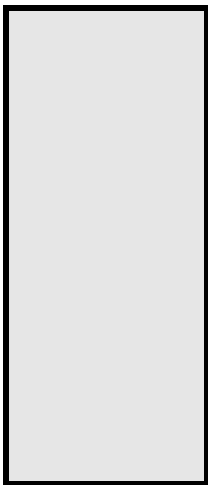


CITY OF

Urbana,
Illinois



Comprehensive Annual Financial Report

For the Year Ended June 30, 2005

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2005

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December 23, 2005

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Urbana:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2005.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, based upon a comprehensive framework of internal control that has been established for this purpose, rests with management of the City of Urbana, and in particular, the City Comptroller. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City of Urbana. All disclosures necessary to enable the reader to gain an understanding of the City of Urbana's financial condition and activities have been included.

Martin, Hood, Friese & Associates, LLC, have issued an unqualified "clean" opinion on the City of Urbana financial statements for the year ended June 30, 2005. This independent auditor's report is located at the front of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements, in the form of Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. This MD&A complements this letter of transmittal and should be read in conjunction with it.

As a recipient of various federal and state financial assistance programs, the City of Urbana is also required under the Federal Single Audit Act, to have an annual audit of certain major federal grant programs performed. This audit contains information concerning whether grant activity is presented fairly in the general purpose financial statements, whether internal control is sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met. The auditor's report relative to the Federal Single Audit Act is reported separately.

Profile of the Government.

The City of Urbana, chartered in 1855, is a home-rule municipality located in Champaign County, which is situated in east central Illinois, approximately 135 miles south of Chicago and 45 miles west of the Indiana border. The University of Illinois is located in both Urbana and Urbana's twin city of Champaign. Urbana's population is estimated at 36,555 and 12.0 square miles are within the City boundaries. The City operates under the Council-Mayor form of government. The legislative authority of the City is vested in a seven-member council, each elected from their respective districts. The Mayor is elected at large. Each member and the Mayor serve a four-year term. The Mayor recommends and the City Council approves a Chief Administrative Officer and department heads. Department heads report to the Chief Administrative Officer.

The City of Urbana provides a full range of municipal services, as outlined below:

Police Services:	Patrol, Traffic Control, and Criminal Investigation
Fire Services:	Fire Suppression, Fire Prevention, and Emergency Medical Assistance
Public Works Services:	Street Maintenance and Reconstruction, Traffic Maintenance, Street Lighting Maintenance and Reconstruction, Sanitary and Storm Sewer Maintenance and Reconstruction, Arbor Maintenance and Improvement, Parking (on enterprise basis)
Community Development Services:	Planning and Zoning Enforcement, Building Inspection, Economic Development, and Housing Improvement
Other Services:	Library Services, Human Relations

This report includes all funds of the City of Urbana. Included is the Urbana Free Library and the Firemen's and Policemen's Pension funds. There are no other entities in which the primary government is considered to be financially accountable for or other organizations for which their exclusion would cause these statements to be misleading or incomplete. The City also participates in a joint venture with the City of Champaign, the Champaign-Urbana Solid Waste Disposal System (CUSWDS). This joint venture is responsible for overseeing closeout and long-term maintenance of the old regional landfill site. Urbana's share of the joint venture (38.2%) is shown as an asset called Investment in Joint Ventures. It is contemplated that the City's investment will remain at the same level. This joint venture does not meet the criteria for inclusion in the City's financial report. However, financial information for the joint venture is included in the notes to the financial statements.

The City Council is required to adopt a budget by no later than the beginning of the fiscal year. This annual budget serves as the annual foundation for the City of Urbana's financial planning and control. Management is responsible for maintaining certain budgetary controls to ensure compliance with legal provisions. All funds have balanced annual budgets, prepared on a GAAP basis, and approved by the City Council except for pension trust and debt service funds. Budgetary control for pension trust funds is

maintained through an annual actuarial review. The level of expenditures cannot exceed appropriated amounts within certain basic expenditure categories within an individual department for the general fund or fund in whole for non-general funds.

The Budget Officer is authorized to transfer amounts within basic expenditure categories of personnel, materials and supplies, contractual and operations, and capital outlay. This budgetary control is maintained through the application of a weekly and monthly financial reporting system. Unspent amounts may or may not be re-appropriated in the following year's budget, as needed.

Local Economy.

Champaign County continues to maintain a very stable economic environment. The University of Illinois dominates the local economy and is responsible for a significant part of this economic stability. Food, service, and high technology industries dominate the small amount of manufacturing in the area. Two of the City's major revenue sources, sales and utility taxes, are especially reflective of this local economic stability and have been important in keeping Urbana financially sound and relatively debt-free. The City of Urbana has also been aggressive in encouraging new business development and in annexing properties into the City limits. This stability and aggressive development posture has allowed the local unemployment rate to average 4.6%, property values to average 8.4% annual growth and per-capita income to average 2.2% annual growth over the last three years.

This economic growth is expected to continue at a similar rate over the next three to four years. While economic activity in Champaign has remained relatively strong, the State of Illinois has experienced a dramatic decrease in the amount of state revenues from various taxes. This decrease in state revenues has resulted in a corresponding decrease in the local share of the State Income Tax received by the City of Urbana, which amounts to approximately 8% of total city revenues and 13% of General Fund revenues.

In addition, the City has lost considerable sales tax from the closing of a number of department stores and a large grocery. In the next 12 months, a Walmart and the O'Brien's retail automobile dealer are opening new stores in Urbana. The sales tax from these new establishments should replace some of the previously lost taxes.

Long Term Financial Planning.

Annually, the City of Urbana adopts a long term financial plan, which includes all financial policies adopted by the City and various assumptions used in budget and service-delivery decisions. Readers of the document can ascertain the current financial situation of the City and how this corresponds and contributes to long-term financial goals.

Significant Relevant Financial Policies.

Pension Costs. Funding for employee pension costs is a significant cost and concern for management. It is the policy of the City to fully fund current pension costs and to fund past-service costs under accepted methods and legally required time periods.

A description of the City's three pension trust fund operations follows:

- a) All employees except sworn police and fire personnel, that meet certain minimum hourly standards must be enrolled and participate in the Illinois Municipal Retirement Fund (IMRF). IMRF is a multiple employer retirement system that acts as a common investment and administrative agent for local government in Illinois. Participating members are required to contribute 4.5% of their annual salary for 2005 (same in 2004). The City contributed 9.3% of salaries in calendar year 2005 (6.7% in 2004). At December 31, 2004, the IMRF retirement plan was 17.2% under-funded as a percentage of covered salary (9.8% under-funded at December 31, 2003). Any unfunded amounts are amortized over a thirty-year period.
- b) Sworn police personnel are covered by the Police Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members are required to contribute 9.9% of their salary. The amount contributed by the City equaled 46% of salaries in 2005 (43% in 2004). The unfunded actuarial accrued liability at June 30, 2004, was 333% of covered salaries, (320% at June 30, 2003). This amount is being amortized over a thirty-three year closed period.
- c) Sworn fire personnel are covered by the Firemen's Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members were required to contribute 9.5% of their salary. The amount contributed by the City equaled 36% of salaries in 2005 (34% in 2004). The unfunded actuarial accrued liability at June 30, 2004, was 177% of covered salaries, up from 153% in 2003. Unfunded amounts are being amortized over a thirty-three year closed period.

Cash Management. The City's investment policy is to minimize risk while maintaining a competitive yield. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, a U.S. government security mutual fund, money market funds, common stock mutual funds, common stocks, and accounts of insurance companies. The total value of these invested amounts at June 30, 2005 was \$71,474,535 (\$69,089,047 in 2004). The average yield of investments and deposits was 3.2% in 2005 (2.6% in 2004) before the impact of increases in the market value of investments during the year. After the impact of these market increases, the City earned a total of \$3,713,774 on its investments in 2005 (5.3%), as compared to a gain of \$2,594,029 in 2004 (3.9%). These amounts include pension trust funds.

Risk Management. The City purchases commercial insurance to insure exposure to loss from risks above self-insured amounts for both worker's compensation claims and other risks. The City self-insures worker's compensation losses up to a limit of

\$400,000 per individual claim and other losses up to \$100,000 per claim. The results of the self-insurance program are reported in the City's Worker's Compensation Retained Risk Internal Service Fund.

Major Initiatives.

Significant initiatives for the City in the current year are:

- a) Monitor the final phases of the construction of a 7.4 million-dollar renovation to the City's street lighting system. At the end of fiscal year 2005, \$6.5 million has been spent toward this project, with the balance of \$900,000 allocated for spending over the next 2 years.
- b) Complete development and opening of two new retail businesses, Walmart and O'Brien's Automobile Sales, and determine the impact they will have on the City's sales tax revenues.
- c) Monitor the construction of approximately \$1.5 million of land improvements and remediation efforts near an old City landfill. These improvements will prevent future erosion on a nearby waterway. By the end of fiscal year 2005, \$1.4 million has been spent toward this project. It is very probable that additional monies will have to be budgeted to complete this project; however, at this time management is not able to estimate the amount.

For the future, three areas of emphasis will be:

- a) Continue to identify and implement improvements in efficiency and new technology that will allow continued service delivery at lowest possible cost. Two technologies that are currently being implemented are: a Geographical Information System (GIS) that will provide enhanced information concerning properties and infrastructure improvements in the City and expansion of the city website to provide payment options, services and information to citizens and staff members.
- b) Monitor the progress of a number of significant economic development projects that are currently in various stages of deliberation or construction:
 1. Improvements and changes made to the downtown-enclosed retail shopping mall.
 2. Five Points East and West development projects, which include a new Walgreen's store and planned retail sales mall.
 3. A number of new residential housing construction projects.

Awards and Acknowledgements.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Urbana for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the 17th consecutive year that Urbana has achieved this award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet these requirements and we intend to submit it to the GFOA to determine its eligibility for another certificate.

We would like to commend the entire staff of the Finance Department for their efficient and dedicated service in helping prepare this report. We would also like to commend the Mayor, members of the City Council and all officials and officers of the City of Urbana for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Bruce Walden
CHIEF ADMINISTRATIVE OFFICER

Ronald C. Eldridge
COMPTROLLER
Certified Public Accountant

/km

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbana,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2005

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Aldерwoman
Heather Stevenson

Aldерwoman
Lynne Barnes

Alderman
Charles Smyth

Aldерwoman
Danielle Chynoweth

Alderman
Dennis Roberts

Alderman
Robert E. Lewis

Alderman
Brandon Bowersox

Administrative Officers

Chief Administrative Officer
Bruce K. Walden

Police Chief
Eddie Adair

Fire Chief
Rex Mundt

Public Works Director
William Gray

Community Development Director
Libby Tyler

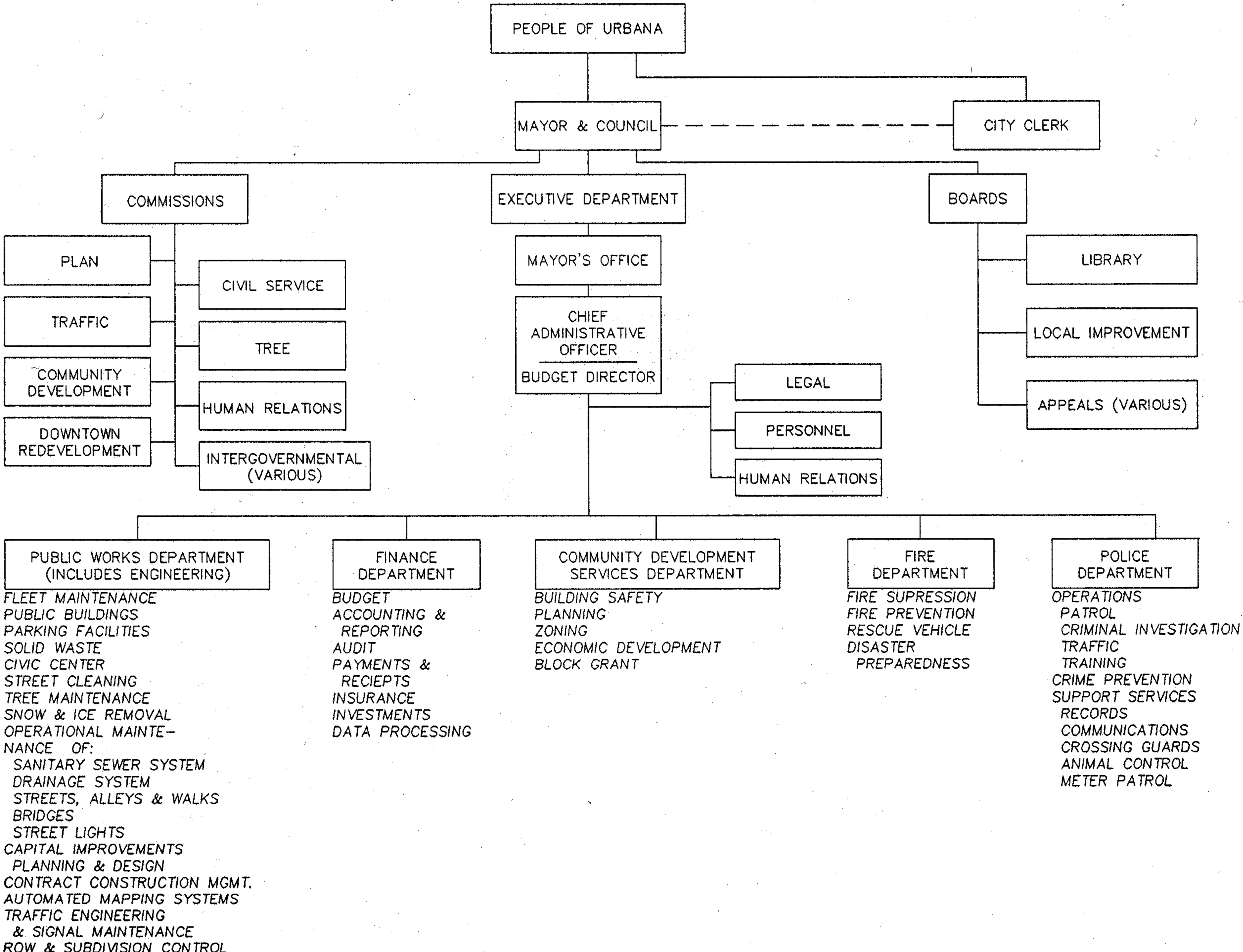
Corporation Counsel
James Gitz

City Comptroller
Ronald C. Eldridge

Personnel Director
Mona Shannon

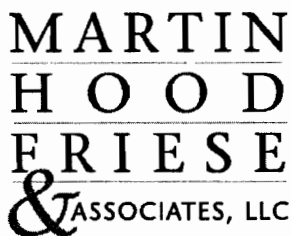
Urbana Free Library Director
Fred Schlipf

CITY OF URBANA
 ORGANIZATION CHART
 STRUCTURE AND MAJOR SERVICE FUNCTIONS



FINANCIAL SECTION





2507 South Neil St.
 Champaign, Illinois 61820
 Phone 217.351.2000
 Fax 217.351.7726
 www.mhfa.net

INDEPENDENT AUDITORS' REPORT

Honorable Laurel Prussing, Mayor
 and Members of the Urbana City Council
 Urbana, Illinois

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, Illinois, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Urbana, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund, Urbana Free Library Fund, Tax Stabilization Fund, Vehicle and Equipment Replacement Fund, and Tax Increment Financing District 3 Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 13, 2005, on our consideration of the City of Urbana, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 11 through 22 and the Schedule of Funding Progress for I.M.R.F. Pension Funds on page 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Martin Hood, FRIESE & ASSOCIATES, LLC

Champaign, Illinois
 September 13, 2005

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2005

As management of the City of Urbana, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Urbana for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2005, by \$104,557,973. Of this amount \$31,105,348 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$3,386,013 (3%) during the year.
- At June 30, 2005, the governmental funds reported combined fund balances of \$28,518,574, of which \$28,169,483 was unreserved and is available for spending at the City's discretion.
- Governmental fund balances decreased \$333,365 (1%) during the year.
- The City's long-term debt decreased \$292,043 due to debt principal retirements of \$1,285,693, a new debt issuance of \$965,000 and a net increase in accumulated compensated employee absences of \$60,788.

Overview of the Financial Statements:

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Urbana's finances, in a manner similar to a private-sector business. The government wide financial statements can be found on pages 23-24 of this report.

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

Management's Discussion and Analysis

June 30, 2005

- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- 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. The City of Urbana's governmental activities include Public Safety, Highways and Streets, General Government, Urban Redevelopment and Housing, and Library Services. The City of Urbana has one business-type activity, the Motor Vehicle Parking System.

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 of Urbana, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the City of Urbana can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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. This information is useful in evaluating the City of Urbana'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 for governmental funds with information presented for governmental activities in the government-wide financial statements. 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.
- The City of Urbana maintains twenty 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, Urbana Free Library, Tax Stabilization, Vehicle and Equipment Replacement, and Tax Increment Financing District 3 Funds, all of which are considered to be major funds. Data from the other governmental funds are

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2005

combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

- The City of Urbana adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.
- The basic governmental fund financial statements can be found on pages 25-33 of this report.

Proprietary Funds:

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Urbana maintains two different types of proprietary funds, enterprise and internal service:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Urbana utilizes one enterprise fund to account for its Motor Vehicle Parking System.
- Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Urbana uses internal service funds to account for fleet and equipment maintenance in the Central Garage Fund and for worker's compensation claims costs in the Worker's Compensation Retained Risk Fund. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements and combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.
- The basic proprietary fund financial statements can be found on pages 35-38 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 of Urbana's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The only fiduciary funds utilized by the City of Urbana are the Firemen's and

Management's Discussion and Analysis

June 30, 2005

Policemen's Pension Trust Funds. The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-74 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the City's I.M.R.F. employee pension obligation. Required supplementary information can be found on page 75 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 77-109 of this report.

