



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF URBANA
CHAMPAIGN COUNTY
DECEMBER 31, 2020**

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CHAMPAIGN COUNTY
DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the 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 of Urbana, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, required budgetary comparison schedules and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 3, 2021

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**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

As management of the City of Urbana (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, 2020.

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 \$35.8 million (net position).
- The City's net position increased by approximately \$1.8 million, or 5%, 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 \$13.3 million, an increase of \$2.4 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$5.3 million, or 104% of total general fund expenditures including transfers.

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.

The government-wide financial statements can be found on pages 15-17 of this report.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

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

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

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

The City maintains 36 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, Capital Improvement Fund, Perpetual Investment Fund and Coronavirus Relief Fund, each of which are considered to be major funds. Data from the other 31 governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

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

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with budgetary law, as well as the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 73-89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 shows the detail of the City's net position at December 31, 2020 and 2019.

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Assets						
Current & Other Assets	\$ 15,818,638	\$ 13,979,074	\$ 1,839,564	\$ 7,539,010	\$ 7,396,134	\$ 142,876
Net Pension/OPEB Asset	-	8,884	(8,884)	-	3,716	(3,716)
Capital Assets	21,022,700	21,969,388	(946,688)	38,024,824	37,763,767	261,057
<i>Total Assets</i>	<u>36,841,338</u>	<u>35,957,346</u>	<u>883,992</u>	<u>45,563,834</u>	<u>45,163,617</u>	<u>400,217</u>
Deferred Outflows of Resources						
Pension & OPEB	2,930,662	4,953,679	(2,023,017)	312,370	605,543	(293,173)
<i>Total Deferred Outflows of Resources</i>	<u>2,930,662</u>	<u>4,953,679</u>	<u>(2,023,017)</u>	<u>312,370</u>	<u>605,543</u>	<u>(293,173)</u>
Liabilities						
Current & Other Liabilities	686,031	1,423,579	(737,548)	763,255	492,175	271,080
Long-Term Liabilities:						
Due Within One Year	331,517	375,755	(44,238)	1,844,593	1,855,594	(11,001)
Due In More Than One Year:						
Net Pension Liability	10,895,303	14,270,005	(3,374,702)	1,091,629	1,646,565	(554,936)
Net OPEB Liability	3,204,128	2,996,897	207,231	754,272	771,307	(17,035)
Other Amounts	1,998,443	1,937,264	61,179	24,138,599	25,267,441	(1,128,842)
<i>Total Liabilities</i>	<u>17,115,422</u>	<u>21,003,500</u>	<u>(3,888,078)</u>	<u>28,592,348</u>	<u>30,033,082</u>	<u>(1,440,734)</u>
Deferred Inflows of Resources						
Property Taxes	674,969	602,534	72,435	-	-	-
Pension & OPEB	3,035,646	1,036,851	1,998,795	445,320	30,713	414,607
<i>Total Deferred Inflows of Resources</i>	<u>3,710,615</u>	<u>1,639,385</u>	<u>2,071,230</u>	<u>445,320</u>	<u>30,713</u>	<u>414,607</u>
Net Investment in Capital Assets	19,607,160	20,052,859	(445,699)	11,844,982	10,763,233	1,081,749
Restricted	4,478,621	3,737,495	741,126	-	-	-
Unrestricted	(5,139,818)	(5,522,214)	382,396	4,993,554	4,942,132	51,422
<i>Total Net Position</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>

The net pension liability (NPL) is the largest governmental activities liability reported by the City at December 31, 2020 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.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

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.

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 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 the 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.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

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, respectively, not accounted for as deferred inflows/outflows.

Governmental Activities

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

Current and other liabilities decreased significantly. This decrease primarily represents accounts payable and prepaid income taxes earned by the City during the 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 decreased in comparison with the prior fiscal year-end. This decrease represents debt principal payments made during the year, which was only slightly offset by proceeds of loans.

Governmental and Business-Type Activities

There was a significant change in net pension/OPEB liability 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 liability are described in more detail in their respective notes.

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$35.8 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (approximately \$31.5 million) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (approximately \$4.5 million) represents resources that are subject to external restrictions on how they may be used.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Table 2 details the changes in net position for the fiscal years ended December 31, 2020 and 2019.

	Governmental Activities			Business-Type Activities		
	2020	2019	Change	2020	2019	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 2,432,310	\$ 2,749,369	\$ (317,059)	\$ 6,436,636	\$ 6,518,095	\$ (81,459)
Operating Grants	2,215,798	1,080,644	1,135,154	150,975	-	150,975
Capital Grants	216,301	1,002,232	(785,931)	491,258	176,847	314,411
<i>Total Program Revenues</i>	<u>4,864,409</u>	<u>4,832,245</u>	<u>32,164</u>	<u>7,078,869</u>	<u>6,694,942</u>	<u>383,927</u>
General Revenues						
Income Taxes	6,264,384	6,992,153	(727,769)	-	-	-
Property and Other Local Taxes	685,963	594,518	91,445	-	-	-
Unrestricted Grants	420,496	365,017	55,479	-	-	-
Gain on Sale of Assets	25,496	-	25,496	-	-	-
Investment Earnings	96,674	103,483	(6,809)	-	-	-
Other	1,054,963	164,594	890,369	16,892	-	16,892
<i>Total General Revenues</i>	<u>8,547,976</u>	<u>8,219,765</u>	<u>328,211</u>	<u>16,892</u>	<u>-</u>	<u>16,892</u>
<i>Total Revenues</i>	<u>13,412,385</u>	<u>13,052,010</u>	<u>360,375</u>	<u>7,095,761</u>	<u>6,694,942</u>	<u>400,819</u>
Program Expenses						
General Government	3,697,214	3,141,445	555,769	-	-	-
Public Safety	5,861,468	429,238	5,432,230	-	-	-
Public Health	275,675	263,096	12,579	-	-	-
Leisure Time Services	373,747	471,034	(97,287)	-	-	-
Community Development	130,361	64,547	65,814	-	-	-
Basic Utilities	-	25,797	(25,797)	-	-	-
Transportation	2,336,068	2,298,403	37,665	-	-	-
Interest and Fiscal Charges	60,029	58,439	1,590	-	-	-
Enterprise Operations						
Water	-	-	-	2,230,590	2,146,251	84,339
Sewer	-	-	-	3,462,059	4,175,546	(713,487)
Storm Water	-	-	-	101,890	98,879	3,011
Recycling Program	-	-	-	168,051	161,829	6,222
<i>Total Expenses</i>	<u>12,734,562</u>	<u>6,751,999</u>	<u>5,982,563</u>	<u>5,962,590</u>	<u>6,582,505</u>	<u>(619,915)</u>
<i>Change in Net Position</i>	677,823	6,300,011	(5,622,188)	1,133,171	112,437	1,020,734
<i>Net Position Beginning of Year</i>	18,268,140	11,968,129	6,300,011	15,705,365	15,592,928	112,437
<i>Net Position End 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>

Governmental Activities. Governmental activities increased the City's net position by \$677,823. Charges for services and income tax revenue decreased due to the impact of the COVID-19 pandemic. Operating grants revenue increased due to the CARES Act funding received by the City. Other revenue saw a significant increase which was primarily caused by workers compensation refunds and dividends. There was a decrease in capital grants as various improvement projects completed during 2020 were funded in prior year. There was a significant increase in public safety expense as a result of the change in net pension/OPEB liability. In 2019, OP&F changed its retiree health care model to a stipend-based health care model thus reducing its total OPEB liability. That change resulted in significantly lower net OPEB liability reported by the City in 2020 when compared to 2018 and 2019.

Business-type Activities. Business-type activities increased the City's net position by \$1.1 million. This increase represents the amount in which user charges exceeded operating costs. Surplus funds will be used for future capital projects and debt payments.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Total versus Net Cost of Services

The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted grants.

TABLE 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Governmental Activities:				
General Government	\$ (3,697,214)	\$ (3,141,445)	\$ (2,791,818)	\$ (1,996,359)
Public Safety	(5,861,468)	(429,238)	(3,422,158)	739,308
Transportation	(2,336,068)	(2,298,403)	(1,060,472)	(16,076)
Community Development	(130,361)	(64,547)	(105,149)	(52,197)
Leisure Time Services	(373,747)	(471,034)	(355,192)	(405,436)
All Other	(335,704)	(347,332)	(135,364)	(188,994)
Total Governmental Activities	(12,734,562)	(6,751,999)	(7,870,153)	(1,919,754)
Business-Type Activities:				
Water	(2,230,590)	(2,146,251)	20,715	338,040
Sewer	(3,462,059)	(4,175,546)	923,576	(406,026)
Storm Water	(101,890)	(98,879)	180,294	182,161
Recycling Program	(168,051)	(161,829)	(8,306)	(1,738)
Total Business-Type Activities	(5,962,590)	(6,582,505)	1,116,279	112,437
Total Expenses	\$ (18,697,152)	\$ (13,334,504)	\$ (6,753,874)	\$ (1,807,317)

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$13.3 million, an increase of \$2.4 million from the previous year. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2020 and 2019.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

	Fund Balance 12/31/2020	Fund Balance 12/31/2019	Increase (Decrease)
General	\$ 5,739,076	\$ 4,288,258	\$ 1,450,818
Police and Fire Levy	1,315,493	747,837	567,656
Capital improvement	1,071,961	1,142,498	(70,537)
Perpetual Investment	1,827,348	1,827,348	-
Coronavirus Relief	521	-	521
Other Governmental	3,359,938	2,893,992	465,946
Total	<u>\$ 13,314,337</u>	<u>\$ 10,899,933</u>	<u>\$ 2,414,404</u>

The *General Fund* is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$5.3 million, or 93% of the total fund balance.

