



**CLARK SCHAEFER HACKETT**  
BUSINESS ADVISORS

**CITY OF URBANA  
CHAMPAIGN COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of Council  
City of Urbana  
205 S. Main Street  
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of the City of Urbana, Champaign County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 28, 2022**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Ohio (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules of the proportionate share of net pension and OPEB amounts, and schedules of pension and OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio

June 29, 2022

**City of Urbana**  
**Champaign County, Ohio**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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As management of the City of Urbana (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

***Financial Highlights***

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$40.9 million (net position).
- The City's net position increased by approximately \$5.1 million during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$12.8 million, a decrease of \$.5 million in comparison with the prior year.
- OPERS approved several changes to the health care plan offered to retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes significantly decreased the total OPEB liability for OPERS and resulted in the City reporting a net OPEB asset in 2021 (compared to reporting a net OPEB liability in prior years) causing a significant decrease in expenses.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 required 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 position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position 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 City's net position changed during the most recent fiscal year. All changes in net position 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 but 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, storm water distribution, and recycling.

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**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 38 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, Police and Fire Levy Fund, and Capital Improvement Fund, each of which are considered to be major funds. Data from the other 35 governmental funds are combined into a single, aggregated presentation.

**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, storm water distribution, 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 major enterprise fund.

**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.

**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.

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, as well as the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees.

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**Government-Wide Financial Analysis**

Table 1 shows the detail of the City's net position at December 31, 2021 and 2020.

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Assets</b>						
Current & Other Assets	\$ 16,751,068	\$ 15,818,638	\$ 932,430	\$ 7,653,122	\$ 7,539,010	\$ 114,112
Net OPEB Asset	262,896	-	262,896	92,369	-	92,369
Capital Assets	21,739,079	21,022,700	716,379	40,752,612	38,024,824	2,727,788
<i>Total Assets</i>	<u>38,753,043</u>	<u>36,841,338</u>	<u>1,911,705</u>	<u>48,498,103</u>	<u>45,563,834</u>	<u>2,934,269</u>
<b>Deferred Outflows of Resources</b>						
Other	21,225	-	21,225	-	-	-
Pension & OPEB	2,412,978	2,930,662	(517,684)	151,660	312,370	(160,710)
<i>Total Deferred Outflows of Resource</i>	<u>2,434,203</u>	<u>2,930,662</u>	<u>(496,459)</u>	<u>151,660</u>	<u>312,370</u>	<u>(160,710)</u>
<b>Liabilities</b>						
Current & Other Liabilities	1,298,894	686,031	612,863	726,464	763,255	(36,791)
Long-Term Liabilities:						
Due Within One Year	425,161	331,517	93,644	1,734,705	1,844,593	(109,888)
Due In More Than One Year:						
Net Pension Liability	10,024,986	10,895,303	(870,317)	772,587	1,091,629	(319,042)
Net OPEB Liability	1,216,335	3,204,128	(1,987,793)	-	754,272	(754,272)
Other Amounts	1,601,235	1,998,443	(397,208)	26,128,185	24,138,599	1,989,586
<i>Total Liabilities</i>	<u>14,566,611</u>	<u>17,115,422</u>	<u>(2,548,811)</u>	<u>29,361,941</u>	<u>28,592,348</u>	<u>769,593</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	693,102	674,969	18,133	-	-	-
Pension & OPEB	3,597,442	3,035,646	561,796	720,762	445,320	275,442
<i>Total Deferred Inflows of Resources</i>	<u>4,290,544</u>	<u>3,710,615</u>	<u>579,929</u>	<u>720,762</u>	<u>445,320</u>	<u>275,442</u>
Net Investment in Capital Assets	20,760,743	19,607,160	1,153,583	12,731,210	11,844,982	886,228
Restricted	6,614,453	4,478,621	2,135,832	-	-	-
Unrestricted	(5,045,105)	(5,139,818)	94,713	5,835,850	4,993,554	842,296
<i>Total Net Position</i>	<u>\$ 22,330,091</u>	<u>\$ 18,945,963</u>	<u>\$ 3,384,128</u>	<u>\$ 18,567,060</u>	<u>\$ 16,838,536</u>	<u>\$ 1,728,524</u>

The net pension liability (NPL) is the largest governmental activities liability reported by the City at December 31, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." Bonds and loans are the largest liabilities for the business-type activities,

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the deferred outflows related to pension and OPEB as well as the OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for

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pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce any unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

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There was a significant change in net pension/OPEB amounts for the City. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension/net OPEB asset/liability are described in more detail in their respective notes.

By far the largest portion of the City's net position 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. A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

***Governmental Activities***

The addition of a net OPEB asset, significant decrease in net OPEB liability and increase in deferred inflows for OPEB is related to OPERS changes previously discussed in the financial highlights.

Capital assets, net, increased in comparison with the prior fiscal year-end. This increase represents the amount in which current year asset additions exceeded depreciation and capital asset disposals.

Current and other liabilities increased significantly. This increase primarily represents unearned revenue resulting from unspent American Rescue Plan Act (ARPA) grant funding received during the fiscal year.

***Business-Type Activities***

Capital assets, net, increased in comparison with the prior fiscal year-end. This increase represents the amount in which capital asset additions exceeded depreciation and capital asset disposals during the year.

Other amounts due in more than one year increased in comparison with the prior fiscal year-end. This increase primarily represents OWDA debt issued in the water fund in 2021 to fund the water main replacement and meter replacement projects.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 2,246,364	\$ 2,432,310	\$ (185,946)	\$ 6,346,268	\$ 6,436,636	\$ (90,368)
Operating Grants	895,226	2,215,798	(1,320,572)	-	150,975	(150,975)
Capital Grants	751,030	216,301	534,729	16,667	491,258	(474,591)
<i>Total Program Revenues</i>	<u>3,892,620</u>	<u>4,864,409</u>	<u>(971,789)</u>	<u>6,362,935</u>	<u>7,078,869</u>	<u>(715,934)</u>
<b>General Revenues</b>						
Income Taxes	7,437,221	6,264,384	1,172,837	-	-	-
Property and Other Local Taxes	904,287	685,963	218,324	-	-	-
Unrestricted Grants	441,356	420,496	20,860	-	-	-
Gain on Sale of Assets	305,643	25,496	280,147	-	-	-
Investment Earnings	47,453	96,674	(49,221)	-	-	-
Other	742,819	1,054,963	(312,144)	57,556	16,892	40,664
<i>Total General Revenues</i>	<u>9,878,779</u>	<u>8,547,976</u>	<u>1,330,803</u>	<u>57,556</u>	<u>16,892</u>	<u>40,664</u>
<i>Total Revenues</i>	<u>13,771,399</u>	<u>13,412,385</u>	<u>359,014</u>	<u>6,420,491</u>	<u>7,095,761</u>	<u>(675,270)</u>
<b>Program Expenses</b>						
General Government	1,913,832	3,697,214	(1,783,382)	-	-	-
Public Safety	5,430,067	5,861,468	(431,401)	-	-	-
Public Health	256,407	275,675	(19,268)	-	-	-
Leisure Time Services	346,028	373,747	(27,719)	-	-	-
Community Development	126,678	130,361	(3,683)	-	-	-
Basic Utility Service	2,786	-	2,786	-	-	-
Transportation	2,280,926	2,336,068	(55,142)	-	-	-
Interest and Fiscal Charges	30,547	60,029	(29,482)	-	-	-
Enterprise Operations						
Water	-	-	-	1,671,386	2,230,590	(559,204)
Sewer	-	-	-	2,729,325	3,462,059	(732,734)
Storm Water	-	-	-	123,572	101,890	21,682
Recycling Program	-	-	-	167,684	168,051	(367)
<i>Total Expenses</i>	<u>10,387,271</u>	<u>12,734,562</u>	<u>(2,347,291)</u>	<u>4,691,967</u>	<u>5,962,590</u>	<u>(1,270,623)</u>
<i>Change in Net Position</i>	<u>3,384,128</u>	<u>677,823</u>	<u>2,706,305</u>	<u>1,728,524</u>	<u>1,133,171</u>	<u>595,353</u>
<i>Net Position Beginning of Year</i>	<u>18,945,963</u>	<u>18,268,140</u>	<u>677,823</u>	<u>16,838,536</u>	<u>15,705,365</u>	<u>1,133,171</u>
<i>Net Position End of Year</i>	<u>\$ 22,330,091</u>	<u>\$ 18,945,963</u>	<u>\$ 3,384,128</u>	<u>\$ 18,567,060</u>	<u>\$ 16,838,536</u>	<u>\$ 1,728,524</u>

**Governmental Activities** Governmental activities increased the City's net position. Operating grants revenue decreased due to the CARES Act funding received by the City in 2020. In 2021 the City received a grant for an on-going project at the airport, resulting in an increase in capital grants. Income tax revenue increased due to the timing of income tax collections compared to the prior years' impact from the COVID-19 pandemic. See financial highlights for explanation of significant decrease in expenses.

**Business-type Activities** Business-type activities increased the City's net position. This increase represents the amount in which user charges exceeded operating costs. See financial highlights for explanation of significant decrease in expenses. Surplus funds will be used for future capital projects and debt payments.

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***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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2021 and 2020.

	<b>Fund Balance</b> <b>12/31/2021</b>	<b>Fund Balance</b> <b>12/31/2020</b>	<b>Increase</b> <b>(Decrease)</b>
General	\$ 4,954,977	\$ 5,739,076	\$ (784,099)
Police and Fire Levy	1,410,139	1,315,493	94,646
Capital Improvement	1,497,396	1,071,961	425,435
Other Governmental	4,974,421	5,187,807	(213,386)
Total	\$ 12,836,933	\$ 13,314,337	\$ (477,404)

The fund balance of the City's general fund decreased during the current fiscal year. This decrease represents the amount in which expenditures and transfers to other funds exceeded revenues. Most revenues were fairly consistent with amounts reported in the previous year, though there were increases in income tax due to the COVID-19 pandemic in the prior year. Total expenditures increased from prior year. This increase is primarily the result of CARES Act funding applied to public safety expenditures in the prior year.

The *Police and Fire Levy Fund* accounts for the income tax for additional patrolmen and firefighters that the General Fund is unable to financially support. The police and fire levy fund's fund balance increased during the current fiscal year. This increase represents the amount by which income tax revenues and other revenues exceeded public safety expenditures during the year.

The *Capital Improvement Fund* accounts for the accumulation of financial resources to be used for the acquisition or construction of capital assets as well as to service debt. The Capital Improvement Fund's fund balance increased during the current fiscal year. This increase represents the amount by which income tax and intergovernmental revenues exceeded capital outlays and debt service expenditures. Revenue and expenditures remained proportionately consistent compared to prior year.

The fund balance of the City's *Other Governmental Funds* decreased during the current fiscal year. All funds remaining fairly consistent with prior year.