Government-wide Financial Analysis:

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City of Urbana's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Urbana uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Urbana'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. Following is a comparative statement of net assets (amounts expressed in thousands). The 2004 amounts have been restated due to a correction of an error (see note 5.J-Prior Period Adjustment on page 74):

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$38,284	\$37,650	\$2,246	\$1,968	\$40,530	\$39,618
Capital assets	<u>64,917</u>	<u>62,292</u>	<u>6,282</u>	<u>6,354</u>	<u>71,199</u>	<u>68,646</u>
Total assets	<u>\$103,201</u>	<u>\$99,942</u>	<u>\$8,528</u>	<u>\$8,322</u>	<u>\$111,729</u>	<u>\$108,264</u>
Long-term liabilities	1,337	1,304	1,123	1,415	2,460	2,719
Other liabilities	<u>4,632</u>	<u>4,275</u>	<u>79</u>	<u>99</u>	<u>4,711</u>	<u>4,374</u>
Total liabilities	<u>\$ 5,969</u>	<u>\$ 5,579</u>	<u>\$1,202</u>	<u>\$1,514</u>	<u>\$ 7,171</u>	<u>\$ 7,093</u>
Net assets:						
Invested in capital assets	64,917	62,292	5,160	4,940	70,077	67,232
Restricted	3,376	3,430	--	--	3,376	3,430
Unrestricted	<u>28,939</u>	<u>28,641</u>	<u>2,166</u>	<u>1,869</u>	<u>31,105</u>	<u>30,510</u>
Total net assets	<u>\$97,232</u>	<u>\$94,363</u>	<u>\$7,326</u>	<u>\$6,809</u>	<u>\$104,558</u>	<u>\$101,172</u>

At the end of the fiscal year, the City of Urbana is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for governmental and business-type activities. This situation was true for last fiscal year as well.

There was an increase in net assets from governmental activities of \$2,868,887 and \$2,624,577 of this amount was used to increase the investment in capital assets. There was an increase in net assets from business-type activities of \$517,126 and \$220,193 of this amount was used to increase the investment in capital assets.

Following is a comparative statement of changes in net assets (amounts expressed in thousands):

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,215	\$ 5,248	\$1,121	\$ 1,038	\$ 6,336	\$ 6,286
Operating Grants & Contributions	2,345	2,012	--	--	2,345	2,012
Capital Grants & Contributions	9	450	--	--	9	450
General Revenues:						
Property Tax	7,809	7,191	--	--	7,809	7,191
Utility Tax	3,922	3,861	--	--	3,922	3,861
State Sales Tax	3,684	3,511	--	--	3,684	3,511

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	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Intergovernmental, Not Restricted to Specific Programs	5,104	5,559	--	--	5,104	5,559
Investment Income	959	162	70	7	1,029	169
Municipal Sales Tax	2,354	2,174	--	--	2,354	2,174
Other Taxes	1,411	1,428	--	--	1,411	1,428
Other	157	481	--	--	157	481
Total Revenues	\$32,969	\$32,077	\$1,191	\$1,045	\$34,160	\$33,122
Expenses:						
Public Safety	\$10,839	\$10,387	\$ --	\$ --	\$10,839	\$10,387
Highways & Streets	9,774	7,554	--	--	9,774	7,554
General Government	2,475	2,338	--	--	2,475	2,338
Urban Redevelopment And Housing	4,390	3,840	--	--	4,390	3,840
Library Services	2,665	2,461	--	--	2,665	2,461
Motor Vehicle Parking	--	--	631	606	631	606
Total Expenses	\$30,143	\$26,580	\$ 631	\$ 606	\$30,774	\$27,186
Increase in Net Assets						
Before Transfers	\$ 2,826	\$ 5,497	\$ 560	\$ 499	\$ 3,386	\$ 5,936
Transfers In (Out)	43	39	(43)	(39)	--	--
Increase in Net Assets	\$ 2,869	\$ 5,536	\$ 517	\$ 400	3,386	5,936
Net Assets, Beg. Year	94,363	88,827	6,809	6,409	101,172	95,236
Net Assets, End Year	<u>\$97,232</u>	<u>\$94,363</u>	<u>\$7,326</u>	<u>\$6,809</u>	<u>\$104,558</u>	<u>\$101,172</u>

- As noted, net assets from governmental activities increased \$2,868,887 (3% growth). This increase is less than last year when net assets from government activities increased \$5,536,506 (6% growth). Total revenues increased 3% compared to last year and expenses increased 13%. Reasons for some significant revenue changes were:
 - Capital grants decreased \$441,485 or 98%. This decrease was because the City last year was awarded a \$450,000 non-recurring grant to finance a portion of the new Library addition.
 - Investment income increased \$797,337 or 492% due to significant increases in the fair value of some of the city's U.S. Treasury bond investments, which offset significant decreases that occurred in the past few years. Due to changes in interest rates, it is likely that investment income in the future may fluctuate.

CITY OF URBANA

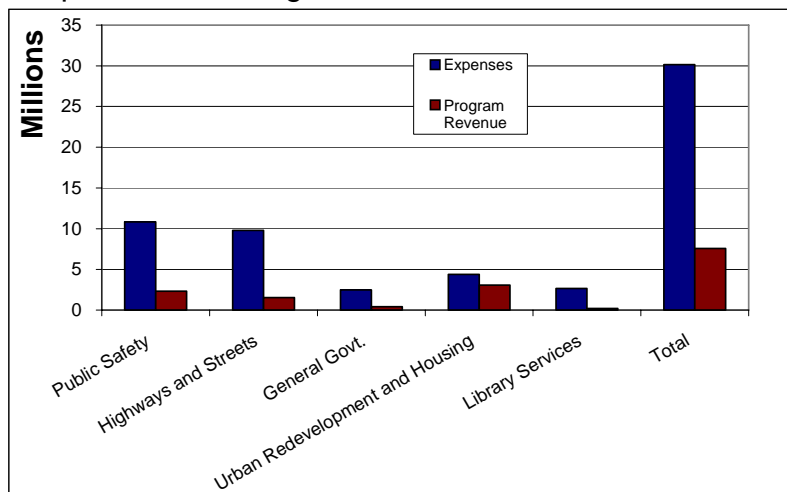
Management's Discussion and Analysis

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- Other revenue decreased \$323,948 or 67% because of significant private donations that were received last year by the City for the Library project. These donations should be considered of a non-recurring nature.
- As noted earlier, expenses increased 13%. Reasons for significant expense changes were:
 - Highways and Streets increased \$2,219,241 or 29% due to \$1,448,873 spent in 2005 for landfill remediation costs. This expense can be considered of a non-recurring nature.
 - Urban redevelopment and housing increased 14% due to a higher level of federal and state housing operational grants.
- Future cost increases are expected to be similar to inflation (5% range).

The percentage that program revenues paid for expenses (25%) was similar to last year (29%).

Expenses and Program Revenues – Governmental Activities

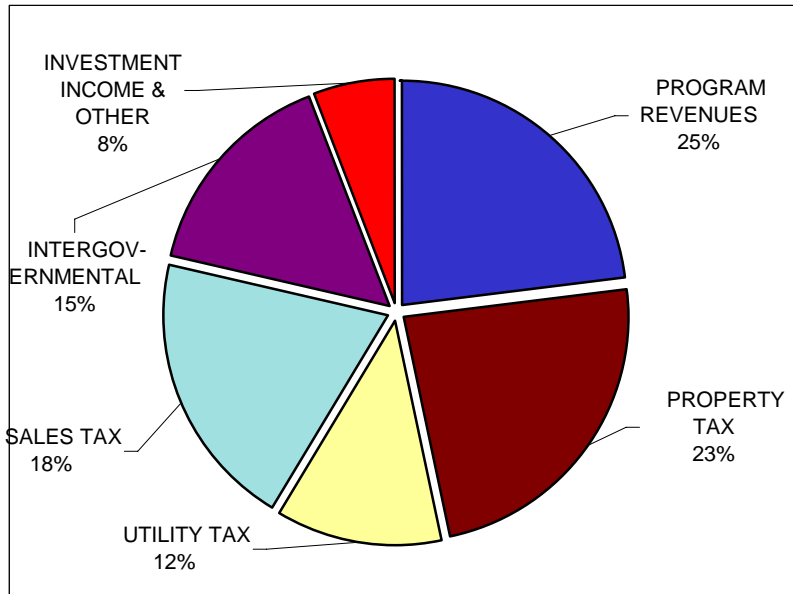


- Revenues for the City are generated from a number of different sources and for the most part are dependent on different financial factors. This relative mix of different revenue sources, as illustrated in the chart below, provides long-term stability.

Revenues by Sources – Governmental Activities

Management's Discussion and Analysis

June 30, 2005



Financial Analysis of the Government's Funds:

As noted earlier, the City of Urbana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Urbana's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City of Urbana's governmental funds reported combined ending fund balances of \$28,518,574 (99% is unreserved), a decrease of \$333,365 over last year. The main reason for this reduction was the expense of \$1,448,873 for landfill remediation, of which accumulated fund balance was used to pay these costs.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$2,540,307. Planned transfers of \$2,063,671 to various other funds mainly for future capital projects meant the fund balance increased \$476,636 for the year to \$4,761,222 at June 30, 2005. Management believes this is an acceptable level of fund balance (24% of total expenditures).

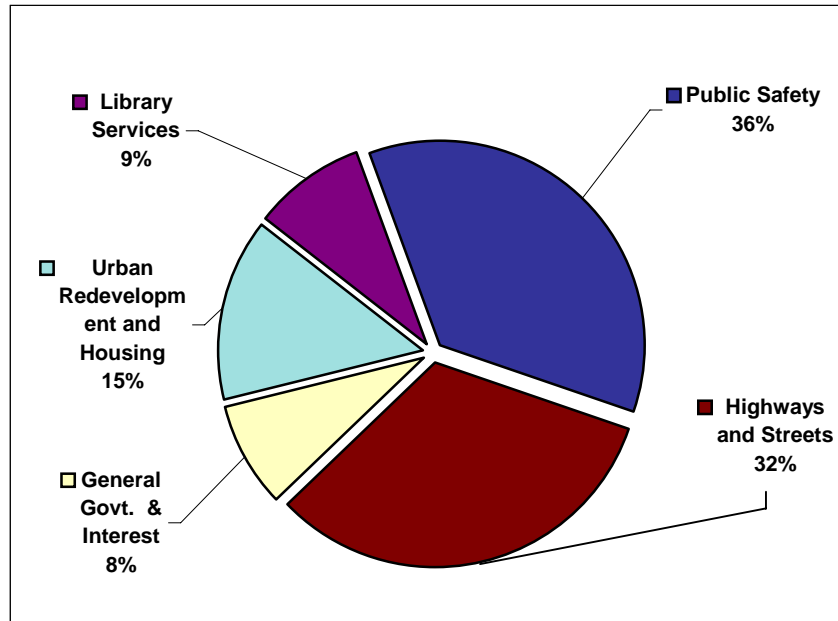
The chart below illustrates the breakdown of program costs for governmental activities:

Expenditures by Program – Governmental Activities

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2005



Proprietary Funds:

The only City of Urbana proprietary fund is the Motor Vehicle Parking Fund. This fund provides the same information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Motor Vehicle Parking Fund at June 30, 2005 were \$2,166,108 which was an increase of \$296,933 over last year (15%).

Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (increase of \$23,822). This increase was to be funded from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budget, thus eliminating the need to draw upon existing fund balances.

Capital Asset Administration:

The City of Urbana's investment in capital assets includes land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals, and other infrastructure. This investment in capital assets as of June 30, 2005, was \$71,199,484 (net of accumulated depreciation), an increase of \$2,284,939 over last year. This increase is lower than last year, when the increase was \$6,351,033. Infrastructure improvements can fluctuate considerably annually, depending on the cost of various projects. Improvement amounts are expected to be similar to current year amounts for the next few years, as the City completes a number of new street

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construction projects. Depreciation amounts for the year are similar to the previous years. Major capital asset events during the year were:

- Addition of \$5,535,451 in total capital assets
- Addition of \$2,550,647 in infrastructure, of which \$853,713 was spent in improving the Washington/Vine Streets intersection, \$673,267 on the Goodwin Avenue improvement, and \$224,732 on the Lincoln/Illinois intersection traffic signals. All other individual infrastructure improvements cost less than \$200,000.
- Addition of \$2,284,939 in buildings and improvements, the largest item costing \$2,155,120 for construction costs of the new Library building addition.
- Depreciation expense of \$2,723,192 was charged (\$1,774,942 was for infrastructure)

Comparative Statement of Capital Assets, net of depreciation (in thousands):

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 3,498	\$ 3,363	\$3,722	\$ 3,722	\$ 7,220	\$ 7,085
Building and Improvements	15,047	12,834	2,314	2,359	17,361	15,193
Equipment	2,927	3,426	246	273	3,173	3,699
Infrastructure	<u>43,445</u>	<u>42,669</u>	<u>--</u>	<u>--</u>	<u>43,445</u>	<u>42,669</u>
Total Net Capital Assets	<u>\$64,917</u>	<u>\$62,292</u>	<u>\$6,282</u>	<u>\$ 6,354</u>	<u>\$71,199</u>	<u>\$68,646</u>

Additional information on capital assets can be found in note 4 in the Notes to Financial Statements.

Debt Administration:

The City of Urbana had total bonded debt outstanding of \$1,122,669 at June 30, 2005. This entire amount is backed by the full faith and credit of the City of Urbana. Following is a comparative statement of outstanding debt (in thousands):

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Special revenue bonds	\$ --	\$ --	\$ 1,123	\$ 1,415	\$ 1,123	\$ 1,415
Accumulated employee Absences	964	903	--	--	964	903
Landfill post-closure Monitoring	<u>373</u>	<u>401</u>	<u>--</u>	<u>--</u>	<u>373</u>	<u>401</u>
Total	<u>\$1,337</u>	<u>\$1,304</u>	<u>\$1,123</u>	<u>\$1,415</u>	<u>\$2,460</u>	<u>\$2,719</u>

During the year, \$1,257,043 of special revenue debt was retired; \$965,000 of special revenue debt was issued; \$28,659 of landfill post-closure monitoring costs was amortized; \$747,304 of accumulated employee absences was retired and \$808,092 in additional accumulated employee absences was accrued.

The City of Urbana maintains an Aa rating from Moody's. As a home-rule unit, no legal limit exists on the amount of debt that can be outstanding. Additional information on the City of Urbana long-term debt can be found in note 4 of this report.

Economic Factor's and Next Year's Budget.

Assessed valuation increased 11.8% last year and has averaged 6.7% annual growth over the last five years and 6.1% over the last 10 years. The City of Urbana has been very aggressive in encouraging new business development, encouraging new housing construction, and annexing properties into the city limits. These actions have been the primary reason for this growth along with inflationary growth in property values. We believe the future of the local real estate market remains strong, although growth in assessed value may be slightly less than the 5-year average in the future.

The general fund budget for next year has increased 4.7%.

Request for Information.

This financial report is designed to provide a general overview of the City of Urbana's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, 400 South Vine Street, Urbana, 61801.

Statement of Net Assets
June 30, 2005

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,207	\$ 350	\$ 3,557
Checking	31,939	-	31,939
Savings	7,108,526	615,115	7,723,641
Illinois Public Treasurer's Pool	298,834	50,795	349,629
Money Market Funds	46,730	-	46,730
Certificate of Deposit	102,059	-	102,059
Investments	18,457,061	1,566,465	20,023,526
Receivables (Net of Uncollectibles)	5,827,318	8,120	5,835,438
Internal Balances	(4,390)	4,390	-
Prepaid Items	299,091	-	299,091
Inventory of Supplies, at Cost	69,245	-	69,245
Investment in Joint Venture	48,851	-	48,851
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	8,929	-	8,929
Savings	375,531	-	375,531
Illinois Public Treasurer's Pool	356,806	-	356,806
Money Market Funds	210,276	-	210,276
Investments	2,329,261	-	2,329,261
Receivables	85,044	-	85,044
Overfunded Net Pension Obligation	2,630,194	-	2,630,194
Capital Assets:			
Land	3,498,619	3,721,624	7,220,243
Other Capital Assets (Net of Accumulated Depreciation):			
Buildings and Improvements	15,046,965	2,314,884	17,361,849
Equipment	2,926,724	245,931	3,172,655
Infrastructure	43,444,737	-	43,444,737
Total Assets	<u>\$ 103,201,557</u>	<u>\$ 8,527,674</u>	<u>\$ 111,729,231</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 1,310,222	\$ 15,011	\$ 1,325,233
Accrued Interest	-	14,153	14,153
Accrued Salaries and Taxes	360,819	1,891	362,710
Unearned Revenues	2,961,855	48,072	3,009,927
Non-Current Liabilities:			
Due Within One Year	657,733	97,822	755,555
Due After More Than One Year	678,833	1,024,847	1,703,680
Total Liabilities	<u>5,969,462</u>	<u>1,201,796</u>	<u>7,171,258</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	64,917,045	5,159,770	70,076,815
Restricted for:			
Highways and Streets	3,086,299	-	3,086,299
Library Building Expansion	211,176	-	211,176
Library Materials	78,335	-	78,335
Unrestricted	28,939,240	2,166,108	31,105,348
Total Net Assets	<u>97,232,095</u>	<u>7,325,878</u>	<u>104,557,973</u>
Total Liabilities and Net Assets	<u>\$ 103,201,557</u>	<u>\$ 8,527,674</u>	<u>\$ 111,729,231</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2005

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 10,838,474	\$ 2,229,484	\$ 90,491	\$ 8,515	\$ (8,509,984)	\$ -	\$ (8,509,984)
Highways and Streets	9,773,487	1,543,032	-	-	(8,230,455)	-	(8,230,455)
General Government	2,475,283	401,616	-	-	(2,073,667)	-	(2,073,667)
Urban Redevelopment & Housing	4,390,314	913,602	2,162,952	-	(1,313,760)	-	(1,313,760)
Library Services	2,665,501	127,430	91,165	-	(2,446,906)	-	(2,446,906)
Total Governmental Activities	30,143,059	5,215,164	2,344,608	8,515	(22,574,772)	-	(22,574,772)
Business-Type Activities:							
Motor Vehicle Parking	630,540	1,120,865	-	-	-	490,325	490,325
Total Functions/Programs	<u>\$ 30,773,599</u>	<u>\$ 6,336,029</u>	<u>\$ 2,344,608</u>	<u>\$ 8,515</u>	<u>(22,574,772)</u>	<u>490,325</u>	<u>(22,084,447)</u>
General Revenues:							
Property Tax				7,808,961	-	-	7,808,961
Utility Tax				3,921,989	-	-	3,921,989
State Sales Tax				3,684,134	-	-	3,684,134
Sewer Benefit Tax				797,783	-	-	797,783
Hotel/Motel Tax				612,831	-	-	612,831
Intergovernmental, Not Restricted to Specific Functions/Programs				5,104,010	-	-	5,104,010
Investment Income				959,379	69,806	-	1,029,185
Other				133,086	-	-	133,086
Municipal Sales Tax				2,354,358	-	-	2,354,358
Gain on Sale of Capital Assets				20,463	-	-	20,463
Increase in Investment in Joint Venture				3,660	-	-	3,660
Transfers				43,005	(43,005)	-	-
Total General Revenues and Transfers				25,443,659	26,801	-	25,470,460
Change in Net Assets				2,868,887	517,126	-	3,386,013
Net Assets, Beginning of Year:							
Previously Reported				95,455,848	6,808,752	-	102,264,600
Prior Period Adjustment				(1,092,640)	-	-	(1,092,640)
Restated				94,363,208	6,808,752	-	101,171,960
Net Assets, End of Year				<u>\$ 97,232,095</u>	<u>\$ 7,325,878</u>	<u>\$</u>	<u>104,557,973</u>

The accompanying notes are an integral part of these financial statements.