The fund balance of the City's general fund increased almost \$1.5 million during the current fiscal year. This increase represents the amount in which revenues exceeded expenditures and transfers to other funds. Most revenues were fairly consistent with amounts reported in the previous year, though there were decreases in income tax and charges for services revenue due to the COVID-19 pandemic. Total expenditures decreased from prior year. This decrease is primarily the result of CARES Act funding applied to public safety expenditures.

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 \$567,656 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. This fund experienced an increase in miscellaneous revenue which was partially offset by a decrease in income tax revenue as previously discussed.

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 decreased \$70,537 during the current fiscal year. This decrease represents the amount by which capital outlays and debt service expenditures exceeded income tax and intergovernmental revenues. This fund experienced a significant decrease in capital outlay due to a decrease in capital asset acquisitions and construction in progress.

The *Perpetual Investment Fund* accounts for the accumulation of financial resources to be used for the acquisition or construction of capital assets or other purposes of the City. The Perpetual Investment Fund's fund balance remained constant during the fiscal year.

The *Coronavirus Relief Fund* accounts for State and Federal emergency relief grants and expenditures related to the Coronavirus (COVID-19) pandemic.

The fund balance of the City's *Other Governmental Funds* increased \$465,946 during the current fiscal year. All funds remaining fairly consistent with prior year.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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.

Unrestricted net position in the Water Revenue Fund at the end of the year amounted to approximately \$1.4 million. Total net position increased \$28,225 from the previous year. This increase represents the amount in which operating income exceeded interest expense during the year.

Unrestricted net position in the Sewer Revenue Fund at the end of the year amounted to \$3.1 million. Total net position increased \$932,958 from the previous year. This increase represents the amount in which operating income and capital grants exceeded interest expense.

Unrestricted net position in the other proprietary funds at the end of the year amounted to \$577,552. Total net position increased \$171,988 from the previous year. This increase represents operating income for the year.

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 no variance between the original and final revenue estimates. Actual revenue exceeded final revenue estimates by \$276,296 as a result of greater than expected miscellaneous revenues.

Final appropriations were less than the original resolution by \$26,275, or .4%, and the final amended appropriations exceeded actual expenditures by \$927,322, or 15%.

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2020, amounts to approximately \$21.0 million (net of accumulated depreciation), a decrease of \$946,688 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation (\$1.4 million) and current year net disposals (\$5,363) exceeded capital acquisitions (\$456,401).

The City's investment in capital assets for its business-type activities as of December 31, 2020, amounts to approximately \$38.0 million (net of accumulated depreciation), an increase of \$261,057 in comparison with the prior fiscal year-end. This increase represents the amount in which capital acquisitions (\$1.6 million) exceeded current year depreciation (\$1.3 million) and current year net disposals (\$32,315).

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

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Debt

At the end of the current fiscal year, the City had total governmental debt outstanding of approximately \$1.2 million, a decrease of \$122,706 in comparison with the prior fiscal year-end. This decrease represents the amount of current year principal reduction payments.

At the end of the current fiscal year, the City had total business-type debt outstanding of approximately \$25.8 million, a decrease of \$1.2 million in comparison with the prior fiscal year-end. This decrease represents the amount in which current year principal reduction payments (\$1.7 million) exceeded new loan issuances (\$548,956).

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

Economic Conditions

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, construction-related costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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.

City of Urbana
Champaign County, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 11,407,012	\$ 6,418,399	\$ 17,825,411
Income Taxes Receivable	1,115,398	-	1,115,398
Property Taxes Receivable	690,753	-	690,753
Other Local Taxes	2,117	-	2,117
Accounts Receivable	395,916	752,052	1,147,968
Notes Receivable	552,428	-	552,428
Due from Other Governments	705,826	150,975	856,801
Prepaid Items	792,159	27,989	820,148
Materials and Supplies Inventory	157,029	189,595	346,624
Non-Depreciable Capital Assets	3,790,206	2,375,386	6,165,592
Depreciable Capital Assets, net	17,232,494	35,649,438	52,881,932
<i>Total Assets</i>	<u>36,841,338</u>	<u>45,563,834</u>	<u>82,405,172</u>
Deferred Outflows of Resources			
Pension	1,742,933	182,328	1,925,261
OPEB	1,187,729	130,042	1,317,771
<i>Total Deferred Outflows of Resources</i>	<u>2,930,662</u>	<u>312,370</u>	<u>3,243,032</u>
Liabilities			
Accounts Payable	74,478	42,432	116,910
Accrued Wages and Benefits	187,236	28,237	215,473
Contracts Payable	173,612	284,736	458,348
Retainage Payable	-	97,009	97,009
Due to Other Governments	103,070	13,257	116,327
Accrued Interest Payable	5,125	297,584	302,709
Unearned Revenue	142,510	-	142,510
Long-Term Liabilities:			
Due Within One Year	331,517	1,844,593	2,176,110
Due In More Than One Year:			
Net Pension Liability	10,895,303	1,091,629	11,986,932
Net OPEB Liability	3,204,128	754,272	3,958,400
Other Amounts Due in More Than One Year	1,998,443	24,138,599	26,137,042
<i>Total Liabilities</i>	<u>17,115,422</u>	<u>28,592,348</u>	<u>45,707,770</u>
Deferred Inflows of Resources			
Property and Other Local Taxes Levied for the Next Year	674,969	-	674,969
Pension	2,207,739	299,885	2,507,624
OPEB	827,907	145,435	973,342
<i>Total Deferred Inflows of Resources</i>	<u>3,710,615</u>	<u>445,320</u>	<u>4,155,935</u>
Net Position			
Net Investment in Capital Assets	19,607,160	11,844,982	31,452,142
Restricted for:			
Capital Projects	1,560,243	-	1,560,243
Transportation Programs	656,994	-	656,994
Public Safety Programs	1,656,116	-	1,656,116
Debt Services	209,788	-	209,788
Permanent Endowments	101,628	-	101,628
Grant Programs	158,993	-	158,993
Other Purposes	134,859	-	134,859
Unrestricted	(5,139,818)	4,993,554	(146,264)
<i>Total Net Position</i>	<u>\$ 18,945,963</u>	<u>\$ 16,838,536</u>	<u>\$ 35,784,499</u>

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 3,697,214	\$ 905,058	\$ -	\$ 338
Public Safety	5,861,468	940,347	1,498,963	-
Public Health	275,675	199,155	1,185	-
Leisure Time Services	373,747	18,555	-	-
Community Development	130,361	25,036	176	-
Transportation	2,336,068	344,159	715,474	215,963
Interest and Fiscal Charges	60,029	-	-	-
<i>Total Governmental Activities</i>	<u>12,734,562</u>	<u>2,432,310</u>	<u>2,215,798</u>	<u>216,301</u>
Business-Type Activities				
Water	2,230,590	2,251,305	-	-
Sewer	3,462,059	3,743,402	150,975	491,258
Storm Water	101,890	282,184	-	-
Recycling Program	168,051	159,745	-	-
<i>Total Business-Type Activities</i>	<u>5,962,590</u>	<u>6,436,636</u>	<u>150,975</u>	<u>491,258</u>
<i>Total</i>	<u>\$ 18,697,152</u>	<u>\$ 8,868,946</u>	<u>\$ 2,366,773</u>	<u>\$ 707,559</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

See accompanying notes to the basic financial statements.

Net (Expense)
Revenue and Changes
in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,791,818)	\$ -	\$ (2,791,818)
(3,422,158)	-	(3,422,158)
(75,335)	-	(75,335)
(355,192)	-	(355,192)
(105,149)	-	(105,149)
(1,060,472)	-	(1,060,472)
(60,029)	-	(60,029)
<u>(7,870,153)</u>	<u>-</u>	<u>(7,870,153)</u>
-	20,715	20,715
-	923,576	923,576
-	180,294	180,294
<u>-</u>	<u>(8,306)</u>	<u>(8,306)</u>
<u>-</u>	<u>1,116,279</u>	<u>1,116,279</u>
<u>\$ (7,870,153)</u>	<u>\$ 1,116,279</u>	<u>\$ (6,753,874)</u>
672,282	-	672,282
6,264,384	-	6,264,384
13,681	-	13,681
420,496	-	420,496
25,496	-	25,496
96,674	-	96,674
<u>1,054,963</u>	<u>16,892</u>	<u>1,071,855</u>
<u>8,547,976</u>	<u>16,892</u>	<u>8,564,868</u>
677,823	1,133,171	1,810,994
<u>18,268,140</u>	<u>15,705,365</u>	<u>33,973,505</u>
<u>\$ 18,945,963</u>	<u>\$ 16,838,536</u>	<u>\$ 35,784,499</u>

City of Urbana
Champaign County, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