**City of Urbana**  
**Champaign County, Ohio**  
*Management's Discussion and Analysis*  
*For The Year Ended December 31, 2021*  
*(Unaudited)*

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

	<b>Unrestricted Net Position 12/31/2021</b>	<b>Unrestricted Net Position 12/31/2020</b>	<b>Increase (Decrease)</b>
Water Revenue	\$ 1,605,157	\$ 1,362,196	\$ 242,961
Sewer Revenue	3,490,791	3,053,806	436,985
Other Enterprise	739,902	577,552	162,350
Total	<u>\$ 5,835,850</u>	<u>\$ 4,993,554</u>	<u>\$ 842,296</u>

Water Revenue, Sewer Revenue, and Other Enterprise funds unrestricted net positions increased from the previous year. This increase represents the amount in which user charges exceeded operating costs offset by interest expense. See financial highlights for explanation of significant decrease in expenses.

**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.

There was an increase between the original and final revenue estimates. Actual revenue exceeded final revenue estimates as a result of greater than expected income tax revenues.

Final appropriations were higher than the original resolution, and the final amended appropriations exceeded actual expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

Governmental activities started an on-going airport taxiway project during 2021, and purchased of a new fire truck and new playground equipment, resulting in an increase in capital assets.

Business-type activities capital assets increased significantly during 2021 as the City completed several ongoing projects, including the Phase 2 of the sanitary sewer and water project and Powell to Bon Air sanitary sewer project. Additionally, the City also began on-going projects for advanced meter replacement, water main replacement, and a septage receiving station.

Detailed information regarding capital asset activity is included in the Note 9 to the basic financial statements.

**City of Urbana**  
**Champaign County, Ohio**  
*Management's Discussion and Analysis*  
*For The Year Ended December 31, 2021*  
*(Unaudited)*

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**Debt**

During the year, the City refunded the governmental activities 2011 Mausoleum Refunding Bonds.

The City issued OWDA debt in water and sewer funds, as previously discussed. The City also refunded the 2010 Various Purpose Bonds.

Detailed information regarding long-term debt is included in Note 10 to the basic financial statements.

**Contacting the City Finance 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 Chris Boettcher, Finance Director, 225 South Main Street, Urbana, Ohio 43078.

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**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Net Position*  
*December 31, 2021*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 12,474,620	\$ 6,615,981	\$ 19,090,601
Income Taxes Receivable	1,666,848	-	1,666,848
Property Taxes Receivable	731,796	-	731,796
Other Local Taxes	10,525	-	10,525
Accounts Receivable	233,879	750,304	984,183
Notes Receivable	507,062	-	507,062
Due from Other Governments	703,491	-	703,491
Special Assessments Receivable	160,671	57,556	218,227
Prepaid Items	42,475	11,515	53,990
Materials and Supplies Inventory	219,701	217,766	437,467
Net OPEB Asset	262,896	92,369	355,265
Non-Depreciable Capital Assets	4,439,070	3,678,490	8,117,560
Depreciable Capital Assets, net	17,300,009	37,074,122	54,374,131
<i>Total Assets</i>	<u>38,753,043</u>	<u>48,498,103</u>	<u>87,251,146</u>
<b>Deferred Outflows of Resources</b>			
Asset Retirement Obligation	21,225	-	21,225
Pension	1,488,708	104,640	1,593,348
OPEB	924,270	47,020	971,290
<i>Total Deferred Outflows of Resources</i>	<u>2,434,203</u>	<u>151,660</u>	<u>2,585,863</u>
<b>Liabilities</b>			
Accounts Payable	133,387	72,179	205,566
Accrued Wages and Benefits	243,949	31,989	275,938
Contracts Payable	35,921	203,216	239,137
Retainage Payable	31,705	127,441	159,146
Due to Other Governments	114,131	14,228	128,359
Accrued Interest Payable	-	277,411	277,411
Unearned Revenue	739,801	-	739,801
Long-Term Liabilities:			
Due Within One Year	425,161	1,734,705	2,159,866
Due In More Than One Year:			
Net Pension Liability	10,024,986	772,587	10,797,573
Net OPEB Liability	1,216,335	-	1,216,335
Other Amounts Due in More Than One Year	1,601,235	26,128,185	27,729,420
<i>Total Liabilities</i>	<u>14,566,611</u>	<u>29,361,941</u>	<u>43,928,552</u>
<b>Deferred Inflows of Resources</b>			
Property and Other Local Taxes Levied for the Next Year	693,102	-	693,102
Pension	2,243,714	399,835	2,643,549
OPEB	1,353,728	320,927	1,674,655
<i>Total Deferred Inflows of Resources</i>	<u>4,290,544</u>	<u>720,762</u>	<u>5,011,306</u>
<b>Net Position</b>			
Net Investment in Capital Assets	20,760,743	12,731,210	33,491,953
Restricted for:			
Capital Projects	3,281,201	-	3,281,201
Transportation Programs	835,621	-	835,621
Public Safety Programs	1,935,534	-	1,935,534
Debt Services	139,276	-	139,276
Permanent Endowments	99,597	-	99,597
Grant Programs	172,232	-	172,232
Other Purposes	150,992	-	150,992
Unrestricted	(5,045,105)	5,835,850	790,745
<i>Total Net Position</i>	<u>\$ 22,330,091</u>	<u>\$ 18,567,060</u>	<u>\$ 40,897,151</u>

**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,913,832	\$ 961,803	\$ -	\$ 169
Public Safety	5,430,067	893,725	133,960	-
Public Health	256,407	142,805	755	-
Leisure Time Services	346,028	61,695	-	-
Community Development	126,678	20,945	211	-
Basic Utility Service	2,786	-	-	-
Transportation	2,280,926	165,391	760,300	750,861
Interest and Fiscal Charges	30,547	-	-	-
<i>Total Governmental Activities</i>	<u>10,387,271</u>	<u>2,246,364</u>	<u>895,226</u>	<u>751,030</u>
<b>Business-Type Activities</b>				
Water	1,671,386	2,239,171	-	-
Sewer	2,729,325	3,658,238	-	16,667
Storm Water	123,572	288,948	-	-
Recycling Program	167,684	159,911	-	-
<i>Total Business-Type Activities</i>	<u>4,691,967</u>	<u>6,346,268</u>	<u>-</u>	<u>16,667</u>
<i>Total</i>	<u>\$ 15,079,238</u>	<u>\$ 8,592,632</u>	<u>\$ 895,226</u>	<u>\$ 767,697</u>

**General Revenues**

Property Taxes  
Income Taxes  
Other Local Taxes  
Grants and Contributions Unrestricted  
Gain on Sale of Assets  
Investment Earnings  
Other Unrestricted

*Total General Revenues*

*Change in Net Position*

*Net Position Beginning of Year*

*Net Position End of Year*

Net (Expense)  
Revenue and Changes  
in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (951,860)	\$ -	\$ (951,860)
(4,402,382)	-	(4,402,382)
(112,847)	-	(112,847)
(284,333)	-	(284,333)
(105,522)	-	(105,522)
(2,786)	-	(2,786)
(604,374)	-	(604,374)
(30,547)	-	(30,547)
<u>(6,494,651)</u>	<u>-</u>	<u>(6,494,651)</u>
-	567,785	567,785
-	945,580	945,580
-	165,376	165,376
-	(7,773)	(7,773)
<u>-</u>	<u>1,670,968</u>	<u>1,670,968</u>
<u>\$ (6,494,651)</u>	<u>\$ 1,670,968</u>	<u>\$ (4,823,683)</u>
725,174	-	725,174
7,437,221	-	7,437,221
179,113	-	179,113
441,356	-	441,356
305,643	-	305,643
47,453	-	47,453
742,819	57,556	800,375
<u>9,878,779</u>	<u>57,556</u>	<u>9,936,335</u>
3,384,128	1,728,524	5,112,652
<u>18,945,963</u>	<u>16,838,536</u>	<u>35,784,499</u>
<u>\$ 22,330,091</u>	<u>\$ 18,567,060</u>	<u>\$ 40,897,151</u>

**City of Urbana**  
**Champaign County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2021*

	General	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 4,775,129	\$ 1,345,687	\$ 1,438,408	\$ 4,915,396	\$ 12,474,620
Income Taxes Receivable	892,954	357,182	297,651	119,061	1,666,848
Property Taxes Receivable	558,309	-	-	173,487	731,796
Other Local Taxes Receivable	-	-	-	10,525	10,525
Accounts Receivable	158,639	-	-	75,240	233,879
Due from Other Governments	216,718	-	-	486,773	703,491
Notes Receivable	-	-	-	507,062	507,062
Special Assessments Receivable	-	-	-	160,671	160,671
Advances to Other Funds	70,500	-	-	-	70,500
Prepaid Items	34,404	-	-	8,071	42,475
Materials and Supplies Inventory	79,262	-	-	140,439	219,701
<i>Total Assets</i>	<u>\$ 6,785,915</u>	<u>\$ 1,702,869</u>	<u>\$ 1,736,059</u>	<u>\$ 6,596,725</u>	<u>\$ 16,821,568</u>
<b>Liabilities</b>					
Accounts Payable	\$ 73,172	\$ -	\$ 42,928	\$ 17,287	\$ 133,387
Accrued Wages and Benefits	145,455	37,368	-	61,126	243,949
Contracts Payable	-	-	-	35,921	35,921
Retainage Payable	-	-	-	31,705	31,705
Due to Other Governments	76,161	20,479	-	17,491	114,131
Advances from Other Funds	-	-	-	70,500	70,500
Unearned Revenue	142,510	-	-	597,291	739,801
<i>Total Liabilities</i>	<u>437,298</u>	<u>57,847</u>	<u>42,928</u>	<u>831,321</u>	<u>1,369,394</u>
<b>Deferred Inflows of Resources</b>					
Property and Other Local Taxes Levied for the Next Year	526,653	-	-	166,449	693,102
Unavailable Revenue	866,987	234,883	195,735	624,534	1,922,139
<i>Total Deferred Inflows of Resources</i>	<u>1,393,640</u>	<u>234,883</u>	<u>195,735</u>	<u>790,983</u>	<u>2,615,241</u>
<b>Fund Balances</b>					
Nonspendable	184,167	-	-	148,509	332,676
Restricted	17,797	1,410,139	1,497,396	2,581,807	5,507,139
Committed	-	-	-	513,566	513,566
Assigned	33,937	-	-	1,827,348	1,861,285
Unassigned	4,719,076	-	-	(96,809)	4,622,267
<i>Total Fund Balance</i>	<u>4,954,977</u>	<u>1,410,139</u>	<u>1,497,396</u>	<u>4,974,421</u>	<u>12,836,933</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 6,785,915</u>	<u>\$ 1,702,869</u>	<u>\$ 1,736,059</u>	<u>\$ 6,596,725</u>	<u>\$ 16,821,568</u>