Governmental Funds - Combined Balance Sheet

June 30, 2005

ASSETS	General	Urbana	Tax	Vehicle and	Tax	Other	Totals
		Free			Stabilization		
		Library		Equipment	Financing	Funds	
				Replacement	District 3		
Cash and Cash Equivalents:							
Cash on Hand	\$ 2,591	\$ 516	\$ -	\$ -	\$ -	\$ 100	\$ 3,207
Checking	4,057	19,428	-	-	-	8,454	31,939
Savings	783,456	834,604	108,949	136,162	1,439,627	3,512,161	6,814,959
Illinois Public Treasurer's Pool	81,616	-	5,405	2,064	202,712	7,037	298,834
Money Market Funds	-	-	-	-	-	46,730	46,730
Certificate of Deposit	-	102,059	-	-	-	-	102,059
Investments	2,350,400	-	760,582	4,189,158	2,515,948	8,640,973	18,457,061
Receivables (Net of Uncollectibles)	2,786,623	1,029,265	288,861	551	366,534	1,355,484	5,827,318
Due from Other Funds	-	41,822	-	6,025	25,081	412,025	484,953
Prepaid Expenditures	283,299	-	-	-	-	15,792	299,091
Restricted Assets:							
Cash and Cash Equivalents:							
Checking	-	8,929	-	-	-	-	8,929
Savings	-	69,406	-	-	-	306,125	375,531
Illinois Public Treasurer's Pool	-	-	-	-	-	356,806	356,806
Money Market Funds	-	210,276	-	-	-	-	210,276
Investments	-	-	-	-	-	2,329,261	2,329,261
Receivables	-	900	-	-	-	84,144	85,044
Total Assets	\$ 6,292,042	\$ 2,317,205	\$ 1,163,797	\$ 4,333,960	\$ 4,549,902	\$ 17,075,092	\$ 35,731,998
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ 177,195	\$ -	\$ 237,210	\$ -	\$ -	\$ 133,775	\$ 548,180
Accounts Payable	396,308	23,865	403,040	1,514	21,083	210,755	1,056,565
Accrued Salaries and Taxes	299,034	57,037	-	-	510	690	357,271
Deferred Revenues	658,283	854,558	-	-	3,079,416	659,151	5,251,408
Total Liabilities	1,530,820	935,460	640,250	1,514	3,101,009	1,004,371	7,213,424
Fund Balance:							
Reserved for Prepaid Expenditures	283,299	-	-	-	-	15,792	299,091
Reserved for Loans Receivable	-	-	-	-	-	50,000	50,000
Unreserved, Reported In:							
General Fund	4,477,923	-	-	-	-	-	4,477,923
Special Revenue Funds	-	1,381,745	523,547	4,332,446	1,448,893	11,969,024	19,655,655
Capital Projects Funds	-	-	-	-	-	4,035,905	4,035,905
Total Fund Balance	4,761,222	1,381,745	523,547	4,332,446	1,448,893	16,070,721	28,518,574
Total Liabilities and Fund Balance	\$ 6,292,042	\$ 2,317,205	\$ 1,163,797	\$ 4,333,960	\$ 4,549,902	\$ 17,075,092	\$ 35,731,998

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets

June 30, 2005

Total fund balances, governmental funds	\$ 28,518,574
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	64,844,524
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	4,968,597
Internal service funds are used by management to charge the costs of certain activities such as central garage and worker's compensation costs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	236,966
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(1,336,566)</u>
Net assets of governmental activities	<u>\$ 97,232,095</u>

The accompanying notes are an integral part of these financial statements.

Governmental Funds
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Fiscal Year Ended June 30, 2005

	General	Urbana Free Library	Tax Stabilization	Vehicle and Equipment Replacement	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:							
Property Tax	\$ 3,230,680	\$ 2,071,811	\$ -	\$ -	\$ 820,406	\$ 1,571,767	\$ 7,694,664
Utility Tax	3,921,989	-	-	-	-	-	3,921,989
State Sales Tax	3,684,134	-	-	-	-	-	3,684,134
Sewer Benefit Tax	-	-	-	-	-	797,783	797,783
Hotel/Motel Tax	612,831	-	-	-	-	-	612,831
Intergovernmental	4,272,872	154,069	227,871	83,617	-	4,042,957	8,781,386
Net Investment Earnings	116,542	21,662	43,268	141,133	112,268	524,506	959,379
Licenses, Fines, and Service Charges	3,482,840	127,430	-	37,495	-	243,146	3,890,911
Other	-	129,765	-	20,463	-	3,321	153,549
Municipal Sales Tax	2,354,358	-	-	-	-	-	2,354,358
Total Revenues	21,676,246	2,504,737	271,139	282,708	932,674	7,183,480	32,850,984
Expenditures:							
Current:							
Public Safety	10,987,741	-	-	42,000	-	110,904	11,140,645
Highways and Streets	5,068,824	-	-	-	-	607,567	5,676,391
General Government	2,126,453	-	-	-	-	273,865	2,400,318
Urban Redevelopment and Housing	948,202	-	14,847	-	247,803	3,172,303	4,383,155
Library Services	-	2,279,875	-	-	-	253,188	2,533,063
Capital Outlay	4,719	2,286,322	1,649,794	219,517	673,267	2,097,377	6,930,996
Total Expenditures	19,135,939	4,566,197	1,664,641	261,517	921,070	6,515,204	33,064,568
Excess of Revenues Over (Under) Expenditures	2,540,307	(2,061,460)	(1,393,502)	21,191	11,604	668,276	(213,584)
Other Financing Sources (Uses):							
Transfers In	-	1,825,321	-	726,109	-	1,892,018	4,443,448
Transfers Out	(2,063,671)	-	-	-	-	(2,499,558)	(4,563,229)
Total Other Financing Sources (Uses)	(2,063,671)	1,825,321	-	726,109	-	(607,540)	(119,781)
Net Changes in Fund Balances	476,636	(236,139)	(1,393,502)	747,300	11,604	60,736	(333,365)
Fund Balance, Beginning of Year:							
Previously Reported	4,284,586	1,617,884	1,917,049	3,585,146	2,092,873	16,009,985	29,507,523
Prior Period Adjustment	-	-	-	-	(655,584)	-	(655,584)
Restated	4,284,586	1,617,884	1,917,049	3,585,146	1,437,289	16,009,985	28,851,939
Fund Balance, End of Year	\$ 4,761,222	\$ 1,381,745	\$ 523,547	\$ 4,332,446	\$ 1,448,893	\$ 16,070,721	\$ 28,518,574

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities

Fiscal Year Ended June 30, 2005

Net change in fund balance, total governmental funds	\$ (333,365)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	2,612,980
<p>A certain amount of property tax revenues in the statement of activities does not provide current financial resources and is not reported as revenue in the funds</p>	114,296
<p>Payments in excess of the annual required contribution to the Police and Fire Pensions are reported as an asset, Overfunded Net Pension Obligation in the government wide financial statements.</p>	491,640
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.</p>	(8,015)
<p>Internal service funds are used by management to charge the costs of certain activities such as a central garage and and worker's compensation costs, to individual funds. The net revenue (expense) of the internal service funds is reported with government activities</p>	<u>(8,649)</u>
Change in net assets of governmental activities	<u><u>\$ 2,868,887</u></u>

The accompanying notes are an integral part of these financial statements.

General Fund
Statement of Revenues and Expenditures
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 3,515,675	\$ 3,515,675	\$ 3,230,680	\$ (284,995)
Utility Tax	4,485,770	4,485,770	3,921,989	(563,781)
State Sales Tax	3,493,040	3,493,040	3,684,134	191,094
Hotel/Motel Tax	688,070	688,070	612,831	(75,239)
Intergovernmental	3,841,460	3,841,460	4,272,872	431,412
Net Investment Earnings:				
Interest	136,850	136,850	118,743	(18,107)
Net Increase (Decrease) in Fair Value of Investments	-	-	(2,201)	(2,201)
Subtotal, Net Investment Earnings	136,850	136,850	116,542	(20,308)
Licenses, Fines, and Service Charges	3,106,140	3,106,140	3,482,840	376,700
Municipal Sales Tax	2,207,140	2,207,140	2,354,358	147,218
Total Revenues	<u>\$ 21,474,145</u>	<u>\$ 21,474,145</u>	<u>\$ 21,676,246</u>	<u>\$ 202,101</u>
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 5,187,142	\$ 5,187,142	\$ 5,069,234	\$ 117,908
Materials & Supplies	42,890	42,890	23,174	19,716
Other Services & Charges	885,331	885,331	819,207	66,124
Total Police	<u>6,115,363</u>	<u>6,115,363</u>	<u>5,911,615</u>	<u>203,748</u>
Fire:				
Personnel Services	4,638,764	4,639,132	4,601,265	37,867
Materials & Supplies	58,390	58,390	51,938	6,452
Other Services & Charges	434,828	434,828	422,923	11,905
Total Fire	<u>5,131,982</u>	<u>5,132,350</u>	<u>5,076,126</u>	<u>56,224</u>
Total Public Safety	<u>11,247,345</u>	<u>11,247,713</u>	<u>10,987,741</u>	<u>259,972</u>
Highways and Streets:				
Personnel Services	3,065,290	3,068,133	3,030,242	37,891
Materials & Supplies	452,480	474,160	447,289	26,871
Other Services & Charges	1,859,150	1,859,150	1,591,293	267,857
Total Highways and Streets	<u>5,376,920</u>	<u>5,401,443</u>	<u>5,068,824</u>	<u>332,619</u>

(Continued)

CITY OF URBANA

General Fund
Statement of Revenues and Expenditures, Cont'd
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 755,706	\$ 748,342	\$ 661,503	\$ 86,839
Materials & Supplies	16,280	16,280	14,841	1,439
Other Services & Charges	306,622	306,622	219,312	87,310
Total Executive	<u>1,078,608</u>	<u>1,071,244</u>	<u>895,656</u>	<u>175,588</u>
Finance:				
Personnel Services	878,051	879,473	849,549	29,924
Materials & Supplies	56,750	56,750	41,881	14,869
Other Services & Charges	200,999	200,999	163,486	37,513
Total Finance	<u>1,135,800</u>	<u>1,137,222</u>	<u>1,054,916</u>	<u>82,306</u>
City Clerk:				
Personnel Services	125,057	125,293	125,037	256
Materials & Supplies	2,070	2,070	1,876	194
Other Services & Charges	23,880	23,880	21,070	2,810
Total City Clerk	<u>151,007</u>	<u>151,243</u>	<u>147,983</u>	<u>3,260</u>
Legislative:				
Personnel Services	28,700	28,700	25,239	3,461
Materials & Supplies	750	750	625	125
Other Services & Charges	9,300	9,300	2,034	7,266
Total Legislative	<u>38,750</u>	<u>38,750</u>	<u>27,898</u>	<u>10,852</u>
Total General Government	<u>2,404,165</u>	<u>2,398,459</u>	<u>2,126,453</u>	<u>272,006</u>
Urban Redevelopment and Housing:				
Personnel Services	689,380	694,017	650,666	43,351
Materials & Supplies	14,230	14,230	10,533	3,697
Other Services & Charges	397,562	397,562	287,003	110,559
Total Urban Redevelopment and Housing	<u>1,101,172</u>	<u>1,105,809</u>	<u>948,202</u>	<u>157,607</u>
Total Current Expenditures	20,129,602	20,153,424	19,131,220	1,022,204
Capital Outlay	244,717	244,717	4,719	239,998
Total Expenditures	<u>\$ 20,374,319</u>	<u>\$ 20,398,141</u>	<u>\$ 19,135,939</u>	<u>\$ 1,262,202</u>

The accompanying notes are an integral part of these financial statements.

Urbana Free Library Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,116,827	\$ 2,116,827	\$ 2,071,811	\$ (45,016)
Intergovernmental	154,106	154,106	154,069	(37)
Net Investment Earnings - Interest	9,000	9,000	21,662	12,662
Licenses, Fines, and Service Charges	114,865	114,865	127,430	12,565
Other-Donations	-	-	129,765	129,765
	<u>2,394,798</u>	<u>2,394,798</u>	<u>2,504,737</u>	<u>109,939</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	1,725,501	1,725,501	1,648,646	76,855
Materials and Supplies	400,410	400,410	321,617	78,793
Contractual Services	336,557	336,557	309,612	26,945
	<u>2,462,468</u>	<u>2,462,468</u>	<u>2,279,875</u>	<u>182,593</u>
Total Library Services				
Capital Outlay	<u>2,483,006</u>	<u>2,499,681</u>	<u>2,286,322</u>	<u>213,359</u>
	<u>4,945,474</u>	<u>4,962,149</u>	<u>4,566,197</u>	<u>395,952</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(2,550,676)	(2,567,351)	(2,061,460)	505,891
Other Financing Sources (Uses):				
Transfers In	<u>43,490</u>	<u>43,490</u>	<u>1,825,321</u>	<u>1,781,831</u>
Net Change in Fund Balance	(2,507,186)	(2,523,861)	(236,139)	2,287,722
Fund Balance, Beginning of Year	<u>1,617,884</u>	<u>1,617,884</u>	<u>1,617,884</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (889,302)</u>	<u>\$ (905,977)</u>	<u>\$ 1,381,745</u>	<u>\$ 2,287,722</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Tax Stabilization Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 180,000	\$ 442,877	\$ 227,871	\$ (215,006)
Investment Income:				
Interest	45,100	45,100	44,143	(957)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(875)	(875)
Net Investment Earnings	45,100	45,100	43,268	(1,832)
Total Revenues	225,100	487,977	271,139	(216,838)
Expenditures:				
Current:				
Highways and Streets:				
Contractual Services	500	500	-	500
Urban Redevelopment and Housing:				
Contractual Services	33,415	33,415	14,847	18,568
Capital Outlay	922,748	1,703,015	1,649,794	53,221
Total Expenditures	956,663	1,736,930	1,664,641	72,289
Net Revenues Over (Under) Expenditures	(731,563)	(1,248,953)	(1,393,502)	(144,549)
Other Financing Uses:				
Transfers In (Out)	146,256	146,256	-	(146,256)
Net Change in Fund Balance	(585,307)	(1,102,697)	(1,393,502)	(290,805)
Fund Balance, Beginning of Year	1,917,049	1,917,049	1,917,049	-
Fund Balance, End of Year	<u>\$ 1,331,742</u>	<u>\$ 814,352</u>	<u>\$ 523,547</u>	<u>\$ (290,805)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Vehicle and Equipment Replacement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,300	\$ 38,623	\$ 83,617	\$ 44,994
Investment Earnings:				
Interest	140,000	140,000	143,948	3,948
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(2,815)	(2,815)
Total Net Investment Earnings	140,000	140,000	141,133	1,133
Licenses, Fines and Service Charges	51,750	51,750	37,495	(14,255)
Other	30,000	30,000	20,463	(9,537)
Total Revenues	240,050	260,373	282,708	22,335
Expenditures:				
Current - Public Safety:				
Materials and Supplies	31,247	31,247	8,548	22,699
Contractual Services	96,026	96,026	33,452	62,574
Total Current - Public Safety	127,273	127,273	42,000	85,273
Capital Outlay	1,224,265	1,244,588	219,517	1,025,071
Total Expenditures	1,351,538	1,371,861	261,517	1,110,344
Net Revenues Over (Under) Expenditures	(1,111,488)	(1,111,488)	21,191	1,132,679
Other Financing Sources (Uses):				
Transfers In	723,709	723,709	726,109	2,400
Net Change in Fund Balance	(387,779)	(387,779)	747,300	1,135,079
Fund Balance, Beginning of Year	3,585,146	3,585,146	3,585,146	-
Fund Balance, End of Year	\$ 3,197,367	\$ 3,197,367	\$ 4,332,446	\$ 1,135,079

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Tax Increment Financing District 3 Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 780,900	\$ 780,900	\$ 820,406	\$ 39,506
Investment Earnings:				
Interest	10,000	10,000	114,539	104,539
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(2,271)	(2,271)
Total Net Investment Earnings	10,000	10,000	112,268	102,268
Total Revenues	790,900	790,900	932,674	141,774
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	43,909	43,909	43,796	113
Contractual Services	502,294	502,294	204,007	298,287
Total Urban Redevelopment and Housing	546,203	546,203	247,803	298,400
Capital Outlay	1,031,190	1,031,190	673,267	357,923
Total Expenditures	1,577,393	1,577,393	921,070	656,323
Net Change in Fund Balance	(786,493)	(786,493)	11,604	798,097
Fund Balance, Beginning of Year:				
As Previously Reported	2,092,873	2,092,873	2,092,873	-
Prior Period Adjustment	(655,584)	(655,584)	(655,584)	-
As Restated	1,437,289	1,437,289	1,437,289	-
Fund Balance, End of Year	\$ 650,796	\$ 650,796	\$ 1,448,893	\$ 798,097

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Proprietary Funds
Statement of Net Assets
June 30, 2005