	General	Police and Fire Levy Fund	Capital Improvement Fund
Assets			
Equity in Pooled Cash and Investments	\$ 5,409,214	\$ 1,230,590	\$ 980,258
Income Taxes Receivable	597,535	239,014	199,178
Property Taxes Receivable	531,543	-	-
Other Local Taxes Receivable	-	-	-
Accounts Receivable	302,506	-	11,622
Due from Other Governments	198,824	-	-
Notes Receivable	-	-	-
Due from Other Funds	38,378	-	-
Advances to Other Funds	70,500	-	-
Prepaid Items	100,004	17,191	-
Materials and Supplies Inventory	29,204	-	-
<i>Total Assets</i>	<u>\$ 7,277,708</u>	<u>\$ 1,486,795</u>	<u>\$ 1,191,058</u>
Liabilities			
Accounts Payable	\$ 60,594	\$ -	\$ 1,752
Accrued Wages and Benefits	130,733	34,957	-
Contracts Payable	-	-	20,297
Due to Other Governments	72,950	19,887	-
Due to Other Funds	-	-	-
Advances from Other Funds	-	-	-
Unearned Revenue	142,510	-	-
<i>Total Liabilities</i>	<u>406,787</u>	<u>54,844</u>	<u>22,049</u>
Deferred Inflows of Resources			
Property and Other Local Taxes Levied for the Next Year	519,705	-	-
Unavailable Revenue	612,140	116,458	97,048
<i>Total Deferred Inflows of Resources</i>	<u>1,131,845</u>	<u>116,458</u>	<u>97,048</u>
Fund Balances			
Nonspendable	173,699	17,191	-
Restricted	13,930	1,298,302	1,071,961
Committed	-	-	-
Assigned	204,607	-	-
Unassigned	5,346,840	-	-
<i>Total Fund Balance</i>	<u>5,739,076</u>	<u>1,315,493</u>	<u>1,071,961</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 7,277,708</u>	<u>\$ 1,486,795</u>	<u>\$ 1,191,058</u>

See accompanying notes to the basic financial statements.

Perpetual Investment Fund	Coronavirus Relief Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,275,997	\$ 4,293	\$ 2,506,660	\$ 11,407,012
-	-	79,671	1,115,398
-	-	159,210	690,753
-	-	2,117	2,117
-	-	81,788	395,916
-	-	507,002	705,826
551,351	-	1,077	552,428
-	-	-	38,378
-	-	-	70,500
-	-	674,964	792,159
-	-	127,825	157,029
<u>\$ 1,827,348</u>	<u>\$ 4,293</u>	<u>\$ 4,140,314</u>	<u>\$ 15,927,516</u>
\$ -	\$ 3,772	\$ 8,360	\$ 74,478
-	-	21,546	187,236
-	-	153,315	173,612
-	-	10,233	103,070
-	-	38,378	38,378
-	-	70,500	70,500
-	-	-	142,510
-	3,772	302,332	789,784
-	-	155,264	674,969
-	-	322,780	1,148,426
-	-	478,044	1,823,395
-	-	802,789	993,679
-	521	2,147,034	4,531,748
-	-	493,301	493,301
1,827,348	-	-	2,031,955
-	-	(83,186)	5,263,654
<u>1,827,348</u>	<u>521</u>	<u>3,359,938</u>	<u>13,314,337</u>
<u>\$ 1,827,348</u>	<u>\$ 4,293</u>	<u>\$ 4,140,314</u>	<u>\$ 15,927,516</u>

City of Urbana
Champaign County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances		\$ 13,314,337
<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.		21,022,700
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Income Taxes Receivable	\$ 543,470	
Property Taxes Receivable	15,784	
Due From Other Governments	388,243	
Accounts Receivable - Ambulance	130,933	
Accounts Receivable - Cemetery	35,305	
Accounts Receivable - Other	34,691	1,148,426
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(5,125)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	1,742,933	
Deferred Outflows - OPEB	1,187,729	
Net Pension Liability	(10,895,303)	
Net OPEB Liability	(3,204,128)	
Deferred Inflows - Pension	(2,207,739)	
Deferred Inflows - OPEB	(827,907)	(14,204,415)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Debt	(1,241,928)	
Compensated Absences	(1,088,032)	(2,329,960)
<i>Net Position of Governmental Activities</i>		\$ 18,945,963

See accompanying notes to the basic financial statements.

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City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General	Police and Fire Levy Fund	Capital Improvement Fund	Perpetual Investment Fund
Revenues				
Income Taxes	\$ 3,362,850	\$ 1,341,201	\$ 1,117,668	\$ -
Property Taxes	520,175	-	-	-
Other Local Taxes	8,995	-	-	-
Intergovernmental	377,614	-	39,947	-
Charges for Services	1,008,767	-	-	-
Fines, Licenses, and Permits	590,879	-	-	-
Interest	96,674	-	-	-
Miscellaneous	605,568	220,885	74,150	-
<i>Total Revenues</i>	<u>6,571,522</u>	<u>1,562,086</u>	<u>1,231,765</u>	<u>-</u>
Expenditures				
Current:				
General Government	2,409,196	-	192,252	-
Public Safety	2,262,443	926,790	-	-
Public Health	41,995	-	-	-
Leisure Time Services	260,879	-	-	-
Community Development	126,191	-	-	-
Transportation	-	-	486,398	-
Capital Outlay	-	67,640	532,330	-
Debt Service:				
Principal Retirement	-	-	87,481	-
Interest and Fiscal Charges	-	-	29,337	-
<i>Total Expenditures</i>	<u>5,100,704</u>	<u>994,430</u>	<u>1,327,798</u>	<u>-</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,470,818</u>	<u>567,656</u>	<u>(96,033)</u>	<u>-</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	25,496	-
Transfers In	-	-	-	-
Transfers Out	(20,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>-</u>	<u>25,496</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,450,818	567,656	(70,537)	-
<i>Fund Balances Beginning of Year</i>	<u>4,288,258</u>	<u>747,837</u>	<u>1,142,498</u>	<u>1,827,348</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,739,076</u>	<u>\$ 1,315,493</u>	<u>\$ 1,071,961</u>	<u>\$ 1,827,348</u>

See accompanying notes to the basic financial statements.

Coronavirus Relief Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 447,067	\$ 6,268,786
-	155,336	675,511
-	4,686	13,681
1,335,410	1,086,976	2,839,947
-	341,722	1,350,489
-	200,361	791,240
-	1,699	98,373
-	358,290	1,258,893
<u>1,335,410</u>	<u>2,596,137</u>	<u>13,296,920</u>
-	69,399	2,670,847
1,334,889	452,492	4,976,614
-	153,716	195,711
-	-	260,879
-	4,170	130,361
-	902,155	1,388,553
-	502,038	1,102,008
-	35,225	122,706
-	30,996	60,333
<u>1,334,889</u>	<u>2,150,191</u>	<u>10,908,012</u>
<u>521</u>	<u>445,946</u>	<u>2,388,908</u>
-	-	25,496
-	20,000	20,000
-	-	(20,000)
<u>-</u>	<u>20,000</u>	<u>25,496</u>
521	465,946	2,414,404
-	2,893,992	10,899,933
<u>\$ 521</u>	<u>\$ 3,359,938</u>	<u>\$ 13,314,337</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, 2020*

Net Change in Fund Balances - Total Governmental Funds	\$	2,414,404
<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	\$	456,401
Current Year Depreciation	<u>(1,397,726)</u>	(941,325)
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.		
		(5,363)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes Receivable	(4,402)	
Property Taxes Receivable	(3,229)	
Due From Other Governments	10,949	
Accounts Receivable - Ambulance	87,877	
Accounts Receivable - Cemetery	(2,338)	
Accounts Receivable - Other	<u>1,112</u>	89,969
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		122,706
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		304
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	881,320	
OPEB	<u>13,818</u>	895,138
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	(1,389,406)	
OPEB	<u>(368,957)</u>	(1,758,363)
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		<u>(139,647)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>677,823</u>