**City of Urbana**  
**Champaign County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*December 31, 2021*

<b>Total Governmental Fund Balances</b>		\$ 12,836,933
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,739,079
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Income Taxes Receivable	\$ 1,096,119	
Property Taxes Receivable	38,694	
Due From Other Governments	504,839	
Accounts Receivable - Ambulance	92,775	
Accounts Receivable - Cemetery	29,041	
Accounts Receivable - Other	160,671	
	160,671	1,922,139
The net pension liability and net OPEB liability/asset are not due and payable or available in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	262,896	
Deferred Outflows - Pension	1,488,708	
Deferred Outflows - OPEB	924,270	
Net Pension Liability	(10,024,986)	
Net OPEB Liability	(1,216,335)	
Deferred Inflows - Pension	(2,243,714)	
Deferred Inflows - OPEB	(1,353,728)	
	(1,353,728)	(12,162,889)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Debt	(667,423)	
OPWC Loans	(155,173)	
Lease Purchase	(90,172)	
Deferred Outflow Asset Retirement	21,225	
Asset Retirement Obligation	(45,000)	
Compensated Absences	(1,068,628)	
	(1,068,628)	(2,005,171)
<i>Net Position of Governmental Activities</i>		<u>\$ 22,330,091</u>



**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2021*

	General	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Income Taxes	\$ 3,688,886	\$ 1,474,932	\$ 1,229,110	\$ 491,644	\$ 6,884,572
Property Taxes	527,174	-	8,562	166,528	702,264
Other Local Taxes	19,289	-	-	159,824	179,113
Intergovernmental	429,539	-	139,737	1,400,605	1,969,881
Charges for Services	1,131,030	-	-	314,460	1,445,490
Fines, Licenses, and Permits	656,102	-	-	223,885	879,987
Interest	47,453	-	-	1,135	48,588
Miscellaneous	85,973	9,837	68,613	417,725	582,148
<i>Total Revenues</i>	<u>6,585,446</u>	<u>1,484,769</u>	<u>1,446,022</u>	<u>3,175,806</u>	<u>12,692,043</u>
<b>Expenditures</b>					
Current:					
General Government	2,787,986	-	127,750	92,179	3,007,915
Public Safety	3,436,463	1,382,632	-	347,992	5,167,087
Public Health	41,995	-	-	152,855	194,850
Leisure Time Services	660,654	-	-	-	660,654
Community Development	126,828	-	-	5,128	131,956
Basic Utility Service	-	-	-	2,786	2,786
Transportation	619	-	221,798	1,056,405	1,278,822
Capital Outlay	-	7,491	770,647	1,888,050	2,666,188
Debt Service:					
Principal Retirement	-	-	110,912	35,000	145,912
Interest and Fiscal Charges	-	-	15,089	9,133	24,222
Advance Refund Escrow	-	-	201,952	121,214	323,166
<i>Total Expenditures</i>	<u>7,054,545</u>	<u>1,390,123</u>	<u>1,448,148</u>	<u>3,710,742</u>	<u>13,603,558</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(469,099)</u>	<u>94,646</u>	<u>(2,126)</u>	<u>(534,936)</u>	<u>(911,515)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	-	-	305,643	-	305,643
Refunding Bonds Issued	-	-	-	363,000	363,000
Inception of Lease Purchase	-	-	121,918	-	121,918
Payment to Refunded Bond Escrow Agent	-	-	-	(356,450)	(356,450)
Transfers In	-	-	-	315,000	315,000
Transfers Out	(315,000)	-	-	-	(315,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(315,000)</u>	<u>-</u>	<u>427,561</u>	<u>321,550</u>	<u>434,111</u>
<i>Net Change in Fund Balances</i>	<u>(784,099)</u>	<u>94,646</u>	<u>425,435</u>	<u>(213,386)</u>	<u>(477,404)</u>
<i>Fund Balances Beginning of Year</i>	<u>5,739,076</u>	<u>1,315,493</u>	<u>1,071,961</u>	<u>5,187,807</u>	<u>13,314,337</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,954,977</u>	<u>\$ 1,410,139</u>	<u>\$ 1,497,396</u>	<u>\$ 4,974,421</u>	<u>\$ 12,836,933</u>

**City of Urbana**  
**Champaign County, Ohio**  
*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, 2021*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(477,404)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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.		
Capital Asset Additions	\$ 2,225,044	
Current Year Depreciation	<u>(1,309,426)</u>	915,618
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(199,239)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes Receivable	552,649	
Property Taxes Receivable	22,910	
Due From Other Governments	116,596	
Accounts Receivable - Ambulance	(38,158)	
Accounts Receivable - Cemetery	(6,264)	
Accounts Receivable - Other	<u>125,980</u>	773,713
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loans	12,931	
Lease Purchase	84,766	
General Obligation Bonds	<u>48,215</u>	145,912
Issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term deferred outflows and liabilities.		
Payment to Refunded Bond Escrow Agent	679,616	
Proceeds of Refunding Bonds	<u>(363,000)</u>	316,616
Inception of lease purchase in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(121,918)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		5,125
Amortization of Refunding Loss		(11,450)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	929,394	
OPEB	<u>14,839</u>	944,233
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(349,277)	
OPEB	<u>1,446,570</u>	1,097,293
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	19,404	
Asset Retirement Obligation	<u>(23,775)</u>	(4,371)
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>3,384,128</u></u>

**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2021*

	Enterprise Funds			Total
	Water Revenue	Sewer Revenue	Other Enterprise Funds	
<b>Assets</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 1,764,303	\$ 4,141,880	\$ 709,798	\$ 6,615,981
Accounts Receivable	240,475	460,311	49,518	750,304
Special Assessments Receivable	57,556	-	-	57,556
Prepaid Items	3,532	7,983	-	11,515
Materials and Supplies Inventory	177,086	40,680	-	217,766
<i>Total Current Assets</i>	<u>2,242,952</u>	<u>4,650,854</u>	<u>759,316</u>	<u>7,653,122</u>
<i>Non-Current Assets:</i>				
Net OPEB Asset	35,527	56,842	-	92,369
Non-Depreciable Capital Assets	2,879,722	798,768	-	3,678,490
Depreciable Capital Assets, Net	12,680,492	24,163,191	230,439	37,074,122
<i>Total Non-Current Assets</i>	<u>15,595,741</u>	<u>25,018,801</u>	<u>230,439</u>	<u>40,844,981</u>
<i>Total Assets</i>	<u>17,838,693</u>	<u>29,669,655</u>	<u>989,755</u>	<u>48,498,103</u>
<b>Deferred Outflows of Resources</b>				
Pension	39,719	64,921	-	104,640
OPEB	17,586	29,434	-	47,020
<i>Total Deferred Outflows of Resources</i>	<u>57,305</u>	<u>94,355</u>	<u>-</u>	<u>151,660</u>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts Payable	17,554	35,211	19,414	72,179
Accrued Wages and Benefits	13,082	18,907	-	31,989
Contracts Payable	177,216	26,000	-	203,216
Retainage Payable	127,441	-	-	127,441
Due to Other Governments	5,678	8,550	-	14,228
Accrued Interest Payable	60,686	216,725	-	277,411
Accrued Vacation and Sick Leave	14,652	21,422	-	36,074
Loans Payable	574,476	1,079,155	-	1,653,631
Bonds Payable	15,031	29,969	-	45,000
<i>Total Current Liabilities</i>	<u>1,005,816</u>	<u>1,435,939</u>	<u>19,414</u>	<u>2,461,169</u>
<i>Long-Term Liabilities:</i>				
Accrued Vacation and Sick - Net of Current Portion	37,477	98,594	-	136,071
Loans Payable - Net of Current Portion	8,934,315	16,673,799	-	25,608,114
Bonds Payable - Net of Current Portion	128,268	255,732	-	384,000
Net Pension Liability	297,149	475,438	-	772,587
<i>Total Long-Term Liabilities</i>	<u>9,397,209</u>	<u>17,503,563</u>	<u>-</u>	<u>26,900,772</u>
<i>Total Liabilities</i>	<u>10,403,025</u>	<u>18,939,502</u>	<u>19,414</u>	<u>29,361,941</u>
<b>Deferred Inflows of Resources</b>				
Pension	157,954	241,881	-	399,835
OPEB	126,395	194,532	-	320,927
<i>Total Deferred Inflows of Resources</i>	<u>284,349</u>	<u>436,413</u>	<u>-</u>	<u>720,762</u>
<b>Net Position</b>				
Net Investment in Capital Assets	5,603,467	6,897,304	230,439	12,731,210
Unrestricted	1,605,157	3,490,791	739,902	5,835,850
<i>Total Net Position</i>	<u>\$ 7,208,624</u>	<u>\$ 10,388,095</u>	<u>\$ 970,341</u>	<u>\$ 18,567,060</u>

**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2021*

	Enterprise			Total
	Water Revenue	Sewer Revenue	Other Enterprise Funds	
<b>Operating Revenues</b>				
Charges for Services	\$ 2,239,171	\$ 3,658,238	\$ 448,859	\$ 6,346,268
Other	57,556	-	-	57,556
<i>Total Operating Revenues</i>	<u>2,296,727</u>	<u>3,658,238</u>	<u>448,859</u>	<u>6,403,824</u>
<b>Operating Expenses</b>				
Personal Services	152,788	354,652	-	507,440
Contractual Services	527,684	718,790	259,432	1,505,906
Materials and Supplies	14,422	83,220	-	97,642
Administrative Fees	335,052	246,306	27,077	608,435
Depreciation	481,226	855,168	4,747	1,341,141
<i>Total Operating Expenses</i>	<u>1,511,172</u>	<u>2,258,136</u>	<u>291,256</u>	<u>4,060,564</u>
<i>Operating Income</i>	<u>785,555</u>	<u>1,400,102</u>	<u>157,603</u>	<u>2,343,260</u>
<b>Non-Operating Expenses</b>				
Interest and Fiscal Charges	(160,214)	(471,189)	-	(631,403)
<i>Income Before Capital Contributions</i>	<u>625,341</u>	<u>928,913</u>	<u>157,603</u>	<u>1,711,857</u>
Capital Contributions	-	16,667	-	16,667
<i>Change in Net Position</i>	625,341	945,580	157,603	1,728,524
<i>Net Position Beginning of Year</i>	<u>6,583,283</u>	<u>9,442,515</u>	<u>812,738</u>	<u>16,838,536</u>
<i>Net Position End of Year</i>	<u>\$ 7,208,624</u>	<u>\$ 10,388,095</u>	<u>\$ 970,341</u>	<u>\$ 18,567,060</u>

City of Urbana  
Champaign County, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2021