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Year	Last Year	
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 350	\$ 280	\$ -
Savings	615,115	959,377	293,567
Illinois Public Treasurer's Pool	50,795	502	-
Total Cash and Cash Equivalents	<u>666,260</u>	<u>960,159</u>	<u>293,567</u>
Investments (At Fair Value)	1,566,465	991,465	-
Receivables (Net of Uncollectibles):			
Accounts	8,120	19,991	-
Due from Other Funds	4,390	-	58,837
Inventory of Supplies	-	-	69,245
Total Current Assets	<u>2,245,235</u>	<u>1,971,615</u>	<u>421,649</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	6,062,514	5,875,833	-
Equipment	482,848	481,848	166,006
Less Accumulated Depreciation	<u>(3,984,547)</u>	<u>(3,725,016)</u>	<u>(93,485)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,282,439</u>	<u>6,354,289</u>	<u>72,521</u>
Total Assets	<u>8,527,674</u>	<u>8,325,904</u>	<u>494,170</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	3,496	-
Accounts Payable	15,011	18,018	253,657
Accrued Interest	14,153	29,841	-
Accrued Salaries and Taxes	1,891	5,398	3,547
Deferred Revenue	48,072	45,687	-
General Obligation Bonds-Current	<u>97,822</u>	<u>292,176</u>	<u>-</u>
Total Current Liabilities	176,949	394,616	257,204
Non-Current Liabilities:			
General Obligation Bonds	<u>1,024,847</u>	<u>1,122,536</u>	<u>-</u>
Total Liabilities	<u>1,201,796</u>	<u>1,517,152</u>	<u>257,204</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,159,770	4,939,577	72,521
Unrestricted	<u>2,166,108</u>	<u>1,869,175</u>	<u>164,445</u>
Total Net Assets	<u>\$ 7,325,878</u>	<u>\$ 6,808,752</u>	<u>\$ 236,966</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2005

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 886,819	\$ 792,225	\$ -
Parking Rentals	234,046	246,202	-
Charges for Services	-	-	873,512
Total Operating Revenues	<u>1,120,865</u>	<u>1,038,427</u>	<u>873,512</u>
Operating Expenses:			
Personnel Services	136,395	126,054	345,000
Supplies	49,303	37,559	16,834
Contractual Services	110,978	101,407	130,819
Equipment Parts	-	-	135,029
Fuel	-	-	166,530
Depreciation	259,532	250,398	13,944
Worker's Compensation Claims	-	-	236,791
Total Operating Expenses	<u>556,208</u>	<u>515,418</u>	<u>1,044,947</u>
Operating Income (Loss)	<u>564,657</u>	<u>523,009</u>	<u>(171,435)</u>
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	69,806	7,219	-
Interest Expense	(74,332)	(90,972)	-
Total Non Operating Revenues (Expenses)	<u>(4,526)</u>	<u>(83,753)</u>	<u>-</u>
Income (Loss) Before Transfers In (Out)	560,131	439,256	(171,435)
Transfers In (Out)	(43,005)	(39,338)	162,786
Change in Net Assets	517,126	399,918	(8,649)
Net Assets, Beginning of Year	<u>6,808,752</u>	<u>6,408,834</u>	<u>245,615</u>
Net Assets, End of Year	<u>\$ 7,325,878</u>	<u>\$ 6,808,752</u>	<u>\$ 236,966</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2005

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Year	Last Year	
Cash Flows from Operating Activities:			
Receipts from Users	\$ 1,130,733	\$ 1,094,437	\$ 875,954
Payments to Employees	(139,903)	(125,179)	(351,413)
Payments to Suppliers	(166,785)	(157,353)	(446,914)
Worker's Compensations Claims	-	-	(132,308)
Net Cash Provided by (Used in) Operating Activities	<u>824,045</u>	<u>811,905</u>	<u>(54,681)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers In (Out)	<u>(43,005)</u>	<u>(39,338)</u>	<u>162,786</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Buildings and Improvements	(186,681)	(282,587)	-
Purchase of Equipment	(1,000)	(11,802)	(5,079)
Payment of Interest on Debt	(90,020)	(95,895)	-
Payment of Debt Principal	(292,043)	(271,583)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(569,744)</u>	<u>(661,867)</u>	<u>(5,079)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(575,000)	(991,465)	-
Investment Income	69,806	7,219	-
Net Cash Provided by (Used in) Investing Activities	<u>(505,194)</u>	<u>(984,246)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	(293,898)	(873,546)	103,026
Beginning Cash and Cash Equivalents	<u>960,158</u>	<u>1,833,705</u>	<u>190,541</u>
Ending Cash and Cash Equivalents	<u>\$ 666,260</u>	<u>\$ 960,159</u>	<u>\$ 293,567</u>

(Continued)

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2005

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Year	Last Year	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 564,657	\$ 523,009	\$ (171,436)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	259,532	250,399	13,944
Decrease in Accounts Receivable	11,872	10,322	-
(Increase)Decrease in Due from Other Funds	(4,390)	-	2,442
Decrease in Inventory of Supplies	-	-	6,148
(Decrease) in Due to Other Funds	(3,497)	(3,661)	-
Increase (Decrease) in Accounts Payable	(3,007)	(14,726)	100,634
Increase (Decrease) in Accrued Salaries and Taxes	(3,507)	875	(6,413)
Increase in Deferred Revenues	2,385	45,687	-
	<u>\$ 824,045</u>	<u>\$ 811,905</u>	<u>\$ (54,681)</u>
Net Cash Provided by (Used in) Operating Activities			
	<u>\$ 824,045</u>	<u>\$ 811,905</u>	<u>\$ (54,681)</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity:			
Parking Revenue Bonds Refinanced	\$ 965,000	\$ -	\$ -
	<u>\$ 965,000</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

Fiduciary Funds
Employee's Pension Trust Funds
Statement of Fiduciary Net Assets

Fiscal Year Ended June 30, 2005

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 237
Savings	2,008,623
Money Market Funds	132,859
Total Cash and Cash Equivalents	<u>2,141,719</u>
Investments (at Fair Value):	
U.S. Government Securities	19,409,533
Certificates of Deposit	1,405,455
Mutual Funds	16,959,501
Total Investments	<u>37,774,489</u>
Receivables (Net of Uncollectibles):	
Property Tax	1,019,837
Accrued Interest	111,349
Total Assets	<u>41,047,394</u>

LIABILITIES

Accounts Payable	26,028
Accrued Salaries and Taxes	9,214
Total Liabilities	<u>35,242</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 41,012,152</u></u>
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The accompanying notes are an integral part of these financial statements.

Fiduciary Funds
Employee's Pension Trust Funds
Statement of Changes in Fiduciary Net Assets

Fiscal Year Ended June 30, 2005

Additions:

Employer Contributions	\$ 2,185,486
Employee Contributions	545,844
Total Contributions	<u>2,731,330</u>
Investment Income:	
Interest and Dividends	1,256,674
Net Increase (Decrease) in Fair Value of Investments	1,501,515
Total Investment Income	<u>2,758,189</u>
Less Investment Expense	<u>(73,600)</u>
Net Investment Income	<u>2,684,589</u>
Total Additions	<u>5,415,919</u>

Deductions:

Benefits	2,467,769
Administrative Costs	<u>32,460</u>
Total Deductions	<u>2,500,229</u>
Change in Net Assets	2,915,690
Net Assets Beginning of Year	<u>38,096,462</u>
Net Assets, End of Year	<u><u>\$ 41,012,152</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2005

Note 1 - Reporting Entity, Description of Funds and Account Groups and Significant Accounting Policies:

A. Reporting Entity – The City of Urbana is located in Champaign County, Illinois, and was chartered in 1855. It is a “home rule” municipality under Illinois law. The City is governed by an elected mayor and seven-member council and provides a full range of services including public safety, streets and roads, library, planning, zoning, and urban and housing redevelopment. In addition, the City provides public parking services as an enterprise activity and participates in a joint venture association that oversees monitoring of an old closed landfill. As required by generally accepted accounting principles, these financial statements present the City and any 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 from these units would be combined with data of the City. There are no component units of the City of Urbana. For financial reporting purposes, the City includes all funds, accounts groups, agencies, boards, commissions and authorities that are controlled by or dependent on the City. Control by or dependence on the City (financial accountability) was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, operational independence and/or the obligation of the City to finance any deficits that may occur, in accordance with Statement No. 14 of the Governmental Accounting Standards Board.

B. Joint Venture – The City participates in a joint venture, the Champaign-Urbana Solid Waste Disposal System (see note 4-B). A joint venture is an organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or an ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture. This joint venture does not meet the criteria for inclusion in the City's financial report as a component unit since the City does not exercise administrative control. The City of Urbana does report its equity interest in the joint venture using the equity method. An equity interest in a joint venture is manifest in the government having an explicit, measurable right to the net present or future resources of the joint venture.

Financial statements for the joint venture may be obtained at the following address:

Champaign-Urbana Solid Waste Disposal System
706 South Glover Street
Urbana, Illinois 61801

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

C. Government-wide and Fund Financial Statements – The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the government's parking system and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. 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. If there are any legally separate component units for which the primary government is financially accountable for, these are reported separately from the primary government.

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 who directly benefit from goods or services 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 as general revenues.

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

D. Measurement Focus and Basis of Accounting – 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 when they are measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to finance any liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. All other governmental fund revenues are considered available if they are collected within one year after year-end.

Notes to Financial Statements

June 30, 2005

Those revenues susceptible to accrual are property taxes, franchise fees, special assessments, licenses, state sales, state income, utility, and municipal sales taxes that are collected and held by the state or other party on behalf of the government. Charges for services, fines, and parking fees are not susceptible to accrual because they are generally not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for future interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City of Urbana does not operate any utility services; therefore, there are no unbilled utility service receivables.

Deferred revenue is reported on the governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria. Deferred revenues also arise when resources are received prior to the government having a legal claim to them. In a subsequent period, when both recognition criteria are met, or when the government has a legal claim to the resources, the liability is removed and the revenue recognized.

All private-sector standards of accounting and financial reporting (including those issued after December 1, 1989) are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with the proprietary funds' principal operations. The principal operating revenues of the Motor Vehicle Parking System enterprise fund and the government's internal service funds are charges to customers for services. Operating expenses for the enterprise fund and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Funds Used by the City - A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements. The City of Urbana utilizes the following funds:

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

1) Major Governmental Funds:

General – The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement are accounted for in this fund. The General Fund pays operating expenditures, fixed charges, and capital improvement costs not paid through other funds.

Urbana Free Library – This fund accounts for property taxes levied and other revenues earmarked for payment of the operations of the Urbana Free Library.

Tax Stabilization – This fund accounts for large, known and possible future obligations. Revenues to pay for these obligations are provided by transfers from the general fund.

Vehicle and Equipment Replacement – This fund accounts for the City's purchase of vehicles and major items of equipment. A transfer from the general fund provides revenue for these purchases.

Tax Increment Financing District 3 – This fund accounts for the incremental property taxes realized within the Tax Increment Financing District Number 3. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

2) Major Proprietary Fund:

Motor Vehicle Parking Enterprise Fund - accounts for the revenues and cost of operations of the city's parking lots and garage. These operations are financed similar to a private business enterprise; the intent is that the cost of the service is financed by user charges, and the activities be measured on a net income basis. This is deemed appropriate for capital maintenance, public policy, management control, accountability, and other purposes.

3) Nonmajor Special Revenue Governmental Funds - are used to account for the proceeds of certain specific revenue sources requiring separate accounting because of legal, regulatory, or administrative action. Nonmajor Special Revenue Funds used by the City are:

Notes to Financial Statements

June 30, 2005

Municipal Retirement – This fund accounts for real property taxes that are levied to provide monies to make required payments to the Illinois Municipal Retirement Fund.

Motor Fuel Tax – This fund accounts for revenues received from the Illinois Department of Transportation for local government's share of the state motor fuel tax. These revenues are restricted to certain street and road improvements.

Social Services Agencies – This fund accounts for the City's payments to certain social service agencies. A transfer from the general fund provides revenue for these payments.

Community Development Special – This fund accounts for intergovernmental housing grants received. These revenues are restricted for various housing rehabilitation loans and grant payments.

Community Development Home – This fund accounts for revenues received from the Department of Housing and Urban Development under a recurring grant. These revenues are restricted to accomplishing objectives of the Home program.

Community Development Block Grant – This fund accounts for revenues received from the Department of Housing and Urban Development. These revenues are restricted to accomplishing objectives of the C.D.B.G. program.

Tax Increment Financing District 1 – This fund accounts for the incremental property taxes realized within the Tax Increment Financing District Number 1. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

Tax Increment Financing District 2 – This fund accounts for the incremental property taxes and state sales tax realized within the Tax Increment Financing District Number 2. It also accounts for a state grant. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

Tax Increment Financing District 4 – This fund accounts for the incremental property taxes realized within the Tax

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

Increment Financing District Number 4. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district

Building Financing – This fund is being used to accumulate funds for future expansion of city buildings and facilities. Transfers from the general fund provide revenues for these activities.

Economic Development – This fund accounts for certain expenditures to encourage community economic development activities. Transfers from the general fund provide revenues for these activities.

Sales Tax Grant – This fund accounts for monies set aside and transferred each year to the general fund to replace certain sales tax proceeds that are required to be deposited to the tax increment district funds in order to obtain a State sales tax grant. A transfer from the general fund originally provided revenues for these transfers.

Insurance Financing – This fund is being used to accumulate funds for possible obligations from the City's worker's compensation retained risk program. Actual costs of the program are reported in the Worker's Compensation Retained Risk Internal Service Fund.

4) Nonmajor Capital Project Funds – are used to account for the financial resources segregated for the acquisition, construction, improvement, or replacement of major capital projects other than those financed by enterprise operations. Capital project funds used by the City are:

Capital Improvement and Replacement – This fund accounts for various major capital improvements. Revenues for these projects are acquired through transfers from the general fund.

Sanitary Sewer Construction – This fund is used to account for revenues from the City's sewer benefit tax. These revenues are restricted to payments for sanitary sewer improvements and maintenance.

Notes to Financial Statements

June 30, 2005

5) Nonmajor Internal Service Funds – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost-reimbursement basis. Internal Service Funds used by the City are:

Central Garage – This fund is used to account for vehicle maintenance costs, which are provided, to other departments, on a cost-reimbursement basis.

Worker's Compensation Retained Risk – This fund is used to account for the accumulation of monies necessary to pay for worker's compensation claims under a self-insurance program. Revenues are being accumulated through charges to the various departments of the City.

6) Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The City maintains two pension trust fiduciary funds:

Firemen's Pension Trust – This fund is used to account for the activity of a defined benefit single employer pension plan that covers all eligible city firefighters. Revenues to make the benefit payments are partially obtained from a property tax levy.

Policemen's Pension Trust – This fund is used to account for the activity of a defined benefit single employer pension plan that covers all eligible city police officers. Revenues to make the benefit payments are partially obtained from a property tax levy.

Separate financial statements for both the Firemen's Pension Trust and the Policemen's Pension Trust may be obtained at the following address:

City of Urbana Firemen's or Policemen's Pension Trust
400 S. Vine Street
Urbana, Illinois 61801

F. Assets, Liabilities, and Net Assets or Fund Balance:

1) Deposits and Investments – The City considers cash on hand, checking, savings, the Illinois Public Treasurer's Pool, money market accounts, and investments with original maturity of three months or less from the date of acquisition to be cash and cash equivalents. At June 30, 2005, there was one certificate of deposit in the amount of

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

\$102,059 that is considered to be a cash equivalent. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

- a. obligations of the U.S. Treasury, its agencies and instruments
- b. savings accounts, certificates of deposit, or time deposits that are direct obligations of any bank or savings and loan association that is insured by the Federal Deposit Insurance Corporation
- c. Illinois Public Treasurer's Investment Pool
- d. money market mutual funds where the portfolio is limited to U.S. Government securities.

In addition to the above, the City's Pension Trust Funds may also invest in:

- a. general and separate accounts of Illinois authorized life insurance companies
- b. mutual funds
- c. common stocks

2) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for 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 are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available

Notes to Financial Statements

June 30, 2005

financial resources. All receivables are shown net of an allowance for uncollectibles.

The City passes its annual tax levy ordinance on or before the second Tuesday of December. The taxes are extended by the Champaign County Clerk against the equalized assessed valuation as of January 1st of the calendar year that the levy ordinance was enacted. Property taxes become a lien at that time. Property tax bills are due in two equal installments, payable in June and in September of the following year. The Champaign County Treasurer remits receipts to the City within a short period after collection. Delinquent property tax bills are sold in October. For governmental fund financial statements, forty percent of the property tax levy is deferred since this amount is normally not collected within a time period to be available (defined as within 60 days). No provision has been made for delinquent property taxes since in past years the amount has averaged less than one percent per year. As a home-rule unit of government, no property tax limitations are imposed.

3) Inventories and Prepaid Items

The only inventories for supplies are carried in the Central Garage Internal Service Fund (\$69,245), and are stated at the lower of cost or market, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments reflect costs to future periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

4) Restricted Net Assets:

Assets that are not available to finance general operations of the City are reported as restricted on the Statement of Net Assets. The restriction for highways and streets is imposed under State of Illinois laws concerning how motor fuel taxes may be spent. The restriction for library building expansion and library materials is imposed under covenants related to the donation of private funds for these purposes. The City's policy is to apply restricted resources first when an expense is incurred for purposes, which both restricted and unrestricted net assets are available.

5) Capital Assets:

Capital assets that include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines Capital assets as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

Land is not depreciated. Property, plant, and equipment of the government is depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	75
Building improvements	20-30
Vehicles	7-10
Office equipment	10
Other equipment	5
Infrastructure:	
Streets and Road Systems	30
Street Signals	15
Street Lighting Systems	40
Sewer Systems	50

6) Compensated Absences:

City employees are granted vacation pay and sick leave in various amounts. Sick leave and vacation benefits may be accumulated; however, upon death or retirement, employees are eligible to receive only a portion of accumulated time. Such amounts are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds record as an expenditure the amount accrued during the year that would normally be liquidated with expendable available resources. In prior years, the General Fund has been used to liquidate the accumulated absences for governmental funds. There were no accumulated amounts for the proprietary funds at June 30, 2005.