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2020

	Enterprise Funds			Total
	Water Revenue	Sewer Revenue	Other Enterprise Funds	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 1,902,459	\$ 3,969,151	\$ 546,789	\$ 6,418,399
Accounts Receivable	237,923	470,056	44,073	752,052
Due from Other Governments	-	150,975	-	150,975
Prepaid Items	10,897	17,092	-	27,989
Materials and Supplies Inventory	159,707	29,888	-	189,595
<i>Total Current Assets</i>	<u>2,310,986</u>	<u>4,637,162</u>	<u>590,862</u>	<u>7,539,010</u>
<i>Non-Current Assets:</i>				
Non-Depreciable Capital Assets	742,174	1,633,212	-	2,375,386
Depreciable Capital Assets, Net	11,885,949	23,528,303	235,186	35,649,438
<i>Total Non-Current Assets</i>	<u>12,628,123</u>	<u>25,161,515</u>	<u>235,186</u>	<u>38,024,824</u>
<i>Total Assets</i>	<u>14,939,109</u>	<u>29,798,677</u>	<u>826,048</u>	<u>45,563,834</u>
Deferred Outflows of Resources				
Pension	68,455	113,873	-	182,328
OPEB	48,293	81,749	-	130,042
<i>Total Deferred Outflows of Resources</i>	<u>116,748</u>	<u>195,622</u>	<u>-</u>	<u>312,370</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	12,508	16,614	13,310	42,432
Accrued Wages and Benefits	10,763	17,474	-	28,237
Contracts Payable	115,767	168,969	-	284,736
Retainage Payable	22,326	74,683	-	97,009
Due to Other Governments	4,965	8,292	-	13,257
Accrued Interest Payable	66,688	230,896	-	297,584
Accrued Vacation and Sick Leave	16,370	25,260	-	41,630
Loans Payable	740,496	1,024,733	-	1,765,229
Bonds Payable	12,659	25,075	-	37,734
<i>Total Current Liabilities</i>	<u>1,002,542</u>	<u>1,591,996</u>	<u>13,310</u>	<u>2,607,848</u>
<i>Long-Term Liabilities:</i>				
Accrued Vacation and Sick - Net of Current Portion	38,667	104,798	-	143,465
Loans Payable - Net of Current Portion	6,378,472	17,207,562	-	23,586,034
Bonds Payable - Net of Current Portion	137,316	271,784	-	409,100
Net Pension Liability	404,307	687,322	-	1,091,629
Net OPEB Liability	279,360	474,912	-	754,272
<i>Total Long-Term Liabilities</i>	<u>7,238,122</u>	<u>18,746,378</u>	<u>-</u>	<u>25,984,500</u>
<i>Total Liabilities</i>	<u>8,240,664</u>	<u>20,338,374</u>	<u>13,310</u>	<u>28,592,348</u>
Deferred Inflows of Resources				
Pension	154,090	145,795	-	299,885
OPEB	77,820	67,615	-	145,435
<i>Total Deferred Inflows of Resources</i>	<u>231,910</u>	<u>213,410</u>	<u>-</u>	<u>445,320</u>
Net Position				
Net Investment in Capital Assets	5,221,087	6,388,709	235,186	11,844,982
Unrestricted	1,362,196	3,053,806	577,552	4,993,554
Total Net Position	<u>\$ 6,583,283</u>	<u>\$ 9,442,515</u>	<u>\$ 812,738</u>	<u>\$ 16,838,536</u>

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise			Total
	Water Revenue	Sewer Revenue	Other Enterprise Funds	
Operating Revenues				
Charges for Services	\$ 2,251,305	\$ 3,743,402	\$ 441,929	\$ 6,436,636
Other	7,510	9,382	-	16,892
<i>Total Operating Revenues</i>	<u>2,258,815</u>	<u>3,752,784</u>	<u>441,929</u>	<u>6,453,528</u>
Operating Expenses				
Personal Services	508,572	959,546	-	1,468,118
Contractual Services	675,819	859,059	241,959	1,776,837
Materials and Supplies	112,017	67,563	1,140	180,720
Administrative Fees	277,920	245,140	25,444	548,504
Depreciation	485,924	850,112	1,398	1,337,434
<i>Total Operating Expenses</i>	<u>2,060,252</u>	<u>2,981,420</u>	<u>269,941</u>	<u>5,311,613</u>
<i>Operating Income (Loss)</i>	<u>198,563</u>	<u>771,364</u>	<u>171,988</u>	<u>1,141,915</u>
Non-Operating Revenues (Expenses)				
Intergovernmental	-	150,975	-	150,975
Interest and Fiscal Charges	(170,338)	(480,639)	-	(650,977)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(170,338)</u>	<u>(329,664)</u>	<u>-</u>	<u>(500,002)</u>
<i>Income Before Capital Contributions</i>	28,225	441,700	171,988	641,913
Capital Contributions	-	491,258	-	491,258
<i>Change in Net Position</i>	28,225	932,958	171,988	1,133,171
<i>Net Position Beginning of Year</i>	<u>6,555,058</u>	<u>8,509,557</u>	<u>640,750</u>	<u>15,705,365</u>
<i>Net Position End of Year</i>	<u>\$ 6,583,283</u>	<u>\$ 9,442,515</u>	<u>\$ 812,738</u>	<u>\$ 16,838,536</u>

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 2,284,946	\$ 3,749,769	\$ 440,776	\$ 6,475,491
Cash Payments to Suppliers	(715,207)	(912,439)	(250,181)	(1,877,827)
Cash Payments to Employees for Services and Benefits	(469,494)	(838,427)	-	(1,307,921)
Other Cash Payments	(290,321)	(250,721)	(25,444)	(566,486)
<i>Net Cash Provided by Operating Activities</i>	<u>809,924</u>	<u>1,748,182</u>	<u>165,151</u>	<u>2,723,257</u>
Cash Flows from Capital and Related Financing Activities				
Capital Grants	-	491,258	-	491,258
Proceeds of Loans	148,902	376,161	-	525,063
Acquisition of Capital Assets	(228,618)	(1,035,039)	(33,202)	(1,296,859)
Principal Payments on Debt	(653,518)	(1,045,947)	-	(1,699,465)
Interest Payments on Debt	(153,929)	(497,974)	-	(651,903)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(887,163)</u>	<u>(1,711,541)</u>	<u>(33,202)</u>	<u>(2,631,906)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(77,239)	36,641	131,949	91,351
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,979,698</u>	<u>3,932,510</u>	<u>414,840</u>	<u>6,327,048</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,902,459</u>	<u>\$ 3,969,151</u>	<u>\$ 546,789</u>	<u>\$ 6,418,399</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities				
Operating Income	\$ 198,563	\$ 771,364	\$ 171,988	\$ 1,141,915
Adjustments:				
Depreciation	485,924	850,112	1,398	1,337,434
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	33,641	6,367	(1,153)	38,855
Prepaid Items	(7,670)	(9,353)	-	(17,023)
Materials and Supplies Inventory	83,361	(5,743)	-	77,618
Net Pension Asset	1,585	2,131	-	3,716
Deferred Outflows - Pension/OPEB	143,615	149,558	-	293,173
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(22,973)	14,316	(7,082)	(15,739)
Accrued Wages	3,534	2,592	-	6,126
Due to Other Governments	124	(374)	-	(250)
Accrued Vacation and Sick Leave	21,634	(6,838)	-	14,796
Deferred Inflows - Pension/OPEB	216,087	198,520	-	414,607
Net Pension Liability	(297,921)	(257,015)	-	(554,936)
Net OPEB Liability	(49,580)	32,545	-	(17,035)
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 809,924</u>	<u>\$ 1,748,182</u>	<u>\$ 165,151</u>	<u>\$ 2,723,257</u>

Noncash Capital Financing Activities:

The City purchased \$381,745 and \$47,798 of capital assets on account in 2020 and 2019, respectively.

The Water fund reported proceeds of \$21,877 in OWDA capitalized interest in 2020.

The Sewer fund reported proceeds of \$2,016 in OWDA capitalized interest in 2020.

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 128,629</u>
<i>Total Assets</i>	<u>128,629</u>
Net Position	
Restricted for Individuals and Other Governments	<u>128,629</u>
<i>Total Net Position</i>	<u><u>\$ 128,629</u></u>

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2020

	Custodial
Additions	
Fines & Forfeitures for Other Governments	\$ 961,883
<i>Total Additions</i>	961,883
Deductions	
Fines & Forfeitures Distributions to Other Governments	979,971
<i>Total Deductions</i>	979,971
 <i>Change in Net Position</i>	 (18,088)
 <i>Net Position Beginning of Year</i>	 146,717
 <i>Net Position End of Year</i>	 \$ 128,629

See accompanying notes to the basic financial statements.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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, 2020.

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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(a) Basis of Presentation

Government-Wide Financial Statements - The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues, expenses that would otherwise occur. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Taxes, intergovernmental revenues, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

The City reports the following major governmental funds:

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

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.

Perpetual Investment Fund - To account for the proceeds from the sale of the City's Gas Lines in 1982. The Fund currently accounts for monies assigned for capital projects.

Coronavirus Relief Fund - To account for federal emergency relief grants related to the Coronavirus (COVID-19) pandemic.

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

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

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

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

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

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(c) 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.

(d) Receivables and Payables

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

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

(e) 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.

(f) 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.

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.

(g) 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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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.

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

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

<u>Description</u>	<u>Estimated Useful Life (Years)</u>
Land improvements	25
Buildings and improvements	25
Vehicles	3-5
Machinery and equipment	5-20
Infrastructure	25-50

(h) 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 and other postemployment benefits (OPEB). 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 net position/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, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of Net Position and governmental fund financial statements.

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).

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(i) Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB 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.

(j) Unearned Revenue

Other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue on the statement of net position and governmental fund balance sheet.

(k) 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.

(l) 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.

(m) 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, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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/net position 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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(n) 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.