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 2,244,129	\$ 3,677,365	\$ 443,414	\$ 6,364,908
Cash Payments to Suppliers	(889,637)	(1,040,784)	(280,405)	(2,210,826)
Cash Payments to Employees for Services and Benefits	(462,827)	(782,371)	-	(1,245,198)
<i>Net Cash Provided by Operating Activities</i>	<u>891,665</u>	<u>1,854,210</u>	<u>163,009</u>	<u>2,908,884</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Grants	-	167,642	-	167,642
Proceeds of Loans	3,108,137	537,814	-	3,645,951
Acquisition of Capital Assets	(3,246,753)	(873,264)	-	(4,120,017)
Principal Payments on Debt	(757,196)	(1,058,032)	-	(1,815,228)
Interest Payments on Debt	(134,009)	(455,641)	-	(589,650)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,029,821)</u>	<u>(1,681,481)</u>	<u>-</u>	<u>(2,711,302)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(138,156)	172,729	163,009	197,582
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,902,459</u>	<u>3,969,151</u>	<u>546,789</u>	<u>6,418,399</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,764,303</u>	<u>\$ 4,141,880</u>	<u>\$ 709,798</u>	<u>\$ 6,615,981</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating Income	\$ 785,555	\$ 1,400,102	\$ 157,603	\$ 2,343,260
Adjustments:				
Depreciation	481,226	855,168	4,747	1,341,141
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(2,552)	9,745	(5,445)	1,748
Prepaid Items	7,365	9,109	-	16,474
Materials and Supplies Inventory	(17,379)	(10,792)	-	(28,171)
Special Assessments Receivable	(57,557)	-	-	(57,557)
Net OPEB Asset	(35,527)	(56,842)	-	(92,369)
Deferred Outflows - Pension/OPEB	59,443	101,267	-	160,710
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	5,046	18,597	6,104	29,747
Accrued Wages	2,319	1,433	-	3,752
Due to Other Governments	713	258	-	971
Accrued Vacation and Sick Leave	(2,908)	(10,042)	-	(12,950)
Deferred Inflows - Pension/OPEB	52,439	223,003	-	275,442
Net Pension Liability	(107,158)	(211,884)	-	(319,042)
Net OPEB Liability	(279,360)	(474,912)	-	(754,272)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 891,665</u>	<u>\$ 1,854,210</u>	<u>\$ 163,009</u>	<u>\$ 2,908,884</u>

**Noncash Capital Financing Activities:**

The City purchased \$330,657 and \$381,745 of capital assets on account in 2021 and 2020, respectively.  
The Water fund reported proceeds of \$22,181 in OWDA capitalized interest in 2021.  
The Sewer fund reported proceeds of \$7,578 in OWDA capitalized interest in 2021.  
The Water fund refunded \$149,975 in various purpose bonds during 2021.  
The Sewer fund refunded \$296,859 in various purpose bonds during 2021.

**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*December 31, 2021*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,500
Cash and Cash Equivalents in Segregated Accounts	115,438
Special Assessments Receivable	<u>1,228,829</u>
<i>Total Assets</i>	<u>1,346,767</u>
<b>Liabilities</b>	
Accounts Payable	2,500
Intergovernmental Payable	<u>1,228,829</u>
<i>Total Liabilities</i>	<u>1,231,329</u>
<b>Net Position</b>	
Restricted for Individuals and Other Governments	<u>115,438</u>
<i>Total Net Position</i>	<u><u>\$ 115,438</u></u>

**City of Urbana**  
**Champaign County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2021*

	Custodial
<b>Additions</b>	
Fines & Forfeitures for Other Governments	\$ 1,101,206
Special Assessment Collections for Other Governments	104,572
<i>Total Additions</i>	<i>1,205,778</i>
 <b>Deductions</b>	
Administrative Expenses	2,500
Fines & Forfeitures Distributions to Other Governments	1,114,397
Special Assessment Distributions to Other Governments	102,072
<i>Total Deductions</i>	<i>1,218,969</i>
 <i>Change in Net Position</i>	 <i>(13,191)</i>
 <i>Net Position Beginning of Year</i>	 <i>128,629</i>
 <i>Net Position End of Year</i>	 <i>\$ 115,438</i>

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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**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, storm water, 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 “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”. 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 City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’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 City. There are no blended or discretely presented component units at December 31, 2021.

*Jointly Governed Organization*

Champaign Countywide Public Safety Communications System Council of Governments

The City entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby Champaign County and the City created the COG for the purpose of operating an enhanced 911 system. The COG contracted with Champaign County to serve as its fiscal agent. Financial information may be obtained by writing to 1512 South Highway 68, Suite A100, Urbana, Ohio 43078.

**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. Basis of Presentation***

The City’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.



**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function program of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

*Fund Financial Statements*

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***B. Fund Accounting***

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the categories governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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Police and Fire Levy Fund - To account for the 3/10% income tax for additional patrolmen and firefighters that the General Fund is unable to financially support.

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

The other governmental funds of the City account for grants and other resources, debt service, and capital projects of the City whose uses are restricted to a particular purpose.

### **Proprietary Funds**

The proprietary funds focus on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The City reports the following major proprietary funds:

Water Revenue 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 Revenue 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.

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.

### **Fiduciary Funds**

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 custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for amounts collected and distributed on behalf of individuals or other governments. The City's custodial funds consist of the Champaign County Municipal Court fund and the Urbana Energy Special Improvement District.

### ***C. Measurement Focus***

#### *Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. The enterprise funds and the fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Non-exchange Transactions*

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes withheld by employers, sewerage surcharges, investment earnings, fines and forfeitures and state levied locally shared taxes (including motor vehicle fees). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Revenues received by the City within 60 days after year-end are deemed to be available. Reimbursements for federally funded grant projects are accrued as revenue at the time the eligible expenditures are made. Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Accordingly, these items are recorded and revenue recognition is deferred until they become available.

All other revenue sources, including licenses and permits, certain charges for services, and non-employer withheld income taxes, are recorded as revenue when received in cash because they generally are not measurable until actually received by the City.

*Expenditures/Expenses*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

*Unearned Revenue*

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. At December 31, 2021, the City has unearned revenue for income tax receivables and unspent American Rescue Plan Act (ARPA) grant funding.

***E. Cash and Cash Equivalents and Investments***

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 Pooled Cash and Investments. 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.

For purposes of the statement of cash flows, the City's proprietary funds consider cash equivalents to be pooled cash and investments, cash on hand, demand deposits, and investments.

The City did not have any investments at year end.

***F. Interfund 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 nonspendable fund balance account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

***G. Notes Receivable***

Notes receivable represent the right to receive repayment for a mortgage note made by the City. This note is based upon a written agreement between the City and the note recipient.

***H. Inventory and Prepaid Assets***

Inventory is valued at cost (first-in, first-out). In 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.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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

***I. 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 back trending (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 acquisition value of the item at the date of its donation.

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
Vehicles	3-5
Machinery and equipment	5-20
Infrastructure	25-50

***J. Deferred Outflows/Inflows of Resources***

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of net position for pension, other postemployment benefits (OPEB) and asset retirement obligation. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systemic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of fund balance that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, other postemployment benefits (OPEB), and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of Net Position and governmental fund financial statements.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, grants and entitlements, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on both the government-wide and proprietary statements of net position (See Notes 12 and 13).

***K. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows and deferred inflow of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

***L. 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.

***M. 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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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.

***N. Fund Balance***

GASB Statement No. 54, *Fund Balance Reporting* became effective for years beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**City of Urbana**  
**Champaign County, Ohio**  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended December 31, 2021

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In accordance with this guidance, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The City may use the following categories:

Nonspendable - resources that cannot be spent because they are not in a spendable form (inventory, prepaids, and advances) or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use the resources created by enabling legislation only for the purposes specified by the legislation.

Committed - resources that can be used only for specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - resources that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. The finance director is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned - residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance are available. The City considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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***O. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources first, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***P. 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.

***Q. Implementation of New Accounting Principles***

For the year ended December 31, 2021, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the City.

**NOTE 3 – FUND BALANCE AND ACCOUNTABILITY**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:



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	General Fund	Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total
Nonspendable for:					
Inventory	\$ 79,262	\$ -	\$ -	\$ 140,439	\$ 219,701
Prepaid Items	34,404	-	-	8,071	42,475
Advances	70,500	-	-	-	70,500
Total Nonspendable	<u>184,166</u>	<u>-</u>	<u>-</u>	<u>148,510</u>	<u>332,676</u>
Restricted for:					
Capital Projects	-	-	1,497,396	1,291,860	2,789,256
Transportation Programs	-	-	-	442,122	442,122
Public Safety Programs	-	1,410,139	-	276,177	1,686,316
Debt Service	-	-	-	139,276	139,276
Permanent Endowments	-	-	-	99,597	99,597
Grant Programs	-	-	-	164,546	164,546
Other Purposes	17,797	-	-	168,229	186,026
Total Restricted	<u>17,797</u>	<u>1,410,139</u>	<u>1,497,396</u>	<u>2,581,807</u>	<u>5,507,139</u>
Committed for:					
Transportation Programs	-	-	-	500,336	500,336
Other	-	-	-	13,230	13,230
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,566</u>	<u>513,566</u>
Assigned:					
Encumbrances					
General Government	20,833	-	-	-	20,833
Public Safety	12,936	-	-	-	12,936
Community Development	168	-	-	-	168
Capital Projects	-	-	-	1,827,348	1,827,348
Total Assigned	<u>33,937</u>	<u>-</u>	<u>-</u>	<u>1,827,348</u>	<u>1,861,285</u>
Unassigned	<u>4,719,076</u>	<u>-</u>	<u>-</u>	<u>(96,809) *</u>	<u>4,622,267</u>
Total Fund Balance	<u>\$ 4,954,977</u>	<u>\$ 1,410,139</u>	<u>\$ 1,497,396</u>	<u>\$ 4,974,421</u>	<u>\$ 12,836,933</u>

\* **Deficit Fund Balances** – The following 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.

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Fund	Deficit
Other Governmental Funds:	
FAA Airport Grant Fund	\$ (56,278)
Masoleum Trust Fund	(40,531)
Total	\$ (96,809)

**NOTE 4 – 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. 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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds or other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer’s investment pool (STAR Ohio);
7. Certain banker’s acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40% of the interim monies available for investment at any one time; and,

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8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

**(a) Cash on Hand** - At year end, the City had \$1,025 in undeposited petty cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and investments”.

**(b) Deposits with Financial Institutions** - At year-end, \$1,068,518 of the City’s bank balance was covered by federal depository insurance, and the remaining amount was collateralized.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the FDIC or may pledge a single pool of collateral for the benefit of every depositor via the Ohio Pooled Collateral System administered by the Treasurer of State. Specific collateral must equal or exceed 105% of the carrying value of assets, whereas pooled collateral must equal or exceed 102% or lesser amount as determined by the Treasurer of State. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC. The City does not have a policy for custodial credit risk.

**(c) Investments** - As of December 31, 2021, the City did not have any investments.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City’s investment policy limits investment portfolio maturities to five years or less.

**Credit Risk:** The City has no investment policy that would further limit its investment choices.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee. The City was not exposed to custodial credit risk.

