9	12.8	11.2	15.1	15.3	16.3	13.0	12.1	15.5	15.5
Law	<u>1.0</u>	<u>2.0</u>								
Sub-total	18.9	24.4	23.2	27.1	26.2	25.4	24.1	24.7	28.6	28.0
Public Safety										
Police Officers	20.9	21.7	22.2	19.2	19.1	20.9	21.5	21.3	22.0	22.0
Police Civilians	5.3	6.1	5.2	5.2	4.9	4.2	3.9	2.1	0.6	1.0
Fire Officers	22.9	23.0	23.0	23.2	22.0	22.5	23.0	23.0	23.0	23.0
Fire Civilians	<u>1.0</u>	<u>0.0</u>								
Sub-total	50.1	51.8	51.4	48.6	47.0	48.6	49.4	47.4	46.6	46.0
Health										
Cemetery	3.2	2.0	2.0	2.0	2.0	3.0	2.3	2.1	2.4	3.0
Recreation										
Recreation	1.0	1.0	1.0	1.0	0.7	1.0	1.0	1.0	0.5	0.5
Seasonal Staffing	<u>6.7</u>	<u>6.3</u>	<u>4.7</u>	<u>3.6</u>	<u>3.0</u>	<u>4.6</u>	<u>3.8</u>	<u>4.5</u>	<u>6.1</u>	<u>6.5</u>
Sub-total	7.7	7.3	5.7	4.6	3.7	5.6	4.8	5.5	6.6	7.0
Community Environment										
Code Enforcement	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Basic Utilities										
Utility Billing	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.4	2.0
Transportation										
Parking Officer	0.4	0.4	0.3	0.3	0.6	0.6	0.4	0.6	0.3	0.5
Street	12.8	13.3	<u>13.3</u>	<u>10.3</u>	<u>10.5</u>	<u>9.5</u>	<u>9.7</u>	<u>11.1</u>	<u>9.9</u>	<u>10.0</u>
Sub-total	<u>13.2</u>	<u>13.7</u>	<u>13.6</u>	<u>10.6</u>	<u>11.1</u>	<u>10.1</u>	<u>10.2</u>	<u>11.7</u>	<u>10.1</u>	<u>10.5</u>
<b>Total Governmental Activities</b>	<b><u>96.2</u></b>	<b><u>102.2</u></b>	<b><u>98.9</u></b>	<b><u>95.9</u></b>	<b><u>92.9</u></b>	<b><u>95.7</u></b>	<b><u>93.7</u></b>	<b><u>94.4</u></b>	<b><u>97.8</u></b>	<b><u>97.5</u></b>
<b>Business Activities</b>										
Water	4.5	4.3	4.3	4.3	5.0	5.0	5.0	6.0	6.0	6.0
Sewer	<u>10.2</u>	<u>10.8</u>	<u>10.8</u>	<u>9.3</u>	<u>8.8</u>	<u>9.0</u>	8.2	13.1	10.1	8.0
<b>Total Business Activities</b>	<b><u>14.7</u></b>	<b><u>15.1</u></b>	<b><u>15.1</u></b>	<b><u>13.6</u></b>	<b><u>13.8</u></b>	<b><u>14.0</u></b>	<b><u>13.2</u></b>	<b><u>19.1</u></b>	<b><u>16.1</u></b>	<b><u>14.0</u></b>
<b>Total City FTE</b>	<b><u>110.9</u></b>	<b><u>117.3</u></b>	<b><u>114.0</u></b>	<b><u>109.5</u></b>	<b><u>106.7</u></b>	<b><u>109.7</u></b>	<b><u>107.0</u></b>	<b><u>113.5</u></b>	<b><u>113.9</u></b>	<b><u>111.5</u></b>

Source: City of Urbana Payroll Office

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

**For Year Ended December 31,**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Function/program</b>									
<b>General Government</b>									
Accounts payable checks processed	n/a	6,783	6,571	6,138	6,150	6,202	4,609	3,706	3,599
Purchase orders issued	n/a	1,915	1,850	1,865	1,900	1,896	1,030	1,107	2,174
Number of Utility Bills mailed	63,029	64,921	65,245	65,465	66,152	70,575	73,766	73,342	66,533
<b>Police</b>									
Calls for service processed	15,782	17,381	16,827	15,598	14,894	16,228	15,893	15,469	16,436
Adult & juvenile arrests	1,518	1,588	1,265	975	1,022	1,331	1,566	1,476	1,616
Traffic citations	1,234	1,303	1,197	1,186	953	1,210	883	1,444	1,169
Parking Tickets	747	714	520	932	678	774	845	488	265
<b>Fire</b>									
Fire calls	301	280	271	294	340	353	347	463	546
EMS calls	1,431	1,464	1,583	1,556	1,648	1,695	1,732	2,029	1,873
<b>Municipal Court</b>									
New cases filed	6,747	7,043	5,687	n/a	4,903	5,693	6,692	6,478	7,311
<b>Cemetery</b>									
Burials	134	118	105	126	91	111	99	94	94
Grave sales	105	55	36	40	39	55	52	49	64
<b>Streets and highways</b>									
Miles of street responsibility	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6
Traffic signal intersections	26	26	26	26	26	26	26	26	27
<b>Code Enforcement</b>									
Family Dwellings	17	21	49	36	55	18	27	21	19
Commercial New Construction	7	3	3	4	3	6	5	10	5
Nuisances Abated	274	192	423	298	528	490	337	131	139
<b>Water</b>									
Gallons of water pumped (in millions)	697.7	741.1	716.0	701.7	751.1	724.3	707.6	795.1	716.9
<b>Sewer</b>									
Wastewater processed (million gallons per day)	649.9	585.4	689.4	641.5	746.6	803.3	713.9	737.7	690.3
Service Calls	66	86	55	55	39	90	18	25	63