7) Long-Term Obligations:

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

Notes to Financial Statements

June 30, 2005

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 are reported as debt service expenditures.

Note 2 – Reconciliation of Government-wide and Fund Financial Statements:

A. Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund financial statements include a statement reconciling the differences between fund balance in the governmental funds and net assets in the government-wide statement of net assets. One element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.” The details of this reconciling amount follow:

Forty Percent of the amount of property tax receivable is deferred in the governmental funds	\$2,289,552
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	48,851
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>2,630,194</u>
Total	<u>\$4,968,597</u>

Another element of that reconciliation states that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this reconciling amount follow:

Accumulated employee absences	\$ 964,116
Future landfill monitoring	<u>372,450</u>
Total	<u>\$1,336,566</u>

There are no bond-deferred charges, discounts or premiums.

B. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

The governmental fund financial statements include a statement reconciling the differences between changes in fund balance in the governmental funds and changes in net assets in the government-wide statement of activities. One element of that reconciliation is “the amount by which capital outlays exceeded depreciation in the current period”. The details of this reconciling amount follow:

Capital outlays	\$5,322,229
Depreciation	<u>(2,709,249)</u>
Total	<u>\$2,612,980</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.” The details of this reconciling item follow:

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was decreased by the increase in the investment in the joint venture, which is shown as an asset.	\$ 3,660
Gain on sale assets	20,463
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	<u>(60,788)</u>
Total	<u>\$ (8,015)</u>

Note 3 – Stewardship, Compliance, and Accountability:

A. Budgetary Information – The Mayor and Budget Officer (Chief Administrative Officer acts as the Budget Officer) submit an operating budget to the City Council on approximately May 1 of each year for the fiscal year beginning on July 1 of that year. Public hearings and study sessions are conducted to obtain taxpayer comment. Prior to July 1, the budget ordinance is legally adopted. The Chief Administrative Officer is authorized to transfer budget amounts within each of the categories of personnel services materials and supplies, other services and charges, and capital outlay, as long as total expenditures in any single fund are not increased. All other budget revisions require City Council approval. The Council made several supplementary budgetary appropriations during the year resulting in a total increase in budgeted amounts of \$1,608,270 for all funds. Significant budget changes that were approved were:

Notes to Financial Statements

June 30, 2005

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- a. to add \$106,000 for the replacement of certain traffic signal lamps. The additional amounts will be paid by a grant from a private energy conservation foundation.
- b. to add \$468,000 for the construction of a street extension. This cost is being reimbursed to the City from a private developer.
- c. to add \$387,000 for the purchase of land and a building to be used for storage. This amount will be paid from accumulated fund balance in the Tax Stabilization Special Revenue Fund.
- d. to increase the amount for landfill mitigation costs by \$393,267 to reflect a revised estimate of completion costs. The additional amount will be paid from accumulated fund balance in the Tax Stabilization Special Revenue Fund.

All funds in which budgets are prepared (General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds) are adopted on a basis consistent with generally accepted accounting principles (GAAP). No annual budget is approved for the Fiduciary Funds. Budgetary control of the Pension Trust Funds is maintained through an annual actuarial review. No expenditures exceeded authorized budgeted levels.

The City of Urbana does not utilize encumbrance accounting, which provides for commitments of expenditures to be a reserve of fund balance at year-end. Appropriations not spent at year-end lapse and may be acted upon as a supplemental appropriation, if required.

Note 4 – Detailed Notes on All Funds:

A. Deposits and Investments – At June 30, 2005, the City of Urbana had the following investments:

	<u>Fair Value</u>	<u>Weighted Avg. Maturity (Yr.)</u>
Fixed Income or Interest Bearing:		
U.S. Government and Primary Obligation Agencies	\$19,669,203	
U.S. Government Implied Obligation Agencies	<u>17,839,375</u>	
Subtotal, U.S. Government and It's Agencies	37,508,578	5.6
Certificates of Deposit	<u>3,561,049</u>	2.3
Subtotal Fixed Income or Interest Bearing	41,069,627	
Stock Equity Mutual Funds	16,959,501	n/a
Illinois Metropolitan Investment Trust Fund	<u>2,098,148</u>	n/a
Total Investments	<u>\$60,127,276</u>	

Interest rate risk: In accordance with it's investment policies, the City manages its exposure to declines in fair values by the following methods:

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

- (1) For investments in all funds except fiduciary funds, interest rate risk is minimized by structuring the portfolio such that securities mature to meet cash requirements, thereby avoiding the need to sell securities prior to maturity. Investments in the Illinois Metropolitan Investment Trust Fund are priced to the market on a daily basis with shares redeemable within five days.
- (2) For investments in the Firemen's Pension Fiduciary Fund, interest rate risk is minimized by structuring the fixed income portion of the portfolio such that maturity dates are staggered so as to avoid an undue concentration of assets in a given time period. The Fire Pension fund investment policy has the following goals concerning maturity dates: 20% of the portfolio should have a maturity date of 0-5 years, 20% 6-10 years, 20% 11-15 years, 20% 16-20 years, and 20% 21-25 years. The only variance in this structure at June 30, 2005, is an overweight in the 6-10 year maturity level and an underweight in the 16-20 and 21-25 year maturity levels. This is due to the fact that in the past few years, the interest rates on longer term maturities has been considerably lower than normal. The fund will continue to analyze each investment purchase in the near future and attempt to purchase investments with maturities above 20 years, if the interest rate on these investments makes this a prudent investment. Interest rate risk is also minimized by diversifying the portfolio so that the impact of a potential drop in interest rates on a particular type of security will be minimized. The fund investment policy states a desired level for each category of investment and a minimum and maximum level. At June 30, 2005, each category of investment of the Firemen's Pension Fund is within stated minimum and maximum levels and within 2% of stated goals.
- (3) For investments in the Police Pension Fiduciary Fund, interest rate risk for the fixed income portion of the portfolio is minimized by selecting an active duration manager. This manager is charged with managing interest rate risk given current economic conditions and the current position in the interest rate cycle. The average weighted maturity of the portfolio varies depending on the decisions of the manager at various times. The Board of the Fund and the fund's investment advisor review any changes in average weighted maturity. At June 30, 2005, the portfolio had an average weighted maturity of 3.5 years. Interest rate risk is also minimized by diversifying the portfolio so that the impact of a potential drop in interest rates on a particular type of security will be minimized. The portfolio is diversified across different segments of the bond market. Specifically, the fixed income portfolio contains U.S. Treasury securities, Agency bonds, and Government guaranteed mortgage securities. The fund investment policy states a desired level for each category of investment and a minimum and maximum level. At June 30, 2005, Investments types are within the stated minimum and maximum levels. Investments in fixed interest securities was underweighted by 4% (49% actual compared to goal of 53%) and overweighted by 4% in cash and cash equivalents (6% actual compared to goal of 2%). This is considered by the fund to be a temporary holding since it is anticipated that longer term interest rates will increase in the near future.

Notes to Financial Statements

June 30, 2005

Credit Risk: The City is authorized to invest in obligations of the U. S. Treasury and its agencies, non-negotiable certificates of deposit, obligations of the State of Illinois and its political subdivisions, savings accounts, money market mutual funds regulated by the S.E.C. whose portfolios consist only of dollar-denominated securities, bankers acceptances, certain commercial paper, and local government investment pools (the Illinois Public Treasurer's Investment Pool and the Illinois Metropolitan Investment Trust Fund). The Policemen and Firemen's Pension Funds are also authorized to invest in general and separate accounts of approved life insurance companies (up to a maximum of 10% of the fund's net assets), mutual funds (up to a maximum of 45% of the fund's net present assets or 35% if 10% is invested in general and separate accounts of approved life insurance companies) and money market mutual funds which are backed by U.S. government securities and agencies.

Investments in U.S. Government securities and securities of certain U.S. Government Agencies (Primary Obligation Agencies) are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. The City has also invested in certain U.S. Government Sponsored Enterprises (G.S.E.) (Implied Obligation Agencies) securities that are not secured by an explicit guarantee of the U.S. Government. One-hundred percent of these G.S.E. investments carry a AAA rating from Moody's and Standard and Poors. The City considers the credit risk of all U.S. Government securities to be similar and does not distinguish these securities for purposes of policy goals, minimum and maximum investment levels.

The City believes that its investments in the Illinois Metropolitan Investment Trust Fund (\$2,098,148) carries no real credit risk in that while not guaranteed, amounts are fully collateralized by U.S. Government backed securities and the fund has been rated Aaa by Standard and Poors. The City believes that its investments in the Illinois Public Treasurer's Pool (\$706,434) carries no real credit risk in that while not guaranteed, amounts are fully collateralized by high quality instruments such as U.S. Treasury obligations and the pool has been rated AAAm by Standard and Poors. At June 30, 2005, the fund had \$389,865 invested in money market accounts (\$210,276 in a money market account rated AAA by Standard and Poors). The remaining balance of money market accounts (\$179,589) is in non-rated money market accounts.

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

Concentration of Credit Risk: At June 30, 2005, more than 5 percent of the investments of the City's primary government, the Police Pension Fund, and the Fire Pension Fund were in securities of the following issuers:

	<u>Primary Govt.</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>City Total</u>
Federal Financing Corp.	12%	-	11%	9%
Federal Home Loan Mortgage Corp.	17%	13%	-	11%
Federal National Mortgage Association	10%	8%	-	7%

These securities carry an implied U.S. Government guarantee. The City considers the credit risk of these investments to be similar to investments in U.S. Government Agency securities that are explicitly guaranteed by the U.S. Government. Thus the City does not believe a possible concentration of credit risk for its fixed interest securities due to these investments is significant enough to address in the investment policies.

At June 30, 2005, more than 5 percent of the net assets of the Police Pension Fund and the Fire Pension Fund were in the securities of the following issuers:

	<u>Police Pension</u>	<u>Fire Pension</u>
Federal Financing Corp.	-	10%
Federal Home Loan Mortgage Corp.	12%	-
Federal National Mortgage Association	7%	-

Custodial Credit Risk for Deposits: is the risk that in the event of a bank failure, the City's deposits may not be returned. Deposits in federally insured banks and savings and loans are insured in an amount equal to \$100,000. Investments for the Firemen's and Policemen's Pension Funds are insured in an amount equal to \$100,000 for the fund plus an amount for each member's beneficial interest in the deposits, limited to an amount equal to \$100,000 divided by the largest beneficial interest percentage of a member. It is the policy of the City that deposits above insured limits will be secured by the institution pledging securities with a third party institution in fair value amounts at least to cover uninsured amounts. At June 30, 2005, only the amount of \$10,351 was not insured or covered by collateral.

Notes to Financial Statements

June 30, 2005

Custodial Credit Risk for Investments: is the risk that in the event of the failure of the counterparty, the fund may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no custodial credit risk in that all of its investments are insured.

B. Investment in Joint Venture:

The Cities of Champaign and Urbana have entered into a joint venture, called the Champaign-Urbana Solid Waste Disposal System (CUSWDS), to oversee the operations of a local sanitary landfill. Effective June 1, 1987, the CUSWDS landfill ceased active operations. However, CUSWDS will be responsible for overseeing closeout and long-term maintenance of the site. The landfill was operated on an enterprise basis with its revenues derived primarily from user charges. The co-directors of the joint venture, the Mayor of Urbana and the City Manager of Champaign, have equal voting rights in respect to the system's operations. The annual budget is approved by both City Councils. Financial responsibility is based on the population of the two cities, at the time of the venture's establishment. Based on this proportionate share of population, the City of Urbana owns 38.2% of the net worth of the joint venture. This amount is shown as an asset called Investment in Joint Venture in the government-wide statement of net assets. The City of Champaign is reporting the remaining 61.8%. Management anticipates that revenues will approximate expenses in the future.

Summary financial information for the joint venture at June 30, 2005, and the for the year then ended, is as follows:

Total Assets	\$145,500
Total Liabilities	<u>17,618</u>
Total Fund Equity	<u>\$127,882</u>
Total Revenues	\$ 46,868
Total Expenses	<u>37,288</u>
Net Income (Loss)	<u>\$ 9,580</u>

C. Capital Assets:

1) A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/05</u>
Governmental Activities:				
Land (not being depreciated)	<u>\$ 3,363,596</u>	<u>\$ 135,023</u>	<u>\$ --</u>	<u>\$ 3,498,619</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/05</u>
Capital assets being Depreciated:				
Buildings and Improvements	15,530,288	2,484,970	--	18,015,258
Accum. Depn. Buildings and Improvements	<u>(2,696,169)</u>	<u>(272,124)</u>	<u>--</u>	<u>(2,968,293)</u>
Buildings and Improvements Net	<u>12,834,119</u>	<u>2,212,846</u>	<u>--</u>	<u>15,046,965</u>
Equipment	7,579,739	177,129	(37,527)	7,719,341
Accum. Depn. Equipment	<u>(4,154,018)</u>	<u>(676,126)</u>	<u>37,527</u>	<u>(4,792,617)</u>
Equipment Net	<u>3,425,721</u>	<u>(498,997)</u>	<u>--</u>	<u>2,926,724</u>
Infrastructure	57,323,223	2,550,647	--	59,873,870
Accum. Depn. Infrastructure	<u>(14,654,191)</u>	<u>(1,774,942)</u>	<u>--</u>	<u>(16,429,133)</u>
Infrastructure Net	<u>42,669,032</u>	<u>775,705</u>	<u>--</u>	<u>43,444,737</u>
Total, Governmental Activities, Net Capital Assets	<u>\$62,292,468</u>	<u>\$2,624,577</u>	<u>\$ --</u>	<u>\$64,917,045</u>
Business-type Activities:				
Land (not being depreciated)	<u>\$ 3,721,624</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,721,624</u>
Capital assets being Depreciated:				
Buildings and Improvements	5,875,833	186,682		6,062,515
Accum. Depn. Buildings and Improvements	<u>(3,516,287)</u>	<u>(231,344)</u>	<u>--</u>	<u>(3,747,631)</u>
Buildings and Improvements Net	<u>2,359,546</u>	<u>(44,662)</u>	<u>--</u>	<u>2,314,884</u>
Equipment	481,848	1,000		482,848
Accum. Depn. Equipment	<u>(208,729)</u>	<u>(28,188)</u>	<u>--</u>	<u>(236,917)</u>
Equipment Net	<u>273,119</u>	<u>(27,188)</u>	<u>--</u>	<u>245,931</u>
Total, Business-type Activities, Net Capital Assets	<u>\$6,354,289</u>	<u>\$ (71,850)</u>	<u>\$ --</u>	<u>\$6,282,439</u>

Notes to Financial Statements

June 30, 2005

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 392,759
Highways and Streets	2,115,202
General Government	65,499
Urban Redevelopment and Housing	23,607
Library	<u>126,125</u>
Total Depreciation Expense, Governmental Activities	<u>\$2,723,192</u>

D. Long-Term Debt:

1) General Obligation Bonds – The City of Urbana issues general obligation bonds (direct obligations that carry the full faith and credit of the City) to provide funds for the acquisition and construction of major capital assets and to refund general obligation bonds. As of June 30, 2005, the City had no outstanding general obligation debt. During the year, no amounts were paid on debt service.

2) Employee compensated absences in the amount of \$964,116 were accrued at June 30, 2005. During the year, \$747,304 was retired and \$808,092 was added.

3) Landfill Closure and Post Closure. The City previously operated an old landfill, which was officially closed in 1987. The City contractually agreed with surrounding property owners to certain post-closure monitoring of this closed landfill under EPA standards. In 1994, The City estimated that it would be required to spend \$687,600 over the following 24 years (\$28,650 per year). At June 30, 2005, \$372,450 remains outstanding to be paid over the next 13 years. These costs should be paid out of amounts to be provided in future periods, rather than from resources currently available. Each year, this estimate of costs is subject to changes resulting from inflation, technology, or applicable laws. The City has applied the Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs, and has included in long-term debt the liability for the estimated costs to close and maintain the landfill.

4) The City has no lease agreements, which qualify as a capital lease. The City has various other lease obligations for facilities and equipment. These may be canceled by either party and are considered operating leases.

5) Revenue Bonds – The City of Urbana also issues bonds where income from the acquired or constructed assets is used to pay debt service. At June 30, 2005, the City had the following outstanding revenue obligation debt:

- a. A revenue bond issue dated April 1, 2005 (2005 Parking Bonds) provides for serial retirement of principal and interest over the next 8

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

years as listed below. Debt service on this issue is being provided by operating transfers from the Tax Increment Financing District 1 and Tax Increment Financing District 2 Special Revenue Funds to the Motor Vehicle Parking Enterprise Fund. The \$965,000 proceeds of this bond issue was used to pay off the 1994 Bonds on June 1, 2005.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2006	2.40	\$90,000	\$27,824
2007	2.63	95,000	28,194
2008	2.83	105,000	25,695
2009	3.00	115,000	22,724
2010	3.18	125,000	19,274
2011	3.36	135,000	15,299
2012	3.51	145,000	10,763
2013	3.66	<u>155,000</u>	<u>5,673</u>
		<u>\$ 965,000</u>	<u>\$ 155,444</u>

During the year, no principal or interest was paid on the 2005 Parking Bonds; \$1,250,000 principal and \$73,863 interest was paid on the 1994 Parking Bonds.

b. A revenue note dated December 15, 2001 (Tepper Note) that is considered a revenue obligation provides for retirement of principal and interest over the next 12 years as listed below. Debt service on this issue is being paid by the Motor Vehicle Parking Fund.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2006	9.0	\$7,822	\$14,178
2007	9.0	8,526	13,474
2008	9.0	9,293	12,707
2009	9.0	10,129	11,871
2010	9.0	11,041	10,959
2011	9.0	12,035	9,965
2012	9.0	13,118	8,882
2013	9.0	14,431	7,702
2014	9.0	15,585	6,415
2015	9.0	16,988	5,012
2016	9.0	18,517	3,483
2017	9.0	<u>20,184</u>	<u>1,816</u>
		<u>\$ 157,669</u>	<u>\$ 106,464</u>

During the year, \$7,176 of principal and \$13,492 interest was paid.