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**NOTE 5 – NOTES RECEIVABLE**

During 2011, the City loaned Sarica/Hughley and Phillips LLC, \$950,000, to assist in financing the cost to retain and expand their company within the City. In consideration of the repayment of the note, monthly payments of \$4,806 began on July 1, 2011 and continue on the first day of each month until June 1, 2031 when the remaining principal at that time on the note shall become due and payable in full. Sarica/Hughley and Phillips LLC made twelve payments, totaling \$45,366 during 2021. At December 31, 2021, the balance of the Sarica/Hughley and Phillips LLC note was \$505,985. In addition, the City had Community Development Block Grant loans outstanding at year-end totaling \$1,077, for a total notes receivable balance at December 31, 2021 of \$507,062.

**NOTE 6 – 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 2021 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 1% unvoted 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.

**NOTE 7 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

2021 real property taxes were levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

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The full tax rate for all City operations for the year ended December 31, 2021, was \$3.30 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate (Other than Public Utility)	\$ 209,899,950
Public Utilities - Real	38,980
Public Utilities - Personal	8,617,400
Total Assessed Value	\$ 218,556,330

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2021, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**NOTE 8 – TAX ABATEMENTS**

***Community Reinvestment Area***

Description – Under the authority of ORC 3735.65 – 3735.70, the City created a Community Reinvestment Area (CRA). Legislation established that the remodeling of existing and construction of new structures within this CRA constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the CRA that will improve property value and potentially bring jobs to the City.

The gross dollar amount for the total abated value of the CRA parcels for 2021, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Phoenix BTS LLC	2018-2032	100	\$ 228,540
Weidmann	2018-2032	100	790
			\$ 229,330

***Enterprise Zone***

Description – Under the authority of ORC 5709.61, the City created an Enterprise Zone (EZ) within city limits. Legislation established that the remodeling of existing and construction of new structures within this EZ constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

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Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the EZ that will improve property value and bring jobs to the City.

Provisions for recapturing abated taxes - If the owner or lessee materially fails to fulfill its obligation, reimbursement level will be 100 percent (less than year one), 80 percent (year one to year two), 60 percent (year two to year three), 40 percent (year three to year four), and 20 percent (year four to year ten).

The gross dollar amount for the total abated value of the EZ parcel for 2021, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Willow Run Realty and American Pan Company	2013-2022	75	\$ 20,390
Columbus Urbana LLC/Memorial Health	2017-2027	100	26,180
Urbana Hotel LLC	2019-2034	100	57,070
			<u>\$ 103,640</u>

**NOTE 9 – CAPITAL ASSETS**

A summary of capital asset activity for governmental activities for the fiscal year follows:

***Governmental Activities***

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 3,609,111	\$ -	\$ (91,000)	\$ -	\$ 3,518,111
Construction in Progress	181,095	739,864	-	-	920,959
Total Nondepreciable Assets	<u>3,790,206</u>	<u>739,864</u>	<u>(91,000)</u>	<u>-</u>	<u>4,439,070</u>
Depreciable Capital Assets					
Building and Improvements	17,713,436	403,587	(611,229)	-	17,505,794
Vehicles	3,900,246	1,021,981	(106,264)	-	4,815,963
Machinery and Equipment	1,863,396	59,612	(74,630)	-	1,848,378
Infrastructure	22,692,937	-	-	-	22,692,937
Total Depreciable Assets	<u>46,170,015</u>	<u>1,485,180</u>	<u>(792,123)</u>	<u>-</u>	<u>46,863,072</u>
Less accumulated depreciation					
Building and Improvements	15,239,199	421,681	(511,479)	-	15,149,401
Vehicles	3,407,447	289,704	(97,775)	-	3,599,376
Machinery and Equipment	1,652,922	70,589	(74,630)	-	1,648,881
Infrastructure	8,637,953	527,452	-	-	9,165,405
Total accumulated depreciation	<u>28,937,521</u>	<u>1,309,426</u>	<u>(683,884)</u>	<u>-</u>	<u>29,563,063</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>17,232,494</u>	<u>175,754</u>	<u>(108,239)</u>	<u>-</u>	<u>17,300,009</u>
Total Capital Assets, Net	<u>\$ 21,022,700</u>	<u>\$ 915,618</u>	<u>\$ (199,239)</u>	<u>\$ -</u>	<u>\$ 21,739,079</u>

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Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 296,706
Public Safety	201,385
Transportation	716,930
Health	49,460
Leisure Activities	44,945
Total depreciation expense	<u>\$ 1,309,426</u>

A summary of capital asset activity for business-type activities for the fiscal year follows:

***Business Type Activities***

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Land	\$ 1,011,796	\$ -	\$ -	\$ -	\$ 1,011,796
Construction in Progress	1,363,590	3,922,017	-	(2,618,913)	2,666,694
Total Nondepreciable Assets	<u>2,375,386</u>	<u>3,922,017</u>	<u>-</u>	<u>(2,618,913)</u>	<u>3,678,490</u>
Depreciable Capital Assets					
Buildings	53,802,841	-	-	-	53,802,841
Vehicles	968,552	-	-	-	968,552
Machinery and Equipment	3,318,316	146,912	(6,771)	-	3,458,457
Infrastructure	16,028,382	-	-	2,618,913	18,647,295
Total Depreciable Assets	<u>74,118,091</u>	<u>146,912</u>	<u>(6,771)</u>	<u>2,618,913</u>	<u>76,877,145</u>
Less accumulated depreciation					
Buildings	31,931,379	740,202	-	-	32,671,581
Vehicles	748,852	132,574	-	-	881,426
Machinery and Equipment	2,924,787	139,064	(6,771)	-	3,057,080
Infrastructure	2,863,635	329,301	-	-	3,192,936
Total accumulated depreciation	<u>38,468,653</u>	<u>1,341,141</u>	<u>(6,771)</u>	<u>-</u>	<u>39,803,023</u>
Depreciable Assets, Net	<u>35,649,438</u>	<u>(1,194,229)</u>	<u>-</u>	<u>2,618,913</u>	<u>37,074,122</u>
Total Capital Assets, Net	<u>\$38,024,824</u>	<u>\$2,727,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$40,752,612</u>

**City of Urbana**  
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**NOTE 10 – LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2021:

<i>Governmental Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>General Obligation Bonds:</i>					
2010 Various Purpose Bonds					
GO Bonds 2011-2030 2.0-5.0%	\$ 323,166	\$ -	\$ (323,166)	\$ -	\$ -
Mausoleum Refunding Bonds					
2011-2030 6.75%	345,000	-	(345,000)	-	-
<i>Total General Obligation Bonds</i>	<u>668,166</u>	<u>-</u>	<u>(668,166)</u>	<u>-</u>	<u>-</u>
<i>Direct Placements:</i>					
2021 Masoleum Refunding Bonds	-	363,000	(35,000)	328,000	32,000
2021-2030 1.89%					
2018 Real Estate Acquisition Bond					
2018-2038 4.39-4.75%	352,638	-	(13,215)	339,423	13,799
<i>Total Direct Placements</i>	<u>352,638</u>	<u>363,000</u>	<u>(48,215)</u>	<u>667,423</u>	<u>45,799</u>
<i>Direct Borrowings:</i>					
<i>OPWC Loan:</i>					
OPWC Loan - Phoenix Dr (CK11P)					
2013-2033, 0%	168,104	-	(12,931)	155,173	12,932
<i>Loans:</i>					
2019 Case 621G Loader Backhoe					
2019-2021, 3.22%	53,020	-	(53,020)	-	-
2021 John Deere 85G	-	121,918	(31,746)	90,172	29,235
<i>Total Loans</i>	<u>53,020</u>	<u>121,918</u>	<u>(84,766)</u>	<u>90,172</u>	<u>29,235</u>
<i>Total Direct Borrowings</i>	<u>221,124</u>	<u>121,918</u>	<u>(97,697)</u>	<u>245,345</u>	<u>42,167</u>
<i>Other Long-Term Obligations:</i>					
Net Pension Liability	10,895,303	-	(870,317)	10,024,986	
Net OPEB Liability	3,204,128	51,533	(2,039,326)	1,216,335	-
Compensated Absences	1,088,032	457,438	(476,842)	1,068,628	337,195
Asset Retirement Obligation	-	45,000	-	45,000	-
<i>Total Other Long Term Obligations</i>	<u>15,187,463</u>	<u>553,971</u>	<u>(3,386,485)</u>	<u>12,354,949</u>	<u>337,195</u>
<b>Total Governmental Activities</b>	<u>\$ 16,429,391</u>	<u>\$ 1,038,889</u>	<u>\$ (4,200,563)</u>	<u>\$ 13,267,717</u>	<u>\$ 425,161</u>

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2021:



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The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2021:

<i><b>Business-Type Activities</b></i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Water Fund:</b>					
<i>General Obligation Bonds:</i>					
2010 Various Purpose Bonds					
2011-2030 2.0-5.0%	\$ 149,975	\$ -	\$ (149,975)	\$ -	\$ -
<i>Direct Placements:</i>					
2021 Various Purpose-Water					
2021-2030 1.49%	-	160,000	(16,701)	143,299	15,031
<i>Direct Borrowings:</i>					
<i>OPWC Loans:</i>					
OPWC 0% Interest Loan- CK26C	44,626	-	(22,314)	22,312	22,312
OPWC 0% Interest Loan Well Field	35,503	-	(4,734)	30,769	4,734
OPWC Well Field, 0%	450,000	-	(50,000)	400,000	50,000
OPWC Utility Extension, 0%	42,327	-	(4,112)	38,215	4,112
OPWC 2013-2033 Water Main, 0%	241,399	-	(19,312)	222,087	19,312
OPWC 2016-2036 Wooddale Amherst, 0%	456,000	-	(28,500)	427,500	28,500
OPWC Monument Square Water Main, 0%	404,600	-	(20,230)	384,370	20,230
<i>Total OPWC Loans</i>	<u>1,674,455</u>	<u>-</u>	<u>(149,201)</u>	<u>1,525,254</u>	<u>149,200</u>
<i>OWDA Loans:</i>					
OWDA 2008-2029 Water System, 3.0%	3,030,415	-	(293,609)	2,736,806	303,557
OWDA 2016-2035 Water Main Replacement	2,064,955	-	(119,321)	1,945,634	121,719
OWDA Water Main Replacement 2020-2040	170,779	1,156,405	-	1,327,184	-
OWDA Advanced Metering Replacement Program	-	1,973,913	-	1,973,913	-
<i>Total OWDA Loans</i>	<u>5,266,149</u>	<u>3,130,318</u>	<u>(412,930)</u>	<u>7,983,537</u>	<u>425,276</u>
<i>Loans:</i>					
Gwynne Street Tank Loan, 2016-2021	132,698	-	(132,698)	-	-
Ford F-550 Crane Truck, 2019-2021, 6.90%	45,666	-	(45,666)	-	-
<i>Total Loans</i>	<u>178,364</u>	<u>-</u>	<u>(178,364)</u>	<u>-</u>	<u>-</u>
<i>Total Direct Borrowings</i>	<u>7,118,968</u>	<u>3,130,318</u>	<u>(740,495)</u>	<u>9,508,791</u>	<u>574,476</u>
<i>Other Long-Term Obligations:</i>					
Net Pension Liability - OPERS	404,307	-	(107,158)	297,149	-
Net OPEB Liability - OPERS	279,360	-	(279,360)	-	-
Accrued Vacation and Sick Leave	55,037	25,401	(28,309)	52,129	14,652
<i>Total Other Long-Term Obligations</i>	<u>738,704</u>	<u>25,401</u>	<u>(414,827)</u>	<u>349,278</u>	<u>14,652</u>
<b>Total Water Fund</b>	<u>\$8,007,647</u>	<u>\$ 3,315,719</u>	<u>\$(1,321,998)</u>	<u>\$10,001,368</u>	<u>\$ 604,159</u>