(o) Estimates

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

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CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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:

	General Fund	Police and Fire Levy Fund	Capital Improvement Fund	Perpetual Investment Fund	Coronavirus Relief Fund	Other Governmental Funds	Total
Nonspendable for:							
Inventory	\$ 3,195	\$ -	\$ -	\$ -	\$ -	\$ 127,825	\$ 131,020
Prepaid Items	100,004	17,191	-	-	-	674,964	792,159
Advances	70,500	-	-	-	-	-	70,500
Total Nonspendable	<u>173,699</u>	<u>17,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802,789</u>	<u>993,679</u>
Restricted for:							
Capital Projects	-	-	1,071,961	-	-	1,013,611	2,085,572
Transportation Programs	-	-	-	-	-	296,461	296,461
Public Safety Programs	-	1,298,302	-	-	-	212,847	1,511,149
Debt Service	-	-	-	-	-	210,258	210,258
Permanent Endowments	-	-	-	-	-	101,628	101,628
Grant Programs	-	-	-	-	-	157,659	157,659
Other Purposes	13,930	-	-	-	521	154,570	169,021
Total Restricted	<u>13,930</u>	<u>1,298,302</u>	<u>1,071,961</u>	<u>-</u>	<u>521</u>	<u>2,147,034</u>	<u>4,531,748</u>
Committed for:							
Transportation Programs	-	-	-	-	-	487,232	487,232
Other	-	-	-	-	-	6,069	6,069
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>493,301</u>	<u>493,301</u>
Assigned:							
Encumbrances							
General Government	172,360	-	-	-	-	-	172,360
Public Safety	30,735	-	-	-	-	-	30,735
Leisure Time	1,512	-	-	-	-	-	1,512
Capital Projects	-	-	-	1,827,348	-	-	1,827,348
Total Assigned	<u>204,607</u>	<u>-</u>	<u>-</u>	<u>1,827,348</u>	<u>-</u>	<u>-</u>	<u>2,031,955</u>
Unassigned	<u>5,346,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83,186) *</u>	<u>5,263,654</u>
Total Fund Balance	<u>\$ 5,739,076</u>	<u>\$ 1,315,493</u>	<u>\$ 1,071,961</u>	<u>\$ 1,827,348</u>	<u>\$ 521</u>	<u>\$ 3,359,938</u>	<u>\$ 13,314,337</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.

Fund	Balance
Other Governmental Funds:	
FAA Airport Grant Fund	(\$28,263)
Mausoleum Trust Fund	(54,923)

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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,
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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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 “pooled cash and investments”.

(b) Deposits with Financial Institutions - At year-end, the carrying amount of the City’s deposits was \$17,953,015, which includes certificates of deposit totaling \$2,711,058 and segregated cash totaling \$128,629, and the bank balance was \$18,296,284. Of the bank balance, \$1,054,389 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, 2020, 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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

(d) Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2020:

Cash and Investments Per Note

Carrying Amount of Deposits	\$ 17,953,015
Cash on Hand	1,025
Total	<u>\$ 17,954,040</u>

Cash and Investments Per Statements of Net Position

Governmental and Business-type Activities	\$ 17,825,411
Custodial Funds	128,629
Total	<u>\$ 17,954,040</u>

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 \$45,357 during 2020. At December 31, 2020, the balance of the Sarica/Hughley and Phillips LLC note was \$551,351. 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, 2020 of \$552,428.

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 2018 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992 and is designated to fund fire and police personnel and capital improvement costs.

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

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE 7 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. All property is required to be revalued every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2019.

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

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

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

The assessed valuations of the City for tax year 2019, which were used to collect taxes in calendar year 2020, are as follows:

	<u>Amount</u>	<u>Percent</u>
Real Estate (Other Than Public Utility)	\$211,155,160	96.2 %
Public Utility	<u>8,446,910</u>	<u>3.8 %</u>
Total Assessed Value	<u>\$219,602,070</u>	<u>100.0%</u>

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CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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 2020, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Crop Production Services	2005-2019	100	\$ 25,230
Phoenix BTS LLC	2018-2032	100	221,700
Weidmann	2018-2032	100	770
			<u>\$ 247,700</u>

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.

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 2020, 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	\$ 45,170

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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	\$ -	\$ -	\$ -	\$ 3,609,111
Construction in Progress	1,855,892	250,250	(5,363)	(1,919,684)	181,095
Total Nondepreciable Assets	5,465,003	250,250	(5,363)	(1,919,684)	3,790,206
Depreciable Capital Assets					
Building and Improvements	16,614,507	76,331	-	1,022,598	17,713,436
Vehicles	3,867,385	114,657	(81,796)	-	3,900,246
Machinery and Equipment	1,848,233	15,163	-	-	1,863,396
Infrastructure	21,795,851	-	-	897,086	22,692,937
Total Depreciable Assets	44,125,976	206,151	(81,796)	1,919,684	46,170,015
Less accumulated depreciation					
Building and Improvements	14,805,913	433,286	-	-	15,239,199
Vehicles	3,132,902	356,341	(81,796)	-	3,407,447
Machinery and Equipment	1,561,086	91,836	-	-	1,652,922
Infrastructure	8,121,690	516,263	-	-	8,637,953
Total accumulated depreciation	27,621,591	1,397,726	(81,796)	-	28,937,521
Depreciable Capital Assets, Net of accumulated depreciation	16,504,385	(1,191,575)	-	1,919,684	17,232,494
Total Capital Assets, Net	\$ 21,969,388	\$ (941,325)	\$ (5,363)	\$ -	\$ 21,022,700

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 316,849
Public Safety	202,719
Transportation	776,663
Health	49,082
Leisure Activities	52,413
Total depreciation expense	\$ 1,397,726

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Business Type Activities

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Land	\$ 1,011,796	\$ -	\$ -	\$ -	\$ 1,011,796
Construction in Progress	884,311	1,438,677	(32,315)	(927,083)	1,363,590
Total Nondepreciable Assets	<u>1,896,107</u>	<u>1,438,677</u>	<u>(32,315)</u>	<u>(927,083)</u>	<u>2,375,386</u>
Depreciable Capital Assets					
Buildings	53,681,362	121,479	-	-	53,802,841
Vehicles	948,757	46,795	(27,000)	-	968,552
Machinery and Equipment	3,294,461	23,855	-	-	3,318,316
Infrastructure	15,101,299	-	-	927,083	16,028,382
Total Depreciable Assets	<u>73,025,879</u>	<u>192,129</u>	<u>(27,000)</u>	<u>927,083</u>	<u>74,118,091</u>
Less accumulated depreciation					
Buildings	31,192,676	738,703	-	-	31,931,379
Vehicles	610,452	165,400	(27,000)	-	748,852
Machinery and Equipment	2,808,675	116,112	-	-	2,924,787
Infrastructure	2,546,416	317,219	-	-	2,863,635
Total accumulated depreciation	<u>37,158,219</u>	<u>1,337,434</u>	<u>(27,000)</u>	<u>-</u>	<u>38,468,653</u>
Depreciable Assets, Net	<u>35,867,660</u>	<u>(1,145,305)</u>	<u>-</u>	<u>927,083</u>	<u>35,649,438</u>
Total Capital Assets, Net	<u>\$ 37,763,767</u>	<u>\$ 293,372</u>	<u>\$ (32,315)</u>	<u>\$ -</u>	<u>\$ 38,024,824</u>

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CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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, 2020:

<i>Governmental Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010 Various Purpose Bonds					
GO Bonds 2011-2030 2.0-5.0%	\$ 350,432	\$ -	\$ (27,266)	\$ 323,166	\$ 27,265
Mausoleum Refunding Bonds					
2011-2030 6.75%	370,000	-	(25,000)	345,000	25,000
2018 Real Estate Acquisition Bond					
2018-2038 4.39-4.75%	365,246	-	(12,608)	352,638	13,212
Total Bonds	1,085,678	-	(64,874)	1,020,804	65,477
OPWC Loan - Phoenix Dr (CK11P)					
2013-2033, 0%	174,570	-	(6,466)	168,104	12,932
2019 Case 621G Loader Backhoe					
2019-2021, 3.22%	104,386	-	(51,366)	53,020	53,020
Total Loans	278,956	-	(57,832)	221,124	65,952
Net Pension Liability					
OPERS	3,937,569	-	(986,128)	2,951,441	-
OP&F	10,332,436	-	(2,388,574)	7,943,862	-
Net OPEB Liability					
OPERS	1,844,174	195,152	-	2,039,326	-
OP&F	1,152,723	12,079	-	1,164,802	-
Compensated Absences	948,385	339,735	(200,088)	1,088,032	200,088
Total Long Term Liabilities	\$ 19,579,921	\$ 546,966	\$ (3,697,496)	\$ 16,429,391	\$ 331,517

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CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2020:

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Fund:					
2010 Various Purpose Bonds					
2011-2030 2.0-5.0%	\$ 162,634	\$ -	\$ (12,659)	\$ 149,975	\$ 12,659
OPWC 0% Interest Loan- CK26C	55,783	-	(11,157)	44,626	22,314
OPWC 0% Interest Loan Well Field	37,870	-	(2,367)	35,503	4,734
OWDA 2008-2029 Water System, 3.0%	3,314,402	-	(283,987)	3,030,415	293,609
OPWC Well Field, 0%	475,000	-	(25,000)	450,000	50,000
OPWC Utility Extension, 0%	44,383	-	(2,056)	42,327	4,112
OPWC 2013-2033 Water Main, 0%	251,055	-	(9,656)	241,399	19,312
OWDA 2016-2035 Water Main Replacement	2,181,925	-	(116,970)	2,064,955	119,321
OPWC 2016-2036 Wooddale Amherst, 0%	470,250	-	(14,250)	456,000	28,500
Gwynne Street Tank Loan, 2016-2021	265,396	-	(132,698)	132,698	132,698
OPWC Monument Square Water Main, 0%	404,600	-	-	404,600	20,230
OWDA Water Main Replacement 2020-2040	-	170,779	-	170,779	-
Ford F-550 Crane Truck, 2019-2021, 6.90%	88,384	-	(42,718)	45,666	45,666
Total Bonds and Loans	<u>7,751,682</u>	<u>170,779</u>	<u>(653,518)</u>	<u>7,268,943</u>	<u>753,155</u>
Net Pension Liability - OPERS	702,228	-	(297,921)	404,307	-
Net OPEB Liability - OPERS	328,940	-	(49,580)	279,360	-
Accrued Vacation and Sick Leave	33,403	29,292	(7,658)	55,037	16,370
Total Water Fund	<u>\$ 8,816,253</u>	<u>\$ 200,071</u>	<u>\$ (1,008,677)</u>	<u>\$ 8,007,647</u>	<u>\$ 769,525</u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer Fund:					
2010 Various Purpose Bonds					
2011-2030 2.0-5.0%	\$ 321,934	\$ -	\$ (25,075)	\$ 296,859	\$ 25,075
OPWC 0% Northwest Sanitary	95,000	-	(5,000)	90,000	10,000
OPWC Utility Extension, 0%	50,196	-	(2,056)	48,140	4,112
OWDA 2013-2035 WPCLF Upgrade Design, 2.57%-2.60%	17,629,380	-	(903,514)	16,725,866	926,884
OWDA 2020-2029 Belt Filter Process Replacement, 2.90%	1,104,544	11,400	(114,432)	1,001,512	83,737
OWDA Sewer Replacement 2022-2031	-	366,777	-	366,777	-
Total Bonds and Notes	<u>19,201,054</u>	<u>378,177</u>	<u>(1,050,077)</u>	<u>18,529,154</u>	<u>1,049,808</u>
Net Pension Liability - OPERS	944,337	-	(257,015)	687,322	-
Net OPEB Liability - OPERS	442,367	32,545	-	474,912	-
Accrued Vacation and Sick Leave	136,896	45,885	(52,723)	130,058	25,260
Total Sewer Fund	<u>\$ 20,724,654</u>	<u>\$ 456,607</u>	<u>\$ (1,359,815)</u>	<u>\$ 19,821,446</u>	<u>\$ 1,075,068</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 and net OPEB liability; however, employer pension and OPEB contributions are made from both governmental and business-type funds. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

In 2010, the City paid off 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.

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.

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.

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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 and as of December 31, 2020, the City has drawn down \$2,612,525. 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 matures 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 as of December 31, 2020, the City has drawn down \$1,110,181 and has incurred capitalized interest of \$5,763.

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.

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 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 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.

During 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. The loan has not been finalized. As such, an amortization schedule is not yet available.

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Annual requirements to pay principal and interest on long-term debt at December 31, 2020:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Water</u>		<u>Sewer</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 131,429	\$ 55,381	\$ 753,155	\$ 139,572	\$ 1,049,808	\$ 466,682
2022	78,997	50,238	587,135	124,601	1,093,508	438,697
2023	86,706	46,783	578,529	112,435	1,123,063	410,004
2024	89,405	42,907	592,633	107,205	1,153,343	380,505
2025	95,110	38,840	606,172	93,044	1,182,439	348,537
2026-2030	530,083	140,629	2,799,926	239,367	6,252,885	1,266,671
2031-2035	149,880	34,116	1,053,869	42,301	6,307,331	453,799
2036-2039	80,318	6,815	126,745	-	-	-
Total	\$ 1,241,928	\$ 415,709	\$ 7,098,164	\$ 858,525	\$ 18,162,377	\$ 3,764,895

The Ohio Revised Code provides that the net debt of a municipal corporation whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations of debt are measured by a direct ratio of net debt to tax valuation in terms of a percentage. On December 31, 2020, the City's total net debt amounted to 6.4% of the total assessed value of all property within the City. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with Champaign County and the Urbana City School District. As of December 31, 2019, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

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, 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.

CITY OF URBANA, OHIO
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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:

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

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.

Contributions to PEP	
2020	\$ 159,608
2019	\$ 155,707

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

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.

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The net pension liability and the net OPEB liability 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/OPEB plan's fiduciary net position. The net pension/OPEB liability 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.

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. Resulting adjustments to the net pension/OPEB liability 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.

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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 CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 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 base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to 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, 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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
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Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$395,682 for 2020. Of this amount, \$44,519 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 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 Comprehensive Annual 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2020 Actual Contribution Rates		
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 \$592,472 for 2020. Of this amount, \$63,713 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, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. 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:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.020455%	0.117922%	
Prior Measurement Period	0.020390%	0.126582%	
Change in Proportion	0.000065%	-0.008660%	
 Proportionate Share of the Net			
Pension Liability	\$ 4,043,070	\$ 7,943,862	\$ 11,986,932
Pension Expense	\$ 733,971	\$ 832,358	\$ 1,566,329

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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, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 300,703	\$ 300,703
Changes of Assumptions	215,947	195,000	410,947
Changes in Proportionate Share	115,990	109,467	225,457
City Contributions Subsequent			
to the Measurement Date	<u>395,682</u>	<u>592,472</u>	<u>988,154</u>
Total Deferred Outflows of Resources	<u>\$ 727,619</u>	<u>\$ 1,197,642</u>	<u>\$ 1,925,261</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 51,119	\$ 409,698	\$ 460,817
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	806,500	383,752	1,190,252
Changes in Proportionate Share	<u>68,334</u>	<u>788,221</u>	<u>856,555</u>
Total Deferred Inflows of Resources	<u>\$ 925,953</u>	<u>\$ 1,581,671</u>	<u>\$ 2,507,624</u>

\$988,154 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2021	\$ (49,769)	\$ (309,573)	\$ (359,342)
2022	(257,404)	(201,615)	(459,019)
2023	33,398	62,981	96,379
2024	(320,241)	(452,725)	(772,966)
2025	-	(75,569)	(75,569)
	<u>\$ (594,016)</u>	<u>\$ (976,501)</u>	<u>\$ (1,570,517)</u>

Actuarial Assumptions - OPER

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.

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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, 2019, 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, 2019 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 Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 1.4 percent Simple through 2020, then 2.15 percent Simple

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.

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.

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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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, 2019, 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 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</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 current period discount rate assumption of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 6,668,330	\$ 4,043,070	\$ 1,683,037

CITY OF URBANA, OHIO
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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, 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, 2019, 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 0.50 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 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, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-U.S. Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income*	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	<u>12.00</u>	6.40
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

* Levered 2x

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 1.20 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.

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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.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 11,009,917	\$ 7,943,862	\$ 5,379,412

NOTE 13 - DEFINED BENEFIT OPEB PLANS

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

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 to qualifying benefit recipients of both the traditional pension and the combined plans. This 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.

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. 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 Comprehensive Annual 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.

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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 2020, 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 2020, 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 2020 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 2020.

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

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.

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF URBANA, OHIO
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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 2020, 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.

The City’s contractually required contribution to OP&F was \$13,818 for 2020. Of this amount, \$1,509 is reported as due to other governments.

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.020225%	0.117922%	
Prior Measurement Period	0.020060%	0.126582%	
Change in Proportion	<u>0.000165%</u>	<u>-0.008660%</u>	
Proportionate Share of the Net			
OPEB Liability	\$ 2,793,598	\$ 1,164,802	\$ 3,958,400
OPEB Expense	\$ 318,490	\$ 120,957	\$ 439,447

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At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 75	\$ -	\$ 75
Changes of Assumptions	442,197	680,988	1,123,185
Changes in Proportionate Share	70,119	110,574	180,693
City Contributions Subsequent to the Measurement Date	-	13,818	13,818
Total Deferred Outflows of Resources	\$ 512,391	\$ 805,380	\$ 1,317,771
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 255,486	\$ 125,262	\$ 380,748
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	142,250	53,599	195,849
Changes of Assumptions	-	248,236	248,236
Changes in Proportionate Share	39,834	108,675	148,509
Total Deferred Inflows of Resources	\$ 437,570	\$ 535,772	\$ 973,342

\$13,818 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. 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
2021	\$ 96,260	\$ 47,005	\$ 143,265
2022	39,232	47,006	86,238
2023	112	58,000	58,112
2024	(60,783)	40,666	(20,117)
2025	-	49,003	49,003
Thereafter	-	14,110	14,110
	\$ 74,821	\$ 255,790	\$ 330,611

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.

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Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2018, rolled forward to the measurement date of December 31, 2019. 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:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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.

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

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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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trusts	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, 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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 3,655,871	\$ 2,793,598	\$ 2,103,198

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Sensitivity of the City’s Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 2020 is 10.50 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 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 Liability	\$ 2,711,161	\$ 2,793,598	\$ 2,874,984

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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.

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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, prepared as of January 1, 2019, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
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	3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 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.

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 geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

CITY OF URBANA, OHIO
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-U.S. Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income*	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: Assumptions are geometric.

* Levered 2x

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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 3.56 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 earning were calculated using the longer-term assumed investment rate of return of 3.56 percent. Based on those assumptions, the plan'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 to all periods of projected benefits to determine the total pension liability.

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 3.56 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 (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 1,444,280	\$ 1,164,802	\$ 932,576

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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 14 – INTERFUND BALANCES

Interfund balances at December 31, 2020 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
General	\$ 78,767	\$ 38,378	\$ (8,267)	\$ 108,878
Nonmajor Governmental Funds:				
Mausoleum Trust	(70,500)	-	-	(70,500)
Victim Assistance Grant	(8,267)	(10,115)	8,267	(10,115)
FAA Airport Grant	-	(28,263)	-	(28,263)
Total Nonmajor Governmental Funds	<u>(78,767)</u>	<u>(38,378)</u>	<u>8,267</u>	<u>(108,878)</u>

The Mausoleum Trust Fund amount noted above represents monies advanced from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. The Victim Assistance Grant and FAA Airport Grant amounts represent accrual entries to eliminate negative cash balances in those funds.