Notes to Financial Statements

June 30, 2005

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2005, including interest of \$261,908 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2006	\$139,824
2007	145,194
2008	152,695
2009	159,724
2010	166,274
2011	172,299
2012	177,763
2013	182,806
2014	22,000
2015	22,000
2016	22,000
2017	22,000
	<u>\$1,384,444</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2005:

	<u>Payable 6/30/04</u>	<u>Retired</u>	<u>Additions</u>	<u>Payable 6/30/05</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$ 903,328</u>	<u>\$ 747,304</u>	<u>\$808,092</u>	<u>\$ 964,116</u>	<u>\$629,083</u>
Landfill Post-closure Monitoring	<u>\$ 401,100</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 372,450</u>	<u>\$ 28,650</u>
Business-type Activities:					
Revenue Bonds & Notes:					
1994A Parking Bonds	\$ 865,000	\$ 865,000	\$ --	\$ --	\$ --
1994B Parking Bonds	385,000	385,000	--	--	--
2005 Parking Bonds	--	--	965,000	965,000	90,000
2002 Tepper Note	<u>164,712</u>	<u>7,043</u>	<u>--</u>	<u>157,669</u>	<u>7,822</u>
Total	<u>\$1,414,712</u>	<u>\$1,257,043</u>	<u>\$965,000</u>	<u>\$1,122,669</u>	<u>\$97,822</u>

G. Pension and Retirement Fund Commitments:

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

1. Illinois Municipal Retirement Fund (IMRF):

The City of Urbana contributes to the Illinois Municipal Retirement Fund ("IMRF"), a defined benefit pension plan that provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. I.M.R.F. is an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. I.M.R.F. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees that participate in I.M.R.F. are required to contribute 4.5 percent of their annual covered salary, as required by State Statute. The City of Urbana is required to contribute at an actuarially determined rate. The rate for calendar year 2004 was 6.71% and for calendar year 2005 is 9.28% of payroll. The employer contribution requirements are established and may be amended by the I.M.R.F. Board of Trustees.

For December 31, 2004, the City of Urbana's annual pension cost of \$467,463 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) 3% per year cost-of-living adjustments. The actuarial value of I.M.R.F. assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2004 actuarial valuation were based on the 1999-01 experience study. I.M.R.F.'s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2004 was 10 years.

Trend Information

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$467,463	100%	\$0
12/31/03	\$178,203	100%	\$0
12/31/02	\$124,808	100%	\$0

Notes to Financial Statements

June 30, 2005

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/01	\$154,118	100%	\$0
12/31/00	\$219,551	100%	\$0
12/31/99	\$399,114	100%	\$0
12/31/98	\$385,171	100%	\$0
12/31/97	\$418,462	100%	\$0
12/31/96	\$405,117	100%	\$0
12/31/95	\$377,385	100%	\$0

A schedule of funding progress is presented in the Required Supplemental Information Section, following the notes.

2. Police Pension Fund:

The City of Urbana contributes to the Urbana Police Pension Fund, a defined benefit single-employer pension plan, which provides retirement, death and disability benefits for police officers.

The financial statements of the Police Pension Fund are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Securities without an established market are reported at estimated fair value.

Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois General Assembly. The City of Urbana accounts for the plan as a fiduciary pension trust fund. The Police Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Urbana Police Pension Fund, 400 S. Vine Street, Urbana, Illinois 61801.

Covered employees are required by State Statute to contribute 9.91% of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City of Urbana is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost of the plan is fully funded.

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

The City's annual pension cost and net pension obligation to the Police Pension Fund for the current year is as follows:

Annual Required Contribution	\$ 950,335
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	950,335
Contributions Made	<u>1,258,282</u>
Increase (Decrease) in Net Pension Obligation	(307,947)
Net Pension Obligation, Beginning of Year	<u>(1,806,235)</u>
Net Pension Obligation, End of Year	<u><u>\$(2,114,182)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return [net of administrative expenses], (b) projected salary increases of 5.25% per year, and (c) post retirement benefit increases of 3% per year. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over a 33 year closed period. The negative net pension obligation of \$2,114,182 represents the amounts contributed by the City of Urbana above the annual required contribution. This overfunding represents an asset entitled "Overfunded Net Pension Obligation" and is taken into account in calculating the annual pension cost in the government-wide financial statements. This overfunding is not considered a financial asset and therefore not reported in the governmental funds.

Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2002	\$820,842	129.7%	(\$1,566,323)
June 30, 2003	\$893,391	126.9%	(\$1,806,235)
June 30, 2004	\$950,335	132.4%	(\$2,114,182)

Notes to Financial Statements

June 30, 2005

Actuarial Value Date	6/30/02	6/30/03	6/30/04
Actuarial Value of Plan Assets	\$15,176,111	\$15,728,060	\$16,233,523
Actuarial Accrued Liability (Entry Age Normal Cost)	\$22,308,414	\$23,775,768	\$25,002,453
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 7,132,303	\$ 8,047,708	\$ 8,768,930
Funded Ratio	68.0%	66.2%	64.9%
Covered Payroll	\$ 2,428,211	\$ 2,518,095	\$2,634,013
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	293.7%	319.6%	332.9%

3. Firemen's Pension Fund:

The City of Urbana contributes to the Urbana Firemen's Pension Fund that is a defined benefit single-employer pension plan, which provides retirement, death and disability benefits for firefighters.

The financial statements of the Firemen's Pension Fund are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Securities without an established market are reported at estimated fair value.

Although this is a single-employer plan, the defined benefits and employee and employer contributions levels are governed by Illinois State Statutes and may be amended only by the Illinois General Assembly. This fund is accounted for and reported as a fiduciary pension trust fund. The Firemen's Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Urbana Firemen's Pension Fund, 400 S. Vine Street, Urbana, Illinois 61801.

Covered employees were required to contribute 9.455% of their salary to the Firemen's Pension Fund during the year. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City of Urbana is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

The City's annual pension cost and net pension obligation to the Firemen's Pension Fund for the current year is as follows:

Annual Required Contribution	\$ 743,511
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	743,511
Contributions Made	<u>927,204</u>
Increase (decrease) in Net Pension Obligation	(183,693)
Net Pension Obligation, Beginning of Year	<u>(332,319)</u>
Net Pension Obligation, End of Year	<u><u>\$(516,012)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return [net of administrative expenses], (b) projected salary increases of 5.25% per year, and (c) post retirement benefit increases of 3% per year. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over a 40 year closed period. The negative net pension obligation of \$516,012 represents the amounts contributed by the City of Urbana above the annual required contribution. This overfunding represents an asset entitled "Overfunded Net Pension Obligation" and is taken into account in calculating the annual pension cost in the government-wide financial statements. This overfunding is not considered a financial asset and therefore not reported in the governmental funds.

Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2002	\$613,475	112.2%	\$(209,349)
June 30, 2003	\$684,437	118.0%	\$(332,319)
June 30, 2004	\$743,511	124.7%	\$(516,012)

Notes to Financial Statements

June 30, 2005

Actuarial Value Date	6/30/02	6/30/03	6/30/04
Actuarial Value of Plan Assets	\$21,819,871	\$21,818,207	\$21,981,512
Actuarial Accrued Liability (Entry Age Normal Cost)	\$24,108,435	\$25,302,779	\$26,323,551
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 2,288,564	\$ 3,484,572	\$4,342,039
Funded Ratio	90.5%	86.2%	83.5%
Covered Payroll	\$ 2,232,027	\$ 2,282,198	\$2,449,278
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	102.5%	152.7%	177.3%

H. Legal Debt Margin:

The City of Urbana is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

I. Other Bonding:

The City has issued certain amounts of industrial revenue, home mortgage revenue, and commercial development bonds. The City of Urbana issued these bonds and the proceeds were used by private individuals or entities. The interest revenue received on the bonds is tax free, thus allowing the bonds to be sold at a lower than normal market interest rate. The City issued the bonds since the proceeds were used for a purpose, which benefited the general public. These bonds are all secured by the private enterprises or individuals utilizing these bonds and do not constitute an indebtedness, liability, or moral or legal obligation of the City of Urbana. The outstanding amount of these bonds at June 30, 2005 is not readily ascertainable.

J. Receivables:

At June 30, 2005 the City of Urbana has accrued the following receivables in both the government-wide and governmental fund financial statements (amounts received after the end of the year):

	<u>General</u>	<u>Urbana Free Library</u>	<u>Tax Stabilization</u>
Unrestricted:			
Property Tax	\$ 575,956	\$1,022,005	\$ --
Accounts	90,718	--	--
Accrued Interest	--	--	61,141
Notes (due beyond 1 year)	--	--	--

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

	<u>General</u>	<u>Urbana Free Library</u>	<u>Tax Stabilization</u>	
Due from Other Governments:				
State:				
Income Tax	263,923	--	--	
Sales Tax	1,247,093	--	--	
Corp. Personal Repl. Tax	34,017	7,260	--	
Telecomm. Tax	318,951	--	--	
Grants	--	--	--	
Service Charges	--	--	227,720	
Federal, Grants	--	--	--	
Other, Service Charges	--	--	--	
Other Taxes:				
Utility Tax	148,260	--	--	
Hotel/Motel Tax	61,503	--	--	
Local Sales Tax	26,151	--	--	
San. Sewer Tax	--	--	--	
Recycling Tax	20,051	--	--	
Total	<u>\$2,786,623</u>	<u>\$1,029,265</u>	<u>\$288,861</u>	
Restricted:				
Accrued Interest	\$ --	\$ 900	\$ --	
Due from Other Govt. - State Motor Fuel Tax	--	--	--	
Total	<u>\$ --</u>	<u>\$ 900</u>	<u>\$ --</u>	
		Tax Increment		
	<u>Veh. & Eq. Replacement</u>	<u>Financing District 3</u>	<u>Other Govt.</u>	<u>Govt. Total</u>
Unrestricted (cont'd):				
Property Tax	\$ --	\$366,534	\$878,862	\$2,843,357
Accounts	--	--	91,114	181,832
Accrued Interest	--	--	--	61,141
Notes	--	--	50,000	50,000
Due from Other Governments:				
State:				
Income Tax	--	--	--	263,922
Sales Tax	--	--	--	1,247,093
Corp. Personal Repl. Tax	--	--	--	41,277
Telecomm. Tax	--	--	--	318,952
Grants	--	--	52,000	52,000
Service Charges	551	--	--	228,271

Notes to Financial Statements

June 30, 2005

	<u>Veh. & Eq. Replacement</u>	<u>Tax Increment Financing District 3</u>	<u>Other Govt.</u>	<u>Govt. Total</u>
Federal, Grants	--	--	125,729	125,729
Other, Service Charges	--	--	151,742	151,742
Other Taxes:				
Utility Tax	--	--	--	148,260
Hotel/Motel Tax	--	--	--	61,503
Local Sales Tax	--	--	--	26,151
San. Sewer Tax	--	--	6,037	6,037
Recycling Tax	--	--	--	<u>20,051</u>
Total	<u>\$ 551</u>	<u>\$366,534</u>	<u>\$1,355,484</u>	<u>\$5,827,318</u>
Restricted:				
Accrued Interest	\$ --	\$ --	\$ --	\$ 900
Due from Other Govt. - State Motor Fuel Tax	--	--	<u>84,144</u>	<u>84,144</u>
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 84,144</u>	<u>\$ 85,044</u>

K. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ --	\$ 177,195
Urbana Free Library	41,822	--
Tax Stabilization	--	237,210
Vehicle & Equipment Replacement	6,025	--
Tax Increment Financing District 3	25,081	--
Other Govt. Funds	412,025	133,775
Internal Service Funds:		
Central Garage	<u>58,837</u>	<u>--</u>
Total, Governmental Activities	\$ 543,790	\$ 548,180
Business-type Activities:		
Motor Vehicle Parking	<u>4,390</u>	<u>--</u>
Total	<u>\$ 548,180</u>	<u>\$ 548,180</u>

These internal fund balances were generated by adjustments made upon year-end closeout and all amounts were paid shortly after year-end.

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$2,063,671
Urbana Free Library	1,825,321	--
Veh. & Eq. Replacement	726,109	--
Other Govt. Funds	--	607,540
Internal Service Funds:		
Central Garage	--	3,524
Insurance Financing	<u>166,310</u>	<u>--</u>
Total, Govt. Activities	\$2,717,740	\$2,674,735
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>43,005</u>
Total	<u>\$2,717,740</u>	<u>\$2,717,740</u>

The primary purpose of these transfers was of a non-recurring nature. Monies have been accumulated and then transferred to another fund for this stated expenditure through the budget process. During the year, the following significant transfers were made:

- \$673,887 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.
- \$1,119,771 from the General Fund to the Municipal Retirement Special Revenue Fund for operational costs.
- \$1,954,070 from the Building Financing Fund to the Urbana Free Library Special Revenue Fund for building construction costs.
- \$713,090 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$422,610 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$350,500 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$224,218 from the Sales Tax Grant Special Revenue Fund to the Tax Increment Financing District 2 Special Revenue Fund to replace local sales tax revenues that are used for the local match of a state grant.
- \$252,664 from the Tax Increment Financing District 2 Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund to reimburse for debt service payments.
- \$200,031 from the Urbana Free Library Special Revenue Fund to the Building Financing Fund for reimbursement of certain building construction costs.

Notes to Financial Statements

June 30, 2005

L. Reserve of Fund Balance:

Governments reserve net assets and fund balance for amounts that are not available to finance current operations and for amounts that are legally restricted by outside parties for a specific purpose. The City of Urbana reports the following reserves of net assets and fund balance:

1. The Firemen's and Policemen's Pension Trust Funds are single-employer, defined benefit pension plans to provide retirement, death, and disability benefits to firemen, policemen, and their dependents. As required by law, fund balance is restricted by being held in trust for employee benefits.
2. Other Fund Reserves – There are other reserves of fund balance for prepaid expenditures and loans receivable, as explained in previous footnotes, according to generally accepted accounting principles.

Note 5 – Other Information:

A. Risk Management and Worker's Compensation Self Insurance:

The City is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, and natural disasters. The City has purchased commercial insurance for these risks. There have been no significant reductions in coverage from the prior year. No settlements have exceeded insurance coverage in each of the past three years. The City is also exposed to risk of loss from job-related illnesses and injuries to employees. To cover this risk, the City, in 1994, established a limited risk management and retention program. Charges for premiums are paid from City funds and departments into the Worker's Compensation Retained Risk Internal Service Fund and are available to pay claims, claim reserves and administrative costs. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can reasonably be estimated. The City has purchased excess commercial insurance to cover all amounts above \$400,000 per individual claim. Estimated losses have been determined based upon workers compensation claims made from the inception of the program through June 30, 2005. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2005. There have been no significant reductions in coverage from the prior year and settlements have been below coverage since inception of the program. Changes in the balance of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2004</u>
Unpaid Claims, Beginning of Year	\$ 129,034	\$ 99,652
Incurred Claims	236,791	63,822
Claim Payments	<u>(130,213)</u>	<u>(34,440)</u>
Unpaid Claims, End of Year	<u>\$ 235,612</u>	<u>\$ 129,034</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2005

B. Deferred Compensation Plan:

The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reported as a part of these financial statements.

C. Related Party Transactions:

The City of Urbana has entered into various agreements with other local governments. Because of the City's close relationship with these governments, these transactions may not be considered at a normal arm's length. Significant activity under these related party transactions are:

The City of Urbana made payments to the City of Champaign under an agreement that provided police and fire dispatching services to Urbana. These payments totaled \$281,972 in 2005, and were reported under Other Services and Charges – Public Safety in the General Fund.

The City of Urbana received payments from the University of Illinois under an agreement in which the City provides fire safety services to the University. These payments totaled \$1,219,620 in 2005, and were reported under Intergovernmental Revenues in the General Fund.

D. Subsequent Event:

In July of 2005, the City received payment of \$284,000 from the sale of a housing development mortgage. The mortgage agreements specified repayment of this amount upon the sale of the development.

E. Contingent Liabilities:

1. There are several lawsuits in which the City may potentially be involved in. The City Attorney believes that the potential settlements from these claims, in excess of insurance coverage, would not materially affect the financial statements.

Notes to Financial Statements

June 30, 2005

2. In August 2004, the City agreed to a request from the Illinois Environmental Protection Agency to construct certain future land improvements to a small waterway which is located near the old City landfill. This landfill has not been active since 1987. It is possible that future erosion of the waterway banks could allow landfill material to enter the waterway, unless the improvements are made. In 2005, the City spent \$1,469,500 on these improvements. Because the costs of these improvements relate to a landfill that has already been closed, these amounts were expensed in the in the government-wide financial statements. At this time, since management cannot estimate the amount of the future payments that may be required, no additional amounts have been reported in the financial statements.
3. The City has entered into agreements with various businesses as part of economic development and annexation arrangements. These agreements require the City to make certain annual payments over a period of time, which are based on certain levels of economic activity of the business in the future, such as value of property or level of retail sales. At this time, since management cannot estimate the amount of the future payments that may be required, no amounts have been reported in the financial statements. Future potential amounts that may be required under the agreements total a maximum of \$6,436,000 to be paid in approximate annual payments over the next 10 years.

F. Construction Commitments:

At June 30, 2005, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Goodwin Ave. Impr.	Tax Increment Financing Dist. 3	\$84,000
Sewer Lining Impr.	Cap. Improvement Fund	335,000
Library Building Addition	Urbana Free Library	30,000
Butzow Ditch Impr.	Tax Stabilization Fund	28,000
Huff Dr. Area Impr.	Motor Fuel Tax Fund	32,000
Sunset Drive Impr.	Tax Increment Financing Dist. 3	251,000
Oakland Ave. Impr.	Tax Increment Financing Dist. 3	62,500
Windsor Rd. Impr.	Motor Fuel Tax Fund	71,000
		<u>\$893,500</u>

Resources to finance these commitments will be provided from fund balance.

Notes to Financial Statements

June 30, 2005

G. Single Audit:

The Federal Single Audit Act Amendment of 1996 requires an annual audit of certain major federal grant programs. The annual audit reports for the year ended June 30, 2005, have been issued separately. These reports contain information concerning whether grant activity is presented fairly in the financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met.