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<b>Business-Type Activities</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Sewer Fund:</b>					
<i>General Obligation Bonds:</i>					
2010 Various Purpose Bonds					
2011-2030 2.0-5.0%	\$ 296,859	\$ -	\$ (296,859)	\$ -	\$ -
<i>Direct Placements:</i>					
2021 Various Purpose-Sewer					
2021-2030 1.49%	-	319,000	(33,299)	285,701	29,969
<i>Direct Borrowings:</i>					
<i>OPWC Loans:</i>					
OPWC 0% Northwest Sanitary	90,000	-	(10,000)	80,000	10,000
OPWC Utility Extension, 0%	48,140	-	(4,112)	44,028	4,112
OPWC Loan - 0% Powell to Bon Air (CK02W)	-	214,448	-	214,448	10,722
<i>Total OPWC Loans</i>	<u>138,140</u>	<u>214,448</u>	<u>(14,112)</u>	<u>338,476</u>	<u>24,834</u>
<i>OWDA Loans:</i>					
OWDA 2013-2035 WPCLF Upgrade					
Design, 2.57%-2.60%	16,725,866	-	(926,884)	15,798,982	950,858
OWDA 2020-2029 Belt Filter Process					
Replacement, 2.90%	1,001,512	-	(83,737)	917,775	103,463
OWDA Sewer Replacement 2022-2031	366,777	116,281	-	483,058	-
OWDA Septage Receiving Station Replacement	-	214,663	-	214,663	-
<i>Total OWDA Loans</i>	<u>18,094,155</u>	<u>330,944</u>	<u>(1,010,621)</u>	<u>17,414,478</u>	<u>1,054,321</u>
<i>Total Direct Borrowings</i>	<u>18,232,295</u>	<u>545,392</u>	<u>(1,024,733)</u>	<u>17,752,954</u>	<u>1,079,155</u>
<i>Other Long-Term Obligations:</i>					
Net Pension Liability - OPERS	687,322	-	(211,884)	475,438	-
Net OPEB Liability - OPERS	474,912	-	(474,912)	-	-
Accrued Vacation and Sick Leave	130,058	37,591	(47,633)	120,016	21,422
<i>Total Other Long-Term Obligations</i>	<u>1,292,292</u>	<u>37,591</u>	<u>(734,429)</u>	<u>595,454</u>	<u>21,422</u>
<b>Total Sewer Fund</b>	<u>\$ 19,821,446</u>	<u>\$ 901,983</u>	<u>\$ (2,089,320)</u>	<u>\$ 18,634,109</u>	<u>\$ 1,130,546</u>

Accrued vacation and sick leave will be paid with available resources with the appropriate fund that relates to each particular employee. The funds include both governmental and business-type funds.

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from both governmental and business-type funds. For additional information related to the net pension liability see Note 12.

### **General Obligation Bonds**

In 2010, the City also issued \$525,000 in bonds for the re-finance of the Mausoleum Building. The bonds mature in 2031 and have an interest rate of 6.75 percent. The Bonds were refunded in 2021 as further discussed below.

In 2010, the City issued Bond Anticipation Notes and issued Various Purpose Bonds in the amount of \$1,335,000. The Bonds mature in 2030 and have interest rates ranging from 2.0 to 5.0 percent during the life of the Bonds. The Bonds were refunded in 2021 as further discussed below.

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General obligation bonds are backed by full faith and credit of the City.

***Direct Placements***

In 2018, the City also issued \$380,000 in bond anticipation notes through Security National Bank for the purpose of purchasing the building and land located at 225 South Main Street. The notes mature in 2038 and have interest rates ranging from 4.39 to 4.75 percent.

On April 28, 2021 the City issued Various Purpose Refunding Bonds, Series 2021, in the amount of \$842,000. The refunding bonds have interest rates ranging from 1.49% to 1.89% and a final maturity of December 1, 2030. The City decreased its total debt service payments by \$238,121 as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$186,036. The balance of the defeased bonds was \$0 as of December 31, 2021.

***Direct Borrowings***

During 2012, the City entered into two loan arrangements through the Ohio Public Works Commission (OPWC) and one loan with the Ohio Water Development Agency (OWDA). The two OPWC loans were to fund the Phoenix Drive (\$258,623) and South Main Water Main (\$386,239) projects. The OWDA loan was entered into to fund a Waste Water Plant Upgrade project. The OWDA approved a loan in the amount \$20,697,045 for the project. An additional \$453,388 in capitalized interest was added to the loan balance during construction.

In 2014, the City entered into another loan with the Ohio Water Development Agency (OWDA) to fund a Water Main Replacement project. The OWDA approved a loan in the amount of \$2,861,925 for the project. An additional \$14,681 in capitalized interest was added to the loan balance during construction.

During 2015, the City entered into a loan arrangement with the OPWC to fund the Wooddale Amherst Phase One Water Replacement Project for \$570,000.

During 2016, the City entered into financing agreements with the Utility Services Co., Inc. for renovations of the Gwynne Street Water Tank, totaling \$703,490, respectively. The Gwynne Street Water Tank financing matured during 2021.

During 2018, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a screw press and related construction at the Water Reclamation Facility. The OWDA approved a loan in the amount of \$1,254,788 for the project and the City incurred capitalized interest of \$5,763.

During 2019, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund the Monument Square Water Main Improvements project. This loan was issued in the amount of \$404,600 and will mature in 2040. This loan carries an interest rate of 0 percent.

In 2019, the City also entered into a financing arrangement Ford Motor Credit Company to finance the remaining balance of the purchase of a 2019 Ford F-550 Crane Truck, totaling \$137,200, over a three-year period. Ford Motor Credit Company has a security interest in the vehicle. In addition, in the event of default, Ford Motor Credit Company may declare all payments due immediately.

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In 2019, the City also entered into a financing arrangement KS State Bank to finance the remaining balance of the purchase of a 2019 Case 621G Loader Backhoe, totaling \$159,114, over a three-year period. KS State Bank has a security interest in the equipment. In addition, in the event of default, KS State Bank may declare all payments due immediately.

In 2020, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Water Main, and Sanitary Sewer replacement. These loans have not been finalized. As such, amortizing schedules are not yet available.

In 2021, the City also entered into a financing arrangement with Deere Credit, Inc. to finance the purchase of a 2021 John Deere excavator, totaling \$121,918, over a four-year period. Deere Credit, Inc. has a security interest in the equipment. In addition, in the event of default, Deere Credit, Inc. may declare all payments due immediately.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Septage Receiving Station. The OWDA approved a loan in the amount of \$941,100 for the project. An additional \$3,488 in capitalized interest was added to the loan balance during construction. No amortizing schedule is available and therefore this debt is excluded from the table below.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the Advanced Meter Replacement project. The OWDA approved a loan in the amount of \$3,273,270 for the project. An additional \$19,454 in capitalized interest was added to the loan balance during construction. No amortizing schedule is available and therefore this debt is excluded from the table below.

In 2021, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC) to fund the Powell to Bon Air Sanitary Sewer project. The OPWC approved a loan in the amount of \$214,448 for the project.

Annual requirements to pay principal and interest on long-term debt of governmental activities at December 31, 2021:

	<b>Governmental Activities</b>					
	<b>Direct Placement</b>		<b>Direct Borrowings</b>		<b>Total</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 45,799	\$ 20,949	\$ 42,167	\$ 2,511	\$ 87,966	\$ 23,460
2023	50,411	19,732	42,981	1,697	93,392	21,429
2024	49,012	18,450	43,818	860	92,830	19,310
2025	53,717	17,103	12,932	-	66,649	17,103
2026	52,414	15,688	12,932	-	65,346	15,688
2027-2031	244,848	58,050	64,660	-	309,508	58,050
2032-2036	116,428	28,787	25,854	-	142,282	28,787
2037-2040	54,794	3,290	-	-	54,794	3,290
<b>Total</b>	<b>\$ 667,423</b>	<b>\$ 182,050</b>	<b>\$ 245,345</b>	<b>\$ 5,068</b>	<b>\$ 912,768</b>	<b>\$ 187,118</b>

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Annual requirements to pay principal and interest on long-term debt of business-type activities at December 31, 2021:

	<b>Business-Type Activities</b>					
	<b>Direct Placement</b>		<b>Direct Borrowings</b>		<b>Total</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 45,000	\$ 6,392	\$ 1,653,631	\$ 544,076	\$ 1,698,631	\$ 550,468
2023	47,000	5,722	1,671,677	504,819	1,718,677	510,541
2024	50,000	5,021	1,713,158	471,819	1,763,158	476,840
2025	48,000	4,276	1,755,793	427,541	1,803,793	431,817
2026	45,000	3,562	1,799,617	385,361	1,844,617	388,923
2027-2031	193,999	7,466	8,492,284	1,251,220	8,686,283	1,258,686
2032-2036	-	-	6,042,230	327,389	6,042,230	327,389
2037-2040	-	-	134,538	-	134,538	-
<b>Total</b>	<b>\$ 428,999</b>	<b>\$ 32,438</b>	<b>\$23,262,928</b>	<b>\$ 3,912,225</b>	<b>\$ 23,691,927</b>	<b>\$ 3,944,663</b>

**NOTE 11 – RISK MANAGEMENT**

The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker’s Compensation. For property and casualty coverage, the City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Insurance

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2020 (most recent information available), PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2020 (the most recently available audited financial statements):

<u>Casualty &amp; Property Coverage</u>	<u>2020</u>
Assets	\$57,336,499
Liabilities	<u>(16,156,805)</u>
Net Position	\$41,179,694

**City of Urbana**  
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At December 31, 2020, the liabilities above include approximately \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$13.5 million of unpaid claims to be billed to approximately 571 member governments in the future, as of December 31, 2020. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2021	\$166,359
2020	\$159,608

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

Withdrawing members have no other future obligation to PEP. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

There has been no reduction in coverage from the prior year. Settled claims did not exceed coverage in any of the last three years.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

The statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$397,151 for 2021. Of this amount, \$52,094 is reported as due to other governments.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$635,502 for 2021. Of this amount, \$63,189 is reported as due to other governments.