NOTE 15 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 20,000
Nonmajor Governmental Fund:		
Oak Dale Cemetery	20,000	-
Total	<u>\$ 20,000</u>	<u>\$ 20,000</u>

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 – 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.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE 17 - CONTRACTUAL COMMITMENTS

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

<u>Contract</u>	<u>Contract Amount</u>	<u>Amount Outstanding</u>
Phase 2A Water & Sanitary Sewer Project	\$ 1,733,907	\$ 1,071,076
Powell to Bon Air Sanitary Sewer	852,094	248,346
Park Maintenance Building	192,767	11,672
	<u>\$ 2,778,768</u>	<u>\$ 1,331,094</u>

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 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City’s investment portfolio and investments of the pension and other employee benefit plan in which the City participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 – SUBSEQUENT EVENT

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.

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, 2020

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<u>Revenues:</u>				
Income Taxes	\$ 3,455,300	\$ 3,455,300	\$ 3,335,438	\$ (119,862)
Property Taxes	455,300	455,300	520,175	64,875
Other Local Taxes	-	-	9,816	9,816
Intergovernmental	326,000	326,000	375,798	49,798
Charges for Services	1,138,900	1,138,900	1,065,583	(73,317)
Fines, Licenses, and Permits	624,200	624,200	589,849	(34,351)
Interest	58,000	58,000	89,881	31,881
Miscellaneous	102,000	102,000	518,437	416,437
Reimbursements	879,300	879,300	810,319	(68,981)
Total Revenues	<u>7,039,000</u>	<u>7,039,000</u>	<u>7,315,296</u>	<u>276,296</u>
<u>Expenditures:</u>				
Current:				
General Government				
City Council				
Personal Services	86,120	86,795	86,757	38
Supplies, Materials and Other	5,350	4,675	4,552	123
Total City Council	<u>91,470</u>	<u>91,470</u>	<u>91,309</u>	<u>161</u>
Mayor/Administration				
Personal Services	286,200	288,750	287,314	1,436
Supplies, Materials and Other	17,938	15,388	12,249	3,139
Total Mayor/Administration	<u>304,138</u>	<u>304,138</u>	<u>299,563</u>	<u>4,575</u>
Municipal Court				
Personal Services	658,800	661,941	661,752	189
Supplies, Materials and Other	100,891	104,850	86,616	18,234
Total Municipal Court	<u>759,691</u>	<u>766,791</u>	<u>748,368</u>	<u>18,423</u>
Engineering				
Personal Services	226,500	226,500	221,387	5,113
Supplies, Materials and Other	18,019	18,019	10,026	7,993
Total Engineering	<u>244,519</u>	<u>244,519</u>	<u>231,413</u>	<u>13,106</u>
Public Works				
Personal Services	12,450	12,450	12,309	141
Supplies, Materials and Other	154,405	154,405	118,726	35,679
Total Public Works	<u>166,855</u>	<u>166,855</u>	<u>131,035</u>	<u>35,820</u>
Finance Accounting				
Personal Services	250,650	277,150	274,992	2,158
Supplies, Materials and Other	22,793	26,493	24,654	1,839
Total Finance Accounting	<u>273,443</u>	<u>303,643</u>	<u>299,646</u>	<u>3,997</u>
Finance Income Tax				
Personal Services	89,050	102,900	101,534	1,366
Supplies, Materials and Other	20,643	20,643	18,083	2,560
Total Finance Income Tax	<u>109,693</u>	<u>123,543</u>	<u>119,617</u>	<u>3,926</u>

**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, 2020

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Finance Utility Billing				
Personal Services	82,850	82,850	78,803	4,047
Supplies, Materials and Other	61,544	61,544	57,652	3,892
Total Finance Utility Billing	<u>144,394</u>	<u>144,394</u>	<u>136,455</u>	<u>7,939</u>
Law Department				
Personal Services	221,600	238,450	234,997	3,453
Supplies, Materials and Other	16,359	39,959	38,707	1,252
Total Law Department	<u>237,959</u>	<u>278,409</u>	<u>273,704</u>	<u>4,705</u>
Non-Departmental				
Supplies, Materials and Other	396,192	767,992	754,100	13,892
Total Non-Departmental	<u>396,192</u>	<u>767,992</u>	<u>754,100</u>	<u>13,892</u>
Compost and Mulch				
Personal Services	20,575	525	464	61
Supplies, Materials and Other	2,500	2,500	1,443	1,057
Total Compost and Mulch	<u>23,075</u>	<u>3,025</u>	<u>1,907</u>	<u>1,118</u>
Zoning Compliance				
Personal Services	110,550	110,550	109,227	1,323
Supplies, Materials and Other	19,725	19,725	16,616	3,109
Total Zoning Compliance	<u>130,275</u>	<u>130,275</u>	<u>125,843</u>	<u>4,432</u>
Total General Government	<u>2,881,704</u>	<u>3,325,054</u>	<u>3,212,960</u>	<u>112,094</u>
Public Safety				
Code Enforcement				
Personal Services	71,025	74,400	74,264	136
Supplies, Materials and Other	53,179	53,179	52,462	717
Total Code Enforcement	<u>124,204</u>	<u>127,579</u>	<u>126,726</u>	<u>853</u>
Police Services				
Personal Services	1,618,440	1,350,615	1,024,483	326,132
Supplies, Materials and Other	128,655	146,480	130,362	16,118
Total Police Services	<u>1,747,095</u>	<u>1,497,095</u>	<u>1,154,845</u>	<u>342,250</u>
Fire Services				
Personal Services	1,772,500	1,531,035	1,170,015	361,020
Supplies, Materials and Other	159,510	180,975	157,046	23,929
Total Fire Services	<u>1,932,010</u>	<u>1,712,010</u>	<u>1,327,061</u>	<u>384,949</u>
Total Public Safety	<u>3,803,309</u>	<u>3,336,684</u>	<u>2,608,632</u>	<u>728,052</u>
Public Health				
Supplies, Materials and Other	42,000	42,000	41,995	5
Total Public Health	<u>42,000</u>	<u>42,000</u>	<u>41,995</u>	<u>5</u>

**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, 2020

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Leisure Time Services				
Recreation Administration				
Personal Services	135,200	163,200	162,297	903
Supplies, Materials and Other	70,224	75,224	71,318	3,906
Total Recreation Administration	<u>205,424</u>	<u>238,424</u>	<u>233,615</u>	<u>4,809</u>
Recreation-Pool				
Supplies, Materials and Other	87,050	51,050	28,688	22,362
Total Recreation-Pool	<u>87,050</u>	<u>51,050</u>	<u>28,688</u>	<u>22,362</u>
 Total Leisure Time Services	 <u>292,474</u>	 <u>289,474</u>	 <u>262,303</u>	 <u>27,171</u>
 Total Expenditures	 <u>7,019,487</u>	 <u>6,993,212</u>	 <u>6,125,890</u>	 <u>867,322</u>
 Excess of Revenues Over/(Under) Expenditures	 19,513	 45,788	 1,189,406	 1,143,618
 Other Financing Uses				
Operating Transfers Out	(80,000)	(80,000)	(20,000)	60,000
Total Other Financing Uses	<u>(80,000)</u>	<u>(80,000)</u>	<u>(20,000)</u>	<u>60,000</u>
 Net Change in Fund Balance	 (60,487)	 (34,212)	 1,169,406	 1,203,618
 Fund Balance January 1, 2020	 3,326,678	 3,326,678	 3,326,678	 -
Prior Year Encumbrances	97,597	97,597	97,597	-
Fund Balance December 31, 2020	<u>\$ 3,363,788</u>	<u>\$ 3,390,063</u>	<u>\$ 4,593,681</u>	<u>\$ 1,203,618</u>

See accompanying notes to the required supplementary information.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

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, 2020

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Income Taxes	\$ 1,411,358	\$ 1,411,358	\$ 1,334,175	\$ (77,183)
Miscellaneous	-	-	203,694	203,694
Total Revenues	<u>1,411,358</u>	<u>1,411,358</u>	<u>1,537,869</u>	<u>126,511</u>
Expenditures:				
Current:				
Public Safety				
Personal Services	1,519,500	1,448,600	918,827	529,773
Supplies, Materials and Other	-	70,900	70,650	250
Total Public Safety	<u>1,519,500</u>	<u>1,519,500</u>	<u>989,477</u>	<u>530,023</u>
Net Change in Fund Balance	(108,142)	(108,142)	548,392	656,534
Fund Balance January 1, 2020	676,310	676,310	676,310	-
Prior Year Encumbrances	2,950	2,950	2,950	-
Fund Balance December 31, 2020	<u><u>\$ 571,118</u></u>	<u><u>\$ 571,118</u></u>	<u><u>\$ 1,227,652</u></u>	<u><u>\$ 656,534</u></u>

See accompanying notes to the required supplementary information.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
CORONAVIRUS RELIEF FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Intergovernmental	\$ -	\$ 1,335,410	\$ 1,335,410	\$ -
Total Revenues	<u>-</u>	<u>1,335,410</u>	<u>1,335,410</u>	<u>-</u>
Expenditures:				
Current:				
Public Safety				
Personal Services	-	1,233,010	1,233,025	(15)
Supplies, Materials and Other		102,400	102,385	15
Total Public Safety	<u>-</u>	<u>1,335,410</u>	<u>1,335,410</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance January 1, 2020	-	-	-	-
Prior Year Encumbrances	-	-	-	-
Fund Balance December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information.