H. Other Post-Employment Benefits:

In addition to the pension benefits disclosed in Note 4.E, the City provides retired employees an option to remain on the City's group health care and life insurance program. Retired employees are required to reimburse the City for one hundred percent of the cost of the benefits provided under this option. Health care and life insurance costs are recorded net of the reimbursements. At June 30, 2005, 28 retirees were enrolled in the City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was \$144,626 for the year ended June 30, 2005.

I. Fair Value of Financial Instruments, Proprietary Fund Types:

The City's financial instruments consist principally of cash and cash equivalents, investments, receivables, payables, accrued expenses, and bonds payable. There are no significant differences between the carrying value and fair value of any of these financial instruments.

J. Prior Period Adjustment:

Net assets for governmental activities at July 1, 2004, has been decreased by \$1,092,640 to correct an error that was made in fiscal year 2004 related to the recording of property tax revenue for that fiscal year. Had the error not occurred, the change in net assets for the governmental activities for fiscal year 2004 would have decreased by \$1,092,640.

Fund balance for the Tax Increment Financing District 3 Fund at July 1, 2004 has been decreased by \$655,584 to correct an error that was made in fiscal year 2004 related to the recording of property tax revenue for that fiscal year. Had the error not occurred, the change in fund balance for the Tax Increment Financing District 3 Fund for fiscal year 2004 would have decreased by \$655,584.

CITY OF URBANA

Required Supplementary Information
Schedule of Funding Progress for I.M.R.F. Pension Plan

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (Entry Age)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/04	\$ 18,414,230	\$ 19,613,822	\$ 1,199,592	93.88%	\$ 6,966,668	17.22%
12/31/03	\$ 18,240,768	\$ 18,930,628	\$ 689,860	96.36%	\$ 7,043,603	9.79%
12/31/02	\$ 18,345,131	\$ 16,953,498	\$ (1,391,633)	108.21%	\$ 6,433,417	(21.63%)
12/31/01	\$ 19,110,786	\$ 15,676,083	\$ (3,434,703)	121.91%	\$ 6,020,221	(57.05%)
12/31/00	\$ 17,874,586	\$ 14,321,612	\$ (3,552,974)	124.81%	\$ 5,792,901	(61.33%)
12/31/99	\$ 15,834,430	\$ 12,973,331	\$ (2,861,099)	122.05%	\$ 5,467,322	(52.33%)
12/31/98	\$ 13,650,558	\$ 11,746,175	\$ (1,904,383)	116.21%	\$ 5,094,857	(37.37%)
12/31/97	\$ 11,722,929	\$ 10,801,065	\$ (921,864)	108.53%	\$ 5,035,409	(18.30%)
12/31/96	\$ 9,856,534	\$ 9,213,799	\$ (642,735)	106.98%	\$ 4,794,418	(13.41%)
12/31/95	\$ 8,713,605	\$ 8,659,346	\$ (54,259)	100.63%	\$ 4,487,787	(1.21%)

NON-MAJOR GOVERNMENTAL FUNDS

- **SPECIAL REVENUE FUNDS**
- **CAPITAL PROJECTS FUNDS**



CITY OF URBANA

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2005

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	8,454	-	8,454
Savings	2,026,864	1,485,297	3,512,161
Illinois Public Treasurer's Pool	2,175	4,862	7,037
Money Market Funds	46,730	-	46,730
Investments	6,226,281	2,414,692	8,640,973
Receivables (Net of Uncollectibles)	1,231,847	123,637	1,355,484
Due from Other Funds	396,111	15,914	412,025
Prepaid Expenditures	15,792	-	15,792
Restricted Assets:			
Cash and Cash Equivalents:			
Savings	306,125	-	306,125
Illinois Public Treasurer's Pool	356,806	-	356,806
Investments	2,329,261	-	2,329,261
Receivables	84,144	-	84,144
Total Assets	<u>\$ 13,030,690</u>	<u>\$ 4,044,402</u>	<u>\$ 17,075,092</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 133,775	\$ -	\$ 133,775
Accounts Payable	202,258	8,497	210,755
Accrued Salaries and Taxes	690	-	690
Deferred Revenues	659,151	-	659,151
Total Liabilities	<u>995,874</u>	<u>8,497</u>	<u>1,004,371</u>
Fund Balance:			
Reserved For:			
Prepaid Expenditures	15,792	-	15,792
Loans Receivable	50,000	-	50,000
Unreserved, Designated For:			
Future Capital Outlay	3,086,299	4,035,905	7,122,204
Social Service Agencies	10,547	-	10,547
Building Replacement	156,655	-	156,655
Urban Housing and Development	5,538,507	-	5,538,507
Local Matching for State Grants	35,724	-	35,724
Worker Compensation Claims	3,141,292	-	3,141,292
Total Fund Balance	<u>12,034,816</u>	<u>4,035,905</u>	<u>16,070,721</u>
Total Liabilities and Fund Balance	<u>\$ 13,030,690</u>	<u>\$ 4,044,402</u>	<u>\$ 17,075,092</u>

CITY OF URBANA

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2005

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 1,571,767	\$ -	\$ 1,571,767
Sewer Benefit Tax	-	797,783	797,783
Intergovernmental	3,530,180	512,777	4,042,957
Investment Income:			
Interest	411,959	122,882	534,841
Net Appreciation (Depreciation) in Fair Value of Investments	(7,898)	(2,437)	(10,335)
Total Net Investment Earnings	404,061	120,445	524,506
Licenses, Fines, and Services Charges	173,143	70,003	243,146
Other	-	3,321	3,321
Total Revenues	<u>5,679,151</u>	<u>1,504,329</u>	<u>7,183,480</u>
Expenditures:			
Current:			
Public Safety	110,904	-	110,904
Highways & Streets	505,235	102,332	607,567
General Government	273,865	-	273,865
Urban Redevelopment and Housing	3,172,303	-	3,172,303
Library Services	253,188	-	253,188
Capital Outlay	1,362,240	735,137	2,097,377
Total Expenditures	<u>5,677,735</u>	<u>837,469</u>	<u>6,515,204</u>
Excess of Revenues Over (Under) Expenditures	<u>1,416</u>	<u>666,860</u>	<u>668,276</u>
Other Financing Sources (Uses):			
Transfers In	1,281,466	610,552	1,892,018
Transfers (Out)	(2,076,948)	(422,610)	(2,499,558)
Total Other Financing Sources (Uses)	<u>(795,482)</u>	<u>187,942</u>	<u>(607,540)</u>
Net Changes in Fund Balances	(794,066)	854,802	60,736
Fund Balance, Beginning of Year	<u>12,828,882</u>	<u>3,181,103</u>	<u>16,009,985</u>
Fund Balance, End of Year	<u>\$ 12,034,816</u>	<u>\$ 4,035,905</u>	<u>\$ 16,070,721</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2005

(Page 1 of 2)

ASSETS	Municipal Retirement	Motor Fuel Tax	Social Service Agencies	Community Development			Tax Increment Financing District 1
				Special	Home	Block Grant	
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -
Checking	-	-	-	1	404	6,855	-
Savings	79,206	-	10,547	116,301	-	-	570,617
Illinois Public Treasurer's Pool	-	-	-	-	-	-	1,551
Money Market Funds	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	625,000
Receivables (Net of Uncollectibles)	-	-	-	44,962	50,228	30,539	373,422
Due from Other Funds	32,837	9,963	-	924	-	-	11,172
Prepaid Expenditures	-	-	-	-	-	-	-
Restricted Assets:							
Savings	-	306,125	-	-	-	-	-
Illinois Public Treasurer's Pool	-	356,806	-	-	-	-	-
Investments	-	2,329,261	-	-	-	-	-
Receivables	-	84,144	-	-	-	-	-
Total Assets	<u>\$ 112,043</u>	<u>\$ 3,086,299</u>	<u>\$ 10,547</u>	<u>\$ 162,188</u>	<u>\$ 50,632</u>	<u>\$ 37,444</u>	<u>\$ 1,581,762</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ -	\$ 45,699	\$ 50,632	\$ 37,444	\$ -
Accounts Payable	112,043	-	-	-	-	-	2,595
Accrued Salaries and Taxes	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	246,720
Total Liabilities	<u>112,043</u>	<u>-</u>	<u>-</u>	<u>45,699</u>	<u>50,632</u>	<u>37,444</u>	<u>249,315</u>
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-
Unreserved, Designated For:							
Future Capital Outlay	-	3,086,299	-	-	-	-	-
Social Service Agencies	-	-	10,547	-	-	-	-
Equipment Replacement	-	-	-	-	-	-	-
Urban Housing and Development	-	-	-	116,489	-	-	1,332,447
Local Matching for State Grants	-	-	-	-	-	-	-
Worker Compensation Claims	-	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>3,086,299</u>	<u>10,547</u>	<u>116,489</u>	<u>-</u>	<u>-</u>	<u>1,332,447</u>
Total Liabilities and Fund Balance	<u>\$ 112,043</u>	<u>\$ 3,086,299</u>	<u>\$ 10,547</u>	<u>\$ 162,188</u>	<u>\$ 50,632</u>	<u>\$ 37,444</u>	<u>\$ 1,581,762</u>

(Continued)

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CITY OF URBANA

Non-Major Special Revenue Funds - Combining Balance Sheet
June 30, 2005

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ASSETS	Tax Increment Financing District 2	Tax Increment Financing District 4	Building Financing	Economic Development	Sales Tax Grant	Insurance Financing	Total
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 100
Checking	-	-	-	1,194	-	-	8,454
Savings	601,844	314,369	54,947	107,493	18,630	152,910	2,026,864
Illinois Public Treasurer's Pool	502	-	122	-	-	-	2,175
Money Market Funds	-	-	-	46,730	-	-	46,730
Investments	985,940	-	75,000	1,807,265	-	2,733,076	6,226,281
Receivables (Net of Uncollectibles)	387,926	167,514	-	123,743	-	53,513	1,231,847
Due from Other Funds	6,302	6,504	106,847	2,675	17,094	201,793	396,111
Prepaid Expenditures	-	-	-	15,792	-	-	15,792
Restricted Assets:							
Savings	-	-	-	-	-	-	306,125
Illinois Public Treasurer's Pool	-	-	-	-	-	-	356,806
Investments	-	-	-	-	-	-	2,329,261
Receivables	-	-	-	-	-	-	84,144
Total Assets	\$ 1,982,514	\$ 488,387	\$ 236,916	\$ 2,104,942	\$ 35,724	\$ 3,141,292	\$ 13,030,690
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,775
Accounts Payable	6,688	-	80,261	671	-	-	202,258
Accrued Salaries and Taxes	538	-	-	152	-	-	690
Deferred Revenues	269,852	132,004	-	10,575	-	-	659,151
Total Liabilities	277,078	132,004	80,261	11,398	-	-	995,874
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	-	-	15,792	-	-	15,792
Loans Receivable	50,000	-	-	-	-	-	50,000
Unreserved, Designated For:							
Future Capital Outlay	-	-	-	-	-	-	3,086,299
Social Service Agencies	-	-	-	-	-	-	10,547
Building Replacement	-	-	156,655	-	-	-	156,655
Urban Housing and Development	1,655,436	356,383	-	2,077,752	-	-	5,538,507
Local Matching for State Grants	-	-	-	-	35,724	-	35,724
Worker Compensation Claims	-	-	-	-	-	3,141,292	3,141,292
Total Fund Balance	1,705,436	356,383	156,655	2,093,544	35,724	3,141,292	12,034,816
Total Liabilities and Fund Balance	\$ 1,982,514	\$ 488,387	\$ 236,916	\$ 2,104,942	\$ 35,724	\$ 3,141,292	\$ 13,030,690

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2005

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	Municipal Retirement	Motor Fuel Tax	Social Service Agencies	Community Development			Tax Increment Financing District 1
				Special	Home	Block Grant	
Revenues:							
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,619
Intergovernmental	-	1,363,658	-	419,405	972,534	439,759	-
Investment Income:							
Interest	-	87,225	-	3,088	-	-	39,339
Net Appreciation (Depreciation) in Fair Value of Investments	-	(1,730)	-	-	-	-	(780)
Total Net Investment Earnings	-	85,495	-	3,088	-	-	38,559
Licenses, Fines and Services Charges	-	9,694	-	10,200	10,000	56,994	-
Total Revenues	-	1,458,847	-	432,693	982,534	496,753	648,178
Expenditures:							
Current:							
Public Safety	110,904	-	-	-	-	-	-
Highways & Streets	505,235	-	-	-	-	-	-
General Government	107,005	-	166,860	-	-	-	-
Urban Redevelopment and Housing	148,100	-	-	433,155	1,014,796	473,671	378,417
Library Services	253,188	-	-	-	-	-	-
Capital Outlay	-	1,210,353	-	-	-	-	3,228
Total Expenditures	1,124,432	1,210,353	166,860	433,155	1,014,796	473,671	381,645
Excess of Revenues Over (Under) Expenditures	(1,124,432)	248,494	(166,860)	(462)	(32,262)	23,082	266,533
Other Financing Sources (Uses):							
Transfers In	1,119,770	-	157,880	-	32,262	-	-
Transfers (Out)	-	-	-	-	-	(23,082)	(137,686)
Total Other Financing Sources (Uses)	1,119,770	-	157,880	-	32,262	(23,082)	(137,686)
Net Change in Fund Balances	(4,662)	248,494	(8,980)	(462)	-	-	128,847
Fund Balance, Beginning of Year	4,662	2,837,805	19,527	116,951	-	-	1,203,600
Fund Balance, End of Year	\$ -	\$ 3,086,299	\$ 10,547	\$ 116,489	\$ -	\$ -	\$ 1,332,447

(Continued)

CITY OF URBANA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2005

(Page 2 of 2)

	Tax Increment Financing District 2	Tax Increment Financing District 4	Building Financing	Economic Development	Sales Tax Grant	Insurance Financing	Total
Revenues:							
Property Tax	\$ 660,013	\$ 302,135	\$ -	\$ -	\$ -	\$ -	\$ 1,571,767
Intergovernmental	297,993	-	-	36,831	-	-	3,530,180
Investment Income:							
Interest	47,507	10,589	-	70,402	4,159	149,650	411,959
Net Appreciation (Depreciation) in Fair Value of Investments	(942)	-	-	(1,396)	(82)	(2,968)	(7,898)
Total Net Investment Earnings	46,565	10,589	-	69,006	4,077	146,682	404,061
Licenses, Fines and Service Charges	-	17,037	-	69,218	-	-	173,143
Total Revenues	<u>1,004,571</u>	<u>329,761</u>	<u>-</u>	<u>175,055</u>	<u>4,077</u>	<u>146,682</u>	<u>5,679,151</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	-	-	110,904
Highways and Streets	-	-	-	-	-	-	505,235
General Government	-	-	-	-	-	-	273,865
Urban Redevelopment and Housing	464,212	81,074	-	178,878	-	-	3,172,303
Library Services	-	-	-	-	-	-	253,188
Capital Outlay	118,943	17,011	12,705	-	-	-	1,362,240
Total Expenditures	<u>583,155</u>	<u>98,085</u>	<u>12,705</u>	<u>178,878</u>	<u>-</u>	<u>-</u>	<u>5,677,735</u>
Excess of Revenues Over (Under) Expenditures	<u>421,416</u>	<u>231,676</u>	<u>(12,705)</u>	<u>(3,823)</u>	<u>4,077</u>	<u>146,682</u>	<u>1,416</u>
Other Financing Sources (Uses):							
Transfers In	(28,446)	-	-	-	-	-	1,281,466
Transfers (Out)	-	-	(1,647,183)	-	(224,218)	(44,779)	(2,076,948)
Total Other Financing Sources (Uses)	<u>(28,446)</u>	<u>-</u>	<u>(1,647,183)</u>	<u>-</u>	<u>(224,218)</u>	<u>(44,779)</u>	<u>(795,482)</u>
Net Change in Fund Balances	392,970	231,676	(1,659,888)	(3,823)	(220,141)	101,903	(794,066)
Fund Balance, Beginning of Year	1,312,466	124,707	1,816,543	2,097,367	255,865	3,039,389	12,828,882
Fund Balance, End of Year	<u>\$ 1,705,436</u>	<u>\$ 356,383</u>	<u>\$ 156,655</u>	<u>\$ 2,093,544</u>	<u>\$ 35,724</u>	<u>\$ 3,141,292</u>	<u>\$ 12,034,816</u>

Municipal Retirement Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Expenditures-Current:				
Public Safety:				
Personnel Services	125,260	125,260	110,904	14,356
Highways & Streets:				
Personnel Services	570,638	570,638	505,235	65,403
General Government:				
Personnel Services	120,856	120,856	107,005	13,851
Urban Redevelopment & Housing:				
Personnel Services	167,271	167,271	148,100	19,171
Library Services:				
Personnel Services	285,965	285,965	253,188	32,777
Total Expenditures	<u>1,269,990</u>	<u>1,269,990</u>	<u>1,124,432</u>	<u>145,558</u>
Net Revenues Over (Under) Expenditures	(1,268,990)	(1,268,990)	(1,124,432)	144,558
Other Financing Sources (Uses):				
Transfers In (Out)	<u>1,268,810</u>	<u>1,268,810</u>	<u>1,119,770</u>	<u>(149,040)</u>
Net Change in Fund Balance	(180)	(180)	(4,662)	(4,482)
Fund Balance, Beginning of Year	<u>4,662</u>	<u>4,662</u>	<u>4,662</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,482</u>	<u>\$ 4,482</u>	<u>\$ -</u>	<u>\$ (4,482)</u>