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.020067%	0.114801%	
Prior Measurement Period	0.020455%	0.117922%	
Change in Proportion	<u>-0.000388%</u>	<u>-0.003121%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 2,971,486	\$ 7,826,087	\$ 10,797,573
Pension Expense	\$ 62,817	\$ 248,315	\$ 311,132

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 327,159	\$ 327,159
Changes of Assumptions	-	131,246	131,246
Changes in Proportionate Share and Differences in Contributions	27,464	74,826	102,290
City Contributions Subsequent to the Measurement Date	397,151	635,502	1,032,653
Total Deferred Outflows of Resources	<u>\$ 424,615</u>	<u>\$ 1,168,733</u>	<u>\$ 1,593,348</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 124,300	\$ 304,878	\$ 429,178
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,158,197	379,617	1,537,814
Changes in Proportionate Share and Differences in Contributions	77,702	598,855	676,557
Total Deferred Inflows of Resources	<u>\$ 1,360,199</u>	<u>\$ 1,283,350</u>	<u>\$ 2,643,549</u>

\$1,032,653 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (521,217)	\$ (157,335)	\$ (678,552)
2023	(181,436)	16,227	(165,209)
2024	(472,120)	(486,017)	(958,137)
2025	(157,962)	(117,129)	(275,091)
2026	-	(5,865)	(5,865)
Total	<u>\$ (1,332,735)</u>	<u>\$ (750,119)</u>	<u>\$ (2,082,854)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living	Pre-1/7/2013 Retirees: 3.00 percent Simple
Adjustments	Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the City's proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 5,668,125	\$ 2,971,486	\$ 729,235

**Changes between Measurement Date and Report Date** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

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***Actuarial Assumptions – OP&F***

OP&F’s total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 10,894,916	\$ 7,826,087	\$ 5,257,788

**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

See Note 12 for a description of the net OPEB liability/asset.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.



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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care.

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Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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 is 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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent 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.

The OP&F Board of Trustees is also 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.

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The City's contractually required contribution to OP&F was \$14,839 for 2021. Of this amount, \$1,488 is reported as due to other governments.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.019941%	0.1148010%	
Prior Measurement Period	0.020225%	0.1179221%	
Change in Proportion	-0.000284%	-0.0031211%	
 Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (355,265)	\$ 1,216,335	
OPEB Expense	\$ (2,144,906)	\$ 110,209	\$ (2,034,697)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes of Assumptions	\$ 174,653	\$ 671,959	\$ 846,612
Changes in Proportionate Share and Differences in Contributions	21,117	88,722	109,839
City Contributions Subsequent to the Measurement Date	-	14,839	14,839
Total Deferred Outflows of Resources	<u>\$ 195,770</u>	<u>\$ 775,520</u>	<u>\$ 971,290</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 320,625	\$ 200,630	\$ 521,255
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	189,219	45,199	234,418
Changes of Assumptions	575,636	193,907	769,543
Changes in Proportionate Share and Differences in Contributions	39,426	110,013	149,439
Total Deferred Inflows of Resources	<u>\$ 1,124,906</u>	<u>\$ 549,749</u>	<u>\$ 1,674,655</u>

\$14,839 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a change to the net OPEB asset and liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (484,539)	\$ 46,197	\$ (438,342)
2023	(340,075)	56,901	(283,174)
2024	(82,227)	40,026	(42,201)
2025	(22,295)	48,190	25,895
2026	-	10,368	10,368
Thereafter	-	9,250	9,250
	<u>\$ (929,136)</u>	<u>\$ 210,932</u>	<u>\$ (718,204)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
<b>Total</b>	<b>100.00 %</b>	<b>4.43 %</b>

**Discount Rate** A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the City’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (88,339)	\$ (355,265)	\$ (574,700)

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the

**City of Urbana**  
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actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (363,923)	\$ (355,265)	\$ (345,578)

***Changes between Measurement Date and Report Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

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For The Fiscal Year Ended December 31, 2021

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	2.75 percent
Cost of Living Adjustments	2.20 percent simple

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:



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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* Levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,516,701	\$ 1,216,335	\$ 968,569

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**NOTE 14 – INTERFUND BALANCES**

The Mausoleum Trust Fund received an advance in the amount of \$70,500 from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. The advance is not expected to be repaid in the next fiscal year.

**NOTE 15 – INTERFUND TRANSFERS**

Interfund transfers during the fiscal year were as follows:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 315,000
Nonmajor Governmental Fund:		
Neighborhood Curb, Gutter, and Sidewalk	260,000	-
Oak Dale Cemetery	55,000	-
Total Nonmajor Governmental Fund	315,000	-
Total	\$ 315,000	\$ 315,000

Transfers are used to 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.

**NOTE 16 – ASSET RETIREMENT OBLIGATIONS**

***Underground Storage Tanks***

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$45,000 associated with the City’s underground storage tanks was estimated by the City. The remaining useful life of these USTs is 24 years. The City is not aware of any legally required funding or assurance provisions associated with this ARO.

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***Sewer Assets***

Ohio Revised Code (ORC) Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the City would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, while the City is aware of the public safety concerns that would need to be addressed, the cost to address these concerns is not reasonably estimable at this time and therefore an ARO is not recognized in the City's financial statements.

**NOTE 17 – CONTINGENT LIABILITIES**

The City was a defendant in a few lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exact 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 - CONTRACTUAL COMMITMENTS**

At calendar year-end, the City had the following outstanding contractual commitments:

<b>Contract</b>	<b>Contract Amount</b>	<b>Amount Outstanding</b>
Advanced Metering Replacement Project	\$ 2,141,717	\$ 90,936
Septage Receiving Station	868,000	647,000
	<b>\$ 3,009,717</b>	<b>\$ 737,936</b>

The outstanding balance noted above represents the difference between the contract amount and total services completed and stored to-date through the end of the year.

**NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF URBANA, OHIO  
CHAMPAIGN COUNTY**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>				
Income Taxes	\$ 3,455,300	\$ 3,555,300	\$ 3,687,973	\$ 132,673
Property Taxes	491,256	527,400	527,174	(226)
Other Local Taxes	20,000	20,000	19,289	(711)
Intergovernmental	670,044	419,000	423,462	4,462
Charges for Services	802,900	1,140,100	1,213,335	73,235
Fines, Licenses, and Permits	505,200	635,400	629,701	(5,699)
Interest	48,000	48,000	49,817	1,817
Miscellaneous	167,000	150,000	149,651	(349)
Reimbursements	879,300	885,300	716,213	(169,087)
<b>Total Revenues</b>	<b>7,039,000</b>	<b>7,380,500</b>	<b>7,416,615</b>	<b>36,115</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
City Council				
Personal Services	86,620	81,720	81,636	84
Supplies, Materials and Other	4,550	4,450	4,192	258
<b>Total City Council</b>	<b>91,170</b>	<b>86,170</b>	<b>85,828</b>	<b>342</b>
Mayor/Administration				
Personal Services	239,740	232,700	231,507	1,193
Supplies, Materials and Other	18,820	18,649	16,016	2,633
<b>Total Mayor/Administration</b>	<b>258,560</b>	<b>251,349</b>	<b>247,523</b>	<b>3,826</b>
Municipal Court				
Personal Services	665,751	670,950	670,701	249
Supplies, Materials and Other	107,337	91,873	91,429	444
<b>Total Municipal Court</b>	<b>773,088</b>	<b>762,823</b>	<b>762,130</b>	<b>693</b>
Engineering				
Personal Services	226,708	231,725	231,722	3
Supplies, Materials and Other	17,187	12,052	11,810	242
<b>Total Engineering</b>	<b>243,895</b>	<b>243,777</b>	<b>243,532</b>	<b>245</b>
Public Works				
Personal Services	25,195	13,060	12,985	75
Supplies, Materials and Other	149,883	108,830	108,288	542
<b>Total Public Works</b>	<b>175,078</b>	<b>121,890</b>	<b>121,273</b>	<b>617</b>
Finance Accounting				
Personal Services	250,650	259,530	259,220	310
Supplies, Materials and Other	23,100	28,973	28,712	261
<b>Total Finance Accounting</b>	<b>273,750</b>	<b>288,503</b>	<b>287,932</b>	<b>571</b>
Finance Income Tax				
Personal Services	135,950	118,250	118,111	139
Supplies, Materials and Other	20,737	21,620	21,601	19
<b>Total Finance Income Tax</b>	<b>156,687</b>	<b>139,870</b>	<b>139,712</b>	<b>158</b>

**CITY OF URBANA, OHIO  
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Finance Utility Billing				
Personal Services	83,406	115,850	115,780	70
Supplies, Materials and Other	61,015	60,715	58,710	2,005
Total Finance Utility Billing	<u>144,421</u>	<u>176,565</u>	<u>174,490</u>	<u>2,075</u>
Law Department				
Personal Services	221,600	259,975	259,925	50
Supplies, Materials and Other	16,368	7,204	7,116	88
Total Law Department	<u>237,968</u>	<u>267,179</u>	<u>267,041</u>	<u>138</u>
Non-Departmental				
Supplies, Materials and Other	538,156	1,015,831	973,470	42,361
Total Non-Departmental	<u>538,156</u>	<u>1,015,831</u>	<u>973,470</u>	<u>42,361</u>
Compost and Mulch				
Personal Services	20,575	310	307	3
Supplies, Materials and Other	2,500	700	687	13
Total Compost and Mulch	<u>23,075</u>	<u>1,010</u>	<u>994</u>	<u>16</u>
Zoning Compliance				
Personal Services	114,650	114,650	114,439	211
Supplies, Materials and Other	16,903	32,746	31,432	1,314
Total Zoning Compliance	<u>131,553</u>	<u>147,396</u>	<u>145,871</u>	<u>1,525</u>
<b>Total General Government</b>	<b><u>3,047,401</u></b>	<b><u>3,502,363</u></b>	<b><u>3,449,796</u></b>	<b><u>52,567</u></b>
Public Safety				
Code Enforcement				
Supplies, Materials and Other	53,360	51,628	51,571	57
Total Code Enforcement	<u>53,360</u>	<u>51,628</u>	<u>51,571</u>	<u>57</u>
Police Services				
Personal Services	1,623,817	1,518,440	1,500,437	18,003
Supplies, Materials and Other	137,625	143,381	127,854	15,527
Total Police Services	<u>1,761,442</u>	<u>1,661,821</u>	<u>1,628,291</u>	<u>33,530</u>
Fire Services				
Personal Services	1,787,534	1,780,800	1,778,807	1,993
Supplies, Materials and Other	155,775	227,480	208,870	18,610
Total Fire Services	<u>1,943,309</u>	<u>2,008,280</u>	<u>1,987,677</u>	<u>20,603</u>
<b>Total Public Safety</b>	<b><u>3,758,111</u></b>	<b><u>3,721,729</u></b>	<b><u>3,667,539</u></b>	<b><u>54,190</u></b>
Public Health				
Supplies, Materials and Other	41,995	41,995	41,995	-
Total Public Health	<u>41,995</u>	<u>41,995</u>	<u>41,995</u>	<u>-</u>
Community and Development				
Personal Services	71,025	76,007	75,424	583
Total Community Development	<u>71,025</u>	<u>76,007</u>	<u>75,424</u>	<u>583</u>