CITY OF URBANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 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, 2020

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:

	Net Change in Fund Balance		
	General Fund	Police & Fire Levy Fund	Coronavirus Relief Fund
GAAP Basis	\$ 1,450,818	\$ 567,656	\$ 521
Supplemental Investment Fund Change	(3,327)	-	-
Income Tax Revenue Fund Change	(9,847)	-	-
Group Insurance Fund Change	(14,580)	-	-
Unclaimed Monies Fund Change	(5,466)	-	-
Revenue Accruals	775,742	(24,217)	-
Expenditure Accruals	(758,732)	7,891	3,772
Encumbrances	(265,202)	(2,938)	(4,293)
Budget Basis	<u>\$ 1,169,406</u>	<u>\$ 548,392</u>	<u>\$ -</u>

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System

Last Seven Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
City's Proportion of the Net Pension Liability Traditional Plan	0.020455%	0.020390%	0.019665%	0.020217%	0.019715%	0.020529%	0.020529%
City's Proportionate Share of the Net Pension Liability Traditional Plan	\$ 4,043,070	\$ 5,584,134	\$ 3,085,058	\$ 4,590,938	\$ 3,414,888	\$ 2,476,029	\$ 2,420,102
City's Covered Payroll	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560	\$ 2,781,113	\$ 2,608,371	\$ 2,561,683	\$ 2,208,115
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	128.53%	188.05%	111.61%	164.86%	130.72%	96.51%	109.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Traditional Plan	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) This schedule is intended to show information for ten years. Information prior to 2014 is not available.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund

Last Seven Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
City's Proportion of the Net Pension Liability	0.117922%	0.126582%	0.123603%	0.125557%	0.135095%	0.144162%	0.144162%
City's Proportionate Share of the Net Pension Liability	\$ 7,943,862	\$ 10,332,436	\$ 7,586,074	\$ 7,952,654	\$ 8,690,756	\$ 7,468,214	\$ 7,021,161
City's Covered Payroll	\$ 2,966,373	\$ 2,913,388	\$ 2,795,416	\$ 2,616,381	\$ 2,721,320	\$ 2,784,088	\$ 2,828,327
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	267.80%	354.65%	271.38%	303.96%	319.36%	268.25%	248.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) This schedule is intended to show information for ten years. Information prior to 2014 is not available.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City Pension Contributions
 Ohio Public Employees Retirement System

Last Eight Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (1)</u>
Contractually Required Contribution	\$ 395,682	\$ 440,393	\$ 414,802	\$ 357,702	\$ 333,734	\$ 313,004	\$ 307,402	\$ 287,055
Contributions in Relation to the Contractually Required Contribution	\$ 395,682	\$ 440,393	\$ 414,802	\$ 357,702	\$ 333,734	\$ 313,004	\$ 307,402	\$ 287,055
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,826,300	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560	\$ 2,781,113	\$ 2,608,371	\$ 2,561,683	\$ 2,208,115
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City Pension Contributions
 Ohio Police and Fire Pension Fund

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 592,472	\$ 635,634	\$ 626,417	\$ 599,842	\$ 560,816	\$ 582,135	\$ 603,310	\$ 519,856	\$ 418,227	\$ 448,255
Contributions in Relation to the Contractually Required Contribution	\$ 592,472	\$ 635,634	\$ 626,417	\$ 599,842	\$ 560,816	\$ 582,135	\$ 603,310	\$ 519,856	\$ 418,227	\$ 448,255
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388	\$ 2,795,416	\$ 2,616,381	\$ 2,721,320	\$ 2,784,088	\$ 2,828,327	\$ 2,672,123	\$ 2,861,247
Contributions as a Percentage of Covered Payroll	21.44%	21.43%	21.50%	21.46%	21.43%	21.39%	21.67%	18.38%	15.65%	15.67%

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City's Proportionate Share of the Net OPEB Liability
 Ohio Public Employees Retirement System

Last Four Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (1)</u>
City's Proportion of the Net OPEB Liability	0.020225%	0.020060%	0.019530%	0.020131%
City's Proportionate Share of the Net OPEB Liability	\$ 2,793,598	\$ 2,615,481	\$ 2,120,922	\$ 2,033,400
City's Covered Payroll	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560	\$ 2,781,113
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	88.81%	88.28%	77.08%	73.11%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

(1) This schedule is intended to show information for ten years. Information prior to 2017 is not available.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City's Proportionate Share of the Net OPEB Liability
 Ohio Police and Fire Pension Fund

Last Four Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 (1)</u>
City's Proportion of the Net OPEB Liability	0.11792200%	0.12658200%	0.12360300%	0.12555754%
City's Proportionate Share of the Net OPEB Liability	\$ 1,164,802	\$ 1,152,723	\$ 7,003,173	\$ 5,959,934
City's Covered Payroll	\$ 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	39.27%	39.57%	250.52%	227.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	18.00%

(1) This schedule is intended to show information for ten years. Information prior to 2017 is not available.

Amounts presented as of the City's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City OPEB Contributions
 Ohio Public Employees Retirement System

Last Eight Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (1)</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 27,516	\$ 55,622	\$ 52,167	\$ 51,205	\$ 22,081
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 27,516	\$ 55,622	\$ 52,167	\$ 51,205	\$ 22,081
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,826,300	\$ 3,145,663	\$ 2,962,869	\$ 2,751,560	\$ 2,781,113	\$ 2,608,371	\$ 2,561,683	\$ 2,208,115
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) This schedule is intended to show information for ten years. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

City of Urbana, Ohio
 Required Supplementary Information
 Schedule of City OPEB Contributions
 Ohio Police and Fire Pension Fund

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 13,818	\$ 14,832	\$ 14,567	\$ 13,977	\$ 13,082	\$ 13,607	\$ 14,047	\$ 99,676	\$ 186,255	\$ 197,887
Contributions in Relation to the Contractually Required Contribution	\$ 13,818	\$ 14,832	\$ 14,567	\$ 13,977	\$ 13,082	\$ 13,607	\$ 14,047	\$ 99,676	\$ 186,255	\$ 197,887
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,763,695	\$ 2,966,373	\$ 2,913,388	\$ 2,795,416	\$ 2,616,381	\$ 2,721,320	\$ 2,784,088	\$ 2,828,327	\$ 2,672,123	\$ 2,861,247
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.52%	6.97%	6.92%

See accompanying notes to the required supplementary information.

CITY OF URBANA, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

For calendar year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect 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:

- Discount rate from 8.00 percent to 7.50 percent
- 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 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For calendar year 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

Changes in Assumptions - OPERS

For calendar year 2020, the following changes were made to the actuarial assumptions:

- Discount rate from 3.96 percent to 3.16 percent
- Municipal bond rate from 3.71 percent to 2.75 percent
- Health Care Cost Trend Rate from 10.00 percent to 10.50 percent

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

For calendar year 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Benefit Terms – OPERS

No significant changes in benefit terms.

CITY OF URBANA, OHIO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Changes in Assumptions – OP&F

For calendar year 2020, the single discount rate decreased from 4.66 percent to 3.56 percent and the municipal bond rate from 4.13 percent to 2.75 percent.

For calendar year 2019, the discount rate increased from 3.24 percent to 4.66 percent and the municipal bond rate from 3.16 percent to 4.13 percent.

For calendar year 2018, the single discount rate changed from 3.79 percent to 3.24 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.

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CITY OF URBANA
CHAMPAIGN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor Program / Cluster Title</i>	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General</i>			
Crime Victim Assistance	16.575	2020VAGENE591	\$ 31,331
Crime Victim Assistance	16.575	2021VAGENE591	<u>10,115</u>
Total Crime Victim Assistance and U.S. Department of Justice			<u>41,446</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct - Federal Aviation Administration</i>			
Airport Improvement Program	20.106	AIP-3-39-0080-021-2018	95,271
Airport Improvement Program	20.106	AIP-3-39-0080-022-2020	11,853
COVID-19 Airport Improvement Program	20.106	GLG-3-39-0080-023-2020	<u>30,000</u>
Total Airport Improvement Program			<u>137,124</u>
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster			
Highway Planning and Construction and Total Highway Planning and Construction Cluster	20.205	PID 103793	<u>310,570</u>
Total U.S. Department of Transportation			<u>447,694</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	<u>1,331,117</u>
Total U.S. Department of Treasury			<u>1,331,117</u>
Total Expenditures of Federal Awards			<u>\$ 1,820,257</u>

The accompanying notes are an integral part of this schedule.

**CITY OF URBANA
CHAMPAIGN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Urbana (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 3, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 3, 2021

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Urbana's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Urbana's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Urbana complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 3, 2021

**CITY OF URBANA
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 - Coronavirus Relief Fund (CFDA #21.019)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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 12/21/2021

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