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

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

<b><u>Function/Program</u></b>	<b><u>Year Ended December 31,</u></b>									
	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Street Repair & Maintenance										
Miles of streets	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60
Basic utility services - stormwater management										
Miles of storm sewers	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50
Parks and recreation										
Acres of parks maintained	165	165	165	165	165	165	165	165	165	165
Neighborhood parks	6	6	6	6	6	6	6	6	6	6
Sewer										
Miles of sanitary sewers	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50
Water										
Miles of water mains	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50

Source: City of Urbana Departmental Annual Activity Report

**CITY OF URBANA, OHIO**

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

For the year ended December 31, 2008



**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

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

To the City Council  
City of Urbana, Ohio

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 through 2008-3 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described as item 2008-1 above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-4.

We noted certain other matters that we reported to management of the City in a separate letter dated June 26, 2009.

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

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



Kennedy Cottrell Richards LLC  
June 26, 2009

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

To the City Council  
City of Urbana, Ohio

**Compliance**

We have audited the compliance of the City of Urbana, Champaign County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 its major federal programs for the year ended December 31, 2008.

**Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to administer a federal program such that there is more than a remote likelihood that the Commission's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2008-05 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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



Kennedy Cottrell Richards LLC  
June 26, 2009

**CHAMPAIGN COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Disbursements</b>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	14.228	A-C-05-190-1	\$ 7,635
		A-C-07-190-1	114,196
		A-F-06-190-1	57,000
		A-F-07-190-1	56,000
Total Community Development Block Grants/State's Program			<u>234,831</u>
Home Investment Partnerships Program	14.239	A-C-05-190-2	35,191
		A-C-07-190-2	51,985
Total Community Development Block Grants/State's Program			<u>87,176</u>
Total U.S. Department of Housing and Urban Development			<u>322,007</u>
<b>U. S. Department of Justice</b>			
<i>Passed through Ohio Office of Criminal Justice Servuces</i>			
Crime Victims Assistance	16.575	2008VAGENE591	12,156
		2009VAGENE591	4,641
Total Crime Victims Assistance			<u>16,797</u>
Total U. S. Department of Justice			<u>16,797</u>
<b>U. S. Department of Transportation</b>			
<b>Federal Aviation Administration</b>			
<i>(Direct Program)</i>			
Airport Improvement Program	20.106	AIP 3-39-0080-1104	13,706
		AIP 3-39-0080-1205	700
		AIP 3-39-0080-1306	161
		AIP 3-39-0080-1407	41,836
Total Airport Improvement Program			<u>56,403</u>
<b>Federal Highway Administration</b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Program	20.205	PID 80375	820,621
Total U. S. Department of Transportation			<u>877,024</u>
<b>U. S. Environmental Protection Agency</b>			
<i>(Direct Program)</i>			
New Wellfield-Project E5791	66.606	XP-97544602	109,686
Total U. S. Department of Homeland Security			<u>109,686</u>
Total Federal Financial Assistance			<u>\$ 1,325,514</u>

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City of Urbana, Ohio (City) as the primary government. The Schedule is presented on the cash basis of accounting.

Except as described in Note 3 below, all federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

**Note 2. Matching Requirements**

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

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

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

These loans are collateralized by second mortgages on the property. At December 31, 2008, the gross amount of loans outstanding under this program was \$39,685 and no delinquent amounts are due.

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction Program CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2008

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

**2008-1 MATERIAL WEAKNESS – FINANCIAL REPORTING**

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

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

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

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

Official's Response

*Internal controls are an important part of any sound financial system. The City will be reviewing internal controls as internal weaknesses surface throughout the year. We will strive to improve controls first that are material in nature, and will strive to improve the quality of future financial statements.*

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2008**

**2008-2 SIGNIFICANT DEFICIENCY – UTILITIES REVENUE**

A sound internal control structure is one capable of providing management with assurance that transactions are processed accurately and completely. To achieve this desired assurance, the internal control structure must promote the timely and consistent application of internal control procedures and require that said procedures be adequately documented to evidence their application.

During review of the utilities revenue transaction cycle, we noted the following:

- There was no evidence of review of the draft version of the billings to ensure proper upload and processing of the billings to be mailed.
- There was no evidence that the Utility Clerk was comparing the total on the daily utility receipts posting journal to a calculator tape of all payments received.