**CITY OF URBANA, OHIO  
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Leisure Time Services				
Recreation Administration				
Personal Services	137,128	139,700	139,549	151
Supplies, Materials and Other	69,381	437,209	435,078	2,131
Total Recreation Administration	<u>206,509</u>	<u>576,909</u>	<u>574,627</u>	<u>2,282</u>
Recreation-Pool				
Supplies, Materials and Other	87,050	88,575	88,568	7
Total Recreation-Pool	<u>87,050</u>	<u>88,575</u>	<u>88,568</u>	<u>7</u>
 Total Leisure Time Services	 <u><b>293,559</b></u>	 <u><b>665,484</b></u>	 <u><b>663,195</b></u>	 <u><b>2,289</b></u>
 Total Expenditures	 <u><b>7,212,091</b></u>	 <u><b>8,007,578</b></u>	 <u><b>7,897,949</b></u>	 <u><b>109,629</b></u>
 Excess of Revenues Under Expenditures	 (173,091)	 (627,078)	 (481,334)	 145,744
 Other Financing Uses				
Operating Transfers Out	(55,000)	(55,000)	(55,000)	-
Total Other Financing Uses	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
 Net Change in Fund Balance	 (228,091)	 (682,078)	 (536,334)	 145,744
 Fund Balance January 1, 2021	 4,593,681	 4,593,681	 4,593,681	 -
Prior Year Encumbrances	265,202	265,202	265,202	-
Fund Balance December 31, 2021	<u><b>\$ 4,630,792</b></u>	<u><b>\$ 4,176,805</b></u>	<u><b>\$ 4,322,549</b></u>	<u><b>\$ 145,744</b></u>

**CITY OF URBANA, OHIO  
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
POLICE AND FIRE LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b><u>Revenues:</u></b>				
Income Taxes	\$ 1,411,358	\$ 1,471,358	\$ 1,475,189	\$ 3,831
Miscellaneous	-	-	27,028	27,028
Total Revenues	<u>1,411,358</u>	<u>1,471,358</u>	<u>1,502,217</u>	<u>30,859</u>
<b><u>Expenditures:</u></b>				
<b><u>Current:</u></b>				
Public Safety				
Personal Services	1,516,550	1,508,910	1,379,629	129,281
Capital Outlay	2,938	10,578	10,503	75
Total Public Safety	<u>1,519,488</u>	<u>1,519,488</u>	<u>1,390,132</u>	<u>129,356</u>
Net Change in Fund Balance	(108,130)	(48,130)	112,085	160,215
Fund Balance January 1, 2021	1,227,652	1,227,652	1,227,652	-
Prior Year Encumbrances	2,938	2,938	2,938	-
Fund Balance December 31, 2021	<u><u>\$ 1,122,460</u></u>	<u><u>\$ 1,182,460</u></u>	<u><u>\$ 1,342,675</u></u>	<u><u>\$ 160,215</u></u>



**CITY OF URBANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 Levy, Airport, Oak Dale Cemetery, Highway, Police and Fire Pension Levy, Coronavirus Relief, American Rescue Plan Act, Supplemental Investment, CDBG Program Income, Cemetery Trust Income, Fire Trust, Police Trust, Capital Improvements, Capital Police & Fire, City Beautification Trust, Parks & Recreation Trust, and Cemetery Improvement Funds.

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 within assigned, committed, or restricted fund balance, since they do not constitute expenditures or liabilities.

**CITY OF URBANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 (Non-GAAP Basis) and Actual 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 assigned, committed, or restricted fund balance (GAAP).
- (4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Schedule. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

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

	General Fund	Police & Fire Levy Fund
GAAP Basis	\$ (784,099)	\$ 94,646
Supplemental Investment Fund Change	257,258	-
Income Tax Revenue Fund Change	(1,555)	-
Group Insurance Fund Change	(792)	-
Unclaimed Monies Fund Change	(3,867)	-
Revenue Accruals	840,125	17,448
Expenditure Accruals	(736,759)	3,003
Other Financing	-	-
Encumbrances	(106,645)	(3,012)
Budget Basis	\$ (536,334)	\$ 112,085

**City of Urbana, Ohio**

*Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Eight Years (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
City's Proportion of the Net Pension Liability	0.020067%	0.020455%	0.020390%	0.019665%
City's Proportionate Share of the Net Pension Liability	\$ 2,971,486	\$ 4,043,070	\$ 5,584,134	\$ 3,085,058
City's Covered Payroll	\$ 2,826,300	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	128.53%	188.05%	111.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
City's Proportion of the Net Pension Liability	0.114801%	0.117922%	0.126582%	0.123603%
City's Proportionate Share of the Net Pension Liability	\$ 7,826,087	\$ 7,943,862	\$ 10,332,436	\$ 7,586,074
City's Covered Payroll	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388	\$ 2,795,416
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	283.17%	267.80%	354.65%	271.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.020217%	0.019715%	0.020529%	0.020529%
\$	4,590,938	\$ 3,414,888	\$ 2,476,029	\$2,420,102
\$	2,781,113	\$ 2,608,371	\$ 2,561,683	\$2,208,115
	164.86%	130.72%	96.51%	109.55%
	77.25%	81.08%	86.45%	86.36%
	0.125557%	0.135095%	0.144162%	0.144162%
\$	7,952,654	\$ 8,690,756	\$ 7,468,214	\$7,021,161
\$	2,616,381	\$ 2,721,320	\$ 2,784,088	\$2,828,327
	303.96%	319.36%	268.25%	248.24%
	68.36%	66.77%	72.20%	73.00%

**City of Urbana, Ohio**

*Required Supplementary Information  
Schedule of the City's Contributions - Pension  
Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 397,151	\$ 395,682	\$ 440,393	\$ 414,802
Contributions in Relation to the Contractually Required Contribution	<u>(397,151)</u>	<u>(395,682)</u>	<u>(440,393)</u>	<u>(414,802)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,836,793	\$ 2,826,300	\$ 3,145,663	\$ 2,962,869
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 635,502	\$ 592,472	\$ 635,634	\$ 626,417
Contributions in Relation to the Contractually Required Contribution	<u>\$ (635,502)</u>	<u>\$ (592,472)</u>	<u>\$ (635,634)</u>	<u>\$ (626,417)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,967,823	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388
Contributions as a Percentage of Covered Payroll	21.41%	21.44%	21.43%	21.50%

(n/a) Information prior to 2013 is not available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 357,702	\$ 333,734	\$ 313,004	\$ 307,402	\$ 287,055	n/a
<u>(357,702)</u>	<u>(333,734)</u>	<u>(313,004)</u>	<u>(307,402)</u>	<u>(287,055)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
\$ 2,751,560	\$ 2,781,113	\$ 2,608,371	\$ 2,561,683	\$ 2,208,115	n/a
13.00%	12.00%	12.00%	12.00%	13.00%	n/a
\$ 599,842	\$ 560,816	\$ 582,135	\$ 603,310	\$ 519,856	\$ 418,227
<u>\$ (599,842)</u>	<u>\$ (560,816)</u>	<u>\$ (582,135)</u>	<u>\$ (603,310)</u>	<u>\$ (519,856)</u>	<u>\$ (418,227)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,795,416	\$ 2,616,381	\$ 2,721,320	\$ 2,784,088	\$ 2,828,327	\$ 2,672,123
21.46%	21.43%	21.39%	21.67%	18.38%	15.65%

City of Urbana, Ohio

Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net OPEB Asset/Liability  
 Last Five Years (1)

	2021	2020	2019	2018	2017
<b>Ohio Public Employees' Retirement System (OPERS)</b>					
City's Proportion of the Net OPEB (Asset)/Liability	0.019941%	0.020225%	0.020060%	0.019530%	0.020131%
City's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (355,265)	\$ 2,793,598	\$ 2,615,481	\$ 2,120,922	\$ 2,033,400
City's Covered Payroll	\$ 2,826,300	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560	\$ 2,781,113
City's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-12.57%	88.81%	88.28%	77.08%	73.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.05%
<b>Ohio Police and Fire Pension Fund (OPF)</b>					
City's Proportion of the Net OPEB Liability	0.114801%	0.117922%	0.126582%	0.123603%	0.125558%
City's Proportionate Share of the Net OPEB Liability	\$ 1,216,335	\$ 1,164,802	\$ 1,152,723	\$ 7,003,173	\$ 5,959,934
City's Covered Payroll	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388	\$ 2,795,416	\$ 2,616,381
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	44.01%	39.27%	39.57%	250.52%	227.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	18.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

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**City of Urbana, Ohio**

*Required Supplementary Information  
Schedule of the City's Contributions - OPEB  
Last Ten Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 2,836,793	2,826,300	3,145,663	2,962,869
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 14,839	\$ 13,818	\$ 14,832	\$ 14,567
Contributions in Relation to the Contractually Required Contribution	<u>(14,839)</u>	<u>(13,818)</u>	<u>(14,832)</u>	<u>(14,567)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,967,823	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Information prior to 2013 is not available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 27,516	\$ 55,622	\$ 52,167	\$ 51,205	\$ 22,081	n/a
<u>(27,516)</u>	<u>(55,622)</u>	<u>(52,167)</u>	<u>(51,205)</u>	<u>(22,081)</u>	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
2,751,560	2,781,113	\$ 2,608,371	\$ 2,561,683	\$ 2,208,115	n/a
1.00%	2.00%	2.00%	2.00%	1.00%	n/a
\$ 13,977	\$ 13,082	\$ 13,607	\$ 14,047	\$ 99,676	\$ 186,255
<u>(13,977)</u>	<u>(13,082)</u>	<u>(13,607)</u>	<u>(14,047)</u>	<u>(99,676)</u>	<u>(186,255)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,795,416	\$ 2,616,381	\$ 2,721,320	\$ 2,784,088	\$ 2,828,327	\$ 2,672,123
0.50%	0.50%	0.50%	0.50%	3.52%	6.97%

**CITY OF URBANA, OHIO**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - NET PENSION LIABILITY**

***Changes in Assumptions – OPERS***

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

***Changes in Benefit Terms – OPERS***

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

***Changes in Assumptions – OP&F***

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

***Changes in Benefit Terms – OP&F***

No significant changes in benefit terms.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions - OPERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

**CITY OF URBANA, OHIO**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

***Changes in Benefit Terms – OPERS***

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

***Changes in Assumptions – OP&F***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

***Changes in Benefit Terms – OP&F***

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Ohio (the "City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2022.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
June 29, 2022



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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF URBANA**

**CHAMPAIGN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/9/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)