Without proper evidence of internal controls being performed, management is unable to ensure that controls have been implemented and are operating effectively. Misstatement of utility revenues, which totaled approximately \$3.2 million in 2008, could result. We recommend the City implement procedures documenting the performance of key internal control procedures. Such procedures could require the use of a monthly internal control checklist, which would not only provide adequate documentation, but would also promote the timely and consistent application of internal controls.

Official's Response

*Monthly review and approval by City Management will be implemented to verify billings with mailings. A daily verification will be implemented to validate cash, comparing paid receipts with cash/check collections.*

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2008**

**2008-3      SIGNIFICANT DEFICIENCY – SEGREGATION OF DUTIES**

Segregation of duties over significant accounting cycles should always be a key component of the internal control environment.

During our review of various receipt and expenditure transaction cycles, we noted the following:

- The Income Tax Accountant processes returns, records payments in the system, ensures completeness of returns, reconciles accounts, and writes off delinquent accounts. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Income tax collections totaled approximately \$5.2 million in 2008.
- The Airport Manager receives payments from customers for fuel sales, enters the receipts in an excel spreadsheet, and reconciles customer payments. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Airport fuel sale collections totaled approximately \$175,000 in 2008.
- The Dispatcher receives payments for ambulance services, records payments, and writes off past due accounts. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Ambulance service collections totaled approximately \$350,000 in 2008.
- The payroll clerk enters payroll information into the system, processes payroll checks and direct deposits, performs bank reconciliations, and edits the payroll master file. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Payroll expenditures totaled approximately \$5.6 million in 2008.

Without proper segregation of duties over the above accounting cycles, the risk is increased of the misstatement of receipts or expenses in the City's financial statements. We recommend the City evaluate the procedures over receipt and expense transaction cycles and implement adequate segregation of duties by separating some of the duties performed. Also, we recommend management implement procedures to document reviews over these transaction cycles.

Official's Response

*Segregation of duties with a one-deep organization presents a unique set of challenges. The City will investigate all four areas listed and will attempt to identify a separate resource to perform review/verification processes for each area listed.*

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2008**

**2008-4 NONCOMPLIANCE – RESTRICTIONS ON APPROPRIATING AND EXPENDING MONEY**

Ohio Revised Code Section 5705.41 (D) states, in part, that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of the proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful.”

During our review, we noted that the City does not prepare purchase orders for a number of recurring expenditures, including uniform allowances, utilities, travel reimbursements, lease payments, food allowances, and customer refunds. As a result, 32 of 127 expenditures we selected for testing were not properly encumbered. Additionally, we noted 14 instances where the invoice/obligation date preceded the certificate date.

To ensure compliance with Ohio Revised Code Chapter 5705.41 (D), we recommend the City prepare purchase orders for all expenditures. Also, we recommend the use of “then and now” certificates when appropriate.

Official's Response

*The City will review all processes where the absence of a purchase order is identified, and will strive to compliment the procurement process with a purchase order. Additionally, finance will send reminders to all procurement users reinforcing that all purchases require a purchase order before the order for goods and/or services is placed with suppliers.*

CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2008

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

<b>CFDA Titles and Numbers</b>	Highway Planning and Construction Program - CFDA # 20.205
<b>Federal Award Numbers</b>	PID 80375
<b>Federal Agencies</b>	U. S. Department of Transportation
<b>Pass-Through Agency</b>	Ohio Department of Transportation
<b>Finding Number</b>	2008-5

**2008-5      SIGNIFICANT DEFICIENCY – FEDERAL PAYROLL**

A sound internal control structure is one capable of providing management with assurance that transactions are processed accurately and completely. To achieve this desired assurance, the internal control structure must promote the timely and consistent application of internal control procedures and require that said procedures be adequately documented to evidence their application.

The City Engineer performs inspections related to the East Lawn Street Project, which is being funded by this grant. The City Engineer completes timesheets to support the time worked on the project so that charges can be appropriately allocated to the grant; however, there is no evidence of management review or approval of these timesheets. The lack of review and approval of the City's Engineer's time could result in unallowable expenditures being charged to the grant. Payroll charges to the grant totaled \$43,018 during 2008.

We recommend that the City implement policies and procedures to ensure timesheets are being reviewed and approval by a direct supervisor or appropriate level of management to ensure only allowable costs are being charged to the grant.

Official's Response

*Corrective action will include the Grant Administrator approving reported time by the City Engineer as incurred bi-weekly throughout any project duration.*

CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2008

<u>Fiscal Year</u>	<u>Finding Number</u>	<u>Status</u>
2007	2007-1 Material Weakness – Financial Reporting	Not Corrected. Repeated as Finding 2008-01.
2007	2007-2 Federal Cash Management	Partially Corrected – reported to management verbally.





Mary Taylor, CPA  
Auditor of State

**CITY OF URBANA  
CHAMPAIGN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 20, 2009**