CITY OF URBANA

Motor Fuel Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,075,000	\$ 1,075,000	\$ 1,079,840	\$ 4,840
State Reimbursements	-	-	283,818	283,818
Total, Intergovernmental	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,363,658</u>	<u>288,658</u>
Investment Earnings:				
Interest	101,515	101,515	87,225	(14,290)
Net Appreciation (Depreciation) in Fair Value Investments	-	-	(1,730)	(1,730)
Total Net Investment Earnings	<u>101,515</u>	<u>101,515</u>	<u>85,495</u>	<u>(16,020)</u>
Licenses, Fines and Service Charges	-	-	9,694	9,694
Total Revenues	<u>1,176,515</u>	<u>1,176,515</u>	<u>1,458,847</u>	<u>282,332</u>
Expenditures-Capital Outlay:				
Windsor/Philo	302,500	302,500	113,278	189,222
Annual Street Maintenance	726,668	726,668	5,410	721,258
Huff/Boudreau Improvements	38,110	38,110	-	38,110
University/Guardian Improvements	13,221	13,221	13,220	1
Washington/Vine Improvement	996,803	996,803	853,713	143,090
Florida Ave. Improvement	180,000	180,000	-	180,000
Signal Improvements	224,732	224,732	224,732	-
Lighting Improvements	700,000	700,000	-	700,000
Total Expenditures	<u>3,182,034</u>	<u>3,182,034</u>	<u>1,210,353</u>	<u>1,971,681</u>
Net Change in Fund Balance	(2,005,519)	(2,005,519)	248,494	2,254,013
Fund Balance, Beginning of Year	<u>2,837,805</u>	<u>2,837,805</u>	<u>2,837,805</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 832,286</u>	<u>\$ 832,286</u>	<u>\$ 3,086,299</u>	<u>\$ 2,254,013</u>

Social Service Agencies Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 166,860	\$ 166,860	\$ 166,860	\$ -
Other Financing Sources:				
Transfers In	157,880	157,880	157,880	-
Net Change in Fund Balance	(8,980)	(8,980)	(8,980)	-
Fund Balance, Beginning of Year	19,527	19,527	19,527	-
Fund Balance, End of Year	\$ 10,547	\$ 10,547	\$ 10,547	\$ -

CITY OF URBANA

Community Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ -	\$ -	\$ 5,000	\$ 5,000
Federal Grants	317,711	317,711	414,405	96,694
Total Intergovernmental	317,711	317,711	419,405	101,694
Net Investment Earnings - Interest	2,097	2,097	3,088	991
Licenses, Fines and Service Charges	103,400	103,400	10,200	(93,200)
Total Revenues	423,208	423,208	432,693	9,485
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	13,652	13,652	15,195	(1,543)
Contractual Services	701,306	701,306	417,960	283,346
Total Expenditures	714,958	714,958	433,155	281,803
Net Revenues Over (Under) Expenditures	(291,750)	(291,750)	(462)	291,288
Other Financing Sources (Uses):				
Transfers In (Out)	(100,000)	(100,000)	-	100,000
Net Change in Fund Balance	(391,750)	(391,750)	(462)	391,288
Fund Balance, Beginning of Year	116,951	116,951	116,951	-
Fund Balance, End of Year	<u>\$ (274,799)</u>	<u>\$ (274,799)</u>	<u>\$ 116,489</u>	<u>\$ 391,288</u>

Community Development Home Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 1,262,964	\$ 1,262,964	\$ 972,534	\$ (290,430)
Licenses, Fines, and Service Charges	-	-	10,000	10,000
Total Revenues	<u>1,262,964</u>	<u>1,262,964</u>	<u>982,534</u>	<u>(280,430)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	146,521	146,521	121,658	24,863
Contractual Services	<u>2,081,648</u>	<u>2,081,648</u>	<u>893,138</u>	<u>1,188,510</u>
Total Expenditures	<u>2,228,169</u>	<u>2,228,169</u>	<u>1,014,796</u>	<u>1,213,373</u>
Net Revenues Over (Under) Expenditures	(965,205)	(965,205)	(32,262)	932,943
Other Financing Sources (Uses):				
Transfers In (Out)	<u>59,814</u>	<u>59,814</u>	<u>32,262</u>	<u>(27,552)</u>
Net Change in Fund Balance	(905,391)	(905,391)	-	905,391
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (905,391)</u></u>	<u><u>\$ (905,391)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 905,391</u></u>

CITY OF URBANA

Community Development Block Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 827,622	\$ 827,622	\$ 439,759	\$ (387,863)
Licenses, Fines, and Service Charges	120,000	120,000	56,994	(63,006)
Total Revenues	<u>947,622</u>	<u>947,622</u>	<u>496,753</u>	<u>(450,869)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	169,000	169,000	162,942	6,058
Materials and Supplies	2,187	2,187	1,584	603
Contractual Services	735,672	735,672	309,145	426,527
Total Urban Redevelopment and Housing	<u>906,859</u>	<u>906,859</u>	<u>473,671</u>	<u>433,188</u>
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>916,859</u>	<u>916,859</u>	<u>473,671</u>	<u>443,188</u>
Net Revenues Over (Under) Expenditures	30,763	30,763	23,082	(7,681)
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(20,063)</u>	<u>(20,063)</u>	<u>(23,082)</u>	<u>(3,019)</u>
Net Change in Fund Balance	10,700	10,700	-	(10,700)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,700</u>	<u>\$ 10,700</u>	<u>\$ -</u>	<u>\$ (10,700)</u>

Tax Increment Financing District 1 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 644,800	\$ 644,800	\$ 609,619	\$ (35,181)
Investment Earnings:				
Interest	28,800	28,800	39,339	10,539
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(780)	(780)
Total Net Investment Earnings	28,800	28,800	38,559	9,759
Total Revenues	673,600	673,600	648,178	(25,422)
Expenditures:				
Current-Urban Redevelopment and Housing-Contractual Services	692,313	742,313	378,417	363,896
Capital Outlay	100,000	100,000	3,228	96,772
Total Expenditures	792,313	842,313	381,645	460,668
Net Revenues Over (Under) Expenditures	(118,713)	(168,713)	266,533	435,246
Other Financing Uses:				
Transfers (Out)	(137,687)	(137,687)	(137,686)	1
Net Change in Fund Balance	(256,400)	(306,400)	128,847	435,247
Fund Balance, Beginning of Year	1,203,600	1,203,600	1,203,600	-
Fund Balance, End of Year	\$ 947,200	\$ 897,200	\$ 1,332,447	\$ 435,247

CITY OF URBANA

Tax Increment Financing District 2 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 640,000	\$ 640,000	\$ 660,013	\$ 20,013
Intergovernmental-State Grant	310,000	310,000	297,993	(12,007)
Investment Earnings:				
Interest	15,000	15,000	47,507	32,507
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(942)	(942)
Total Net Investment Earnings	15,000	15,000	46,565	31,565
Total Revenues	965,000	965,000	1,004,571	39,571
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	47,300	47,300	37,667	9,633
Contractual Services	348,727	674,980	426,545	248,435
Total Urban Redevelopment and Housing	396,027	722,280	464,212	258,068
Capital Outlay	530,406	270,198	118,943	151,255
Total Expenditures	926,433	992,478	583,155	409,323
Net Revenues Over (Under) Expenditures	38,567	(27,478)	421,416	448,894
Other Financing Sources (Uses):				
Transfers In (Out)	(33,898)	27,147	(28,446)	(55,593)
Net Change in Fund Balance	4,669	(331)	392,970	393,301
Fund Balance, Beginning of Year	1,312,466	1,312,466	1,312,466	-
Fund Balance, End of Year	\$ 1,317,135	\$ 1,312,135	\$ 1,705,436	\$ 393,301

Tax Increment Financing District 4 Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 201,000	\$ 201,000	\$ 302,135	\$ 101,135
Net Investment Earnings - Interest	1,000	1,000	10,589	9,589
Licenses, Fines and Service Charges	-	-	17,037	17,037
Total Revenues	202,000	202,000	329,761	127,761
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	233,704	233,704	81,074	152,630
Capital Outlay	292,550	292,550	17,011	275,539
Total Expenditures	526,254	526,254	98,085	428,169
Net Change in Fund Balance	(324,254)	(324,254)	231,676	555,930
Fund Balance, Beginning of Year	124,707	124,707	124,707	-
Fund Balance, End of Year	<u>\$ (199,547)</u>	<u>\$ (199,547)</u>	<u>\$ 356,383</u>	<u>\$ 555,930</u>

CITY OF URBANA

Building Financing Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-State Grant	\$ 223,144	\$ 223,144	\$ -	\$ (223,144)
Investment Income - Interest	106,856	106,856	-	(106,856)
Total Revenues	330,000	330,000	-	(330,000)
Expenditures - Capital Outlay	212,705	212,705	12,705	200,000
Excess of Revenues Over (Under) Expenditures	117,295	117,295	(12,705)	(130,000)
Other Financing Sources (Uses):				
Transfers In (Out)	(117,295)	(117,295)	(1,647,183)	(1,529,888)
Net Change in Fund Balance	-	-	(1,659,888)	(1,659,888)
Fund Balance, Beginning of Year	1,816,543	1,816,543	1,816,543	-
Fund Balance, End of Year	<u>\$ 1,816,543</u>	<u>\$ 1,816,543</u>	<u>\$ 156,655</u>	<u>\$ (1,659,888)</u>

Economic Development Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 36,831	\$ (23,169)
Investment Income:				
Interest	69,000	69,000	70,402	1,402
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(1,396)	(1,396)
Total Net Investment Earnings	69,000	69,000	69,006	6
Licenses, Fines and Service Charges	53,500	53,500	69,218	15,718
Total Revenues	182,500	182,500	175,055	(7,445)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	13,200	13,200	10,872	2,328
Contractual Services	833,150	983,150	168,006	815,144
Total Expenditures	846,350	996,350	178,878	817,472
Net Revenues Over (Under) Expenditures	(663,850)	(813,850)	(3,823)	810,027
Other Financing Sources (Uses):				
Transfers In (Out)	(200,000)	(265,000)	-	265,000
Net Change in Fund Balance	(863,850)	(1,078,850)	(3,823)	1,075,027
Fund Balance, Beginning of Year	2,097,367	2,097,367	2,097,367	-
Fund Balance, End of Year	\$ 1,233,517	\$ 1,018,517	\$ 2,093,544	\$ 1,075,027

CITY OF URBANA

Sales Tax Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ 10,000	\$ 10,000	\$ 4,159	\$ (5,841)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(82)	(82)
Total Net Investment Earnings	10,000	10,000	4,077	(5,923)
Other Financing Sources (Uses):				
Transfers In (Out)	(338,676)	(338,676)	(224,218)	114,458
Net Change in Fund Balance	(328,676)	(328,676)	(220,141)	108,535
Fund Balance, Beginning of Year	255,865	255,865	255,865	-
Fund Balance, End of Year	<u>\$ (72,811)</u>	<u>\$ (72,811)</u>	<u>\$ 35,724</u>	<u>\$ 108,535</u>

Insurance Financing Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 80,000	\$ 80,000	\$ 149,650	\$ 69,650
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(2,968)	(2,968)
Total Net Investment Earnings	80,000	80,000	146,682	66,682
Other Financing Sources (Uses):				
Transfers In (Out)	132,000	132,000	(44,779)	(176,779)
Net Change in Fund Balance	212,000	212,000	101,903	(110,097)
Fund Balance, Beginning of Year	3,039,389	3,039,389	3,039,389	-
Fund Balance, End of Year	<u>\$ 3,251,389</u>	<u>\$ 3,251,389</u>	<u>\$ 3,141,292</u>	<u>\$ (110,097)</u>

CITY OF URBANA

Capital Improvement and Replacement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 543,000	\$ 555,000	\$ 512,777	\$ (42,223)
Investment Earnings:				
Interest	100,000	100,000	102,783	2,783
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(2,038)	(2,038)
Total Net Investment Earnings	100,000	100,000	100,745	745
Licenses, Fines, and Service Charges	4,000	467,000	54,662	(412,338)
Other	10,000	8,000	3,321	(4,679)
 Total Revenues	 657,000	 1,130,000	 671,505	 (458,495)
Expenditures:				
Current - Highways and Streets	132,017	144,017	97,846	46,171
Capital Outlay:				
Street and Light Improvements	3,168,653	3,274,653	490,765	2,783,888
Sewer Construction	152,597	152,597	117,751	34,846
 Total Capital Outlay	 3,321,250	 3,427,250	 608,516	 2,818,734
 Total Expenditures	 3,453,267	 3,571,267	 706,362	 2,864,905
 Net of Revenues Over (Under) Expenditures	 (2,796,267)	 (2,441,267)	 (34,857)	 2,406,410
Other Financing Sources (Uses):				
Transfers In	1,304,092	901,092	610,552	(290,540)
 Net Change in Fund Balance	 (1,492,175)	 (1,540,175)	 575,695	 2,115,870
 Fund Balance, Beginning of Year	 2,593,534	 2,593,534	 2,593,534	 -
 Fund Balance, End of Year	 \$ 1,101,359	 \$ 1,053,359	 \$ 3,169,229	 \$ 2,115,870

Sanitary Sewer Construction Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 826,000	\$ 826,000	\$ 797,783	\$ (28,217)
Investment Earnings:				
Interest	22,000	22,000	20,099	(1,901)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(399)	(399)
Total Net Investment Earnings	22,000	22,000	19,700	(2,300)
Licenses, Fines and Service Charges	-	-	15,341	15,341
Total Revenues	848,000	848,000	832,824	(15,176)
Expenditures:				
Current - Highways and Streets	4,700	4,700	4,486	214
Capital Outlay - Sewer Construction	694,112	694,112	126,621	567,491
Total Expenditures	698,812	698,812	131,107	567,705
Net of Revenues Over (Under) Expenditures	149,188	149,188	701,717	552,529
Other Financing Sources (Uses):				
Transfers (Out)	(422,610)	(422,610)	(422,610)	-
Net Change in Fund Balance	(273,422)	(273,422)	279,107	552,529
Fund Balance, Beginning of Year	587,569	587,569	587,569	-
Fund Balance, End of Year	\$ 314,147	\$ 314,147	\$ 866,676	\$ 552,529

ENTERPRISE FUND



CITY OF URBANA

Motor Vehicle Parking Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 798,950	\$ 798,950	\$ 886,819	\$ 87,869
Parking Rentals	249,950	249,950	234,046	(15,904)
Total Operating Revenues	<u>1,048,900</u>	<u>1,048,900</u>	<u>1,120,865</u>	<u>71,965</u>
Operating Expenses:				
Personnel Services	152,350	152,350	136,395	15,955
Supplies	44,110	44,110	49,303	(5,193)
Contractual Services	141,372	141,372	110,978	30,394
Depreciation	240,000	260,000	259,532	468
Total Operating Expenses	<u>577,832</u>	<u>597,832</u>	<u>556,208</u>	<u>41,624</u>
Operating Income	<u>471,068</u>	<u>451,068</u>	<u>564,657</u>	<u>113,589</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	25,000	25,000	71,218	46,218
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(1,412)	(1,412)
Total Net Investment Earnings	<u>25,000</u>	<u>25,000</u>	<u>69,806</u>	<u>44,806</u>
Interest Expense	<u>(370,000)</u>	<u>(342,590)</u>	<u>(74,332)</u>	<u>268,258</u>
Total Non-Operating Revenues (Expenses)	<u>(345,000)</u>	<u>(317,590)</u>	<u>(4,526)</u>	<u>313,064</u>
Income (Loss) Before Transfers	126,068	133,478	560,131	426,653
Transfers In (Out)	<u>(55,068)</u>	<u>(55,068)</u>	<u>(43,005)</u>	<u>12,063</u>
Change in Net Assets	71,000	78,410	517,126	438,716
Net Assets, Beginning of Year	<u>6,808,752</u>	<u>6,808,752</u>	<u>6,808,752</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 6,879,752</u>	<u>\$ 6,887,162</u>	<u>\$ 7,325,878</u>	<u>\$ 438,716</u>

INTERNAL SERVICE FUNDS



Internal Service Funds
Combining Statement of Net Assets

June 30, 2005

ASSETS	Central Garage	Worker's Compensation Retained Risk	Total
Current Assets:			
Cash and Cash Equivalents:			
Savings	\$ 57,955	\$ 235,612	\$ 293,567
Due from Other Funds	58,837	-	58,837
Inventory of Supplies, At Cost	69,245	-	69,245
Total Current Assets	<u>186,037</u>	<u>235,612</u>	<u>421,649</u>
Noncurrent Assets:			
Equipment	166,006	-	166,006
Less Accumulated Depreciation	<u>(93,485)</u>	<u>-</u>	<u>(93,485)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>72,521</u>	<u>-</u>	<u>72,521</u>
Total Assets	<u>258,558</u>	<u>235,612</u>	<u>494,170</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	18,045	235,612	253,657
Accrued Salaries and Taxes	<u>3,547</u>	<u>-</u>	<u>3,547</u>
Total Liabilities	<u>21,592</u>	<u>235,612</u>	<u>257,204</u>
NET ASSETS			
Invested in Capital Assets	72,521	-	72,521
Unrestricted	<u>164,445</u>	<u>-</u>	<u>164,445</u>
Total Net Assets	<u>\$ 236,966</u>	<u>\$ -</u>	<u>\$ 236,966</u>

CITY OF URBANA

Internal Service Funds
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2005

	Central Garage	Worker's Compensation Retained Risk	Total
Operating Revenues:			
Charges for Services	\$ 701,737	\$ 171,775	\$ 873,512
Operating Expenses:			
Personnel Services	277,495	67,505	345,000
Supplies	16,834	-	16,834
Contractual Services	97,030	33,789	130,819
Equipment Parts	135,029	-	135,029
Fuel	166,530	-	166,530
Depreciation	13,944	-	13,944
Worker's Compensation Claims	-	236,791	236,791
Total Operating Expenses	706,862	338,085	1,044,947
Operating Income (Loss)	(5,125)	(166,310)	(171,435)
Transfers In (Out)	(3,524)	166,310	162,786
Change in Net Assets	(8,649)	-	(8,649)
Net Assets, Beginning of Year	245,615	-	245,615
Net Assets, End of Year	\$ 236,966	\$ -	\$ 236,966

Internal Service Funds
Combining Statement of Cash Flows

Fiscal Year Ended June 30, 2005

	Central Garage	Worker's Compensation Retained Risk	Total
Cash Flows from Operating Activities:			
Receipts from Users	\$ 704,179	\$ 171,775	\$ 875,954
Payments to Employees	(283,908)	(67,505)	(351,413)
Payments to Suppliers	(413,125)	(33,789)	(446,914)
Worker's Compensations Claims	-	(132,308)	(132,308)
Net Cash Provided by (Used in) Operating Activities	7,146	(61,827)	(54,681)
Cash Flows from Non-Capital Financing Activities:			
Transfers In (Out)	(3,524)	166,310	162,786
Cash Flows from Capital and Related Financing Activities:			
Purchase of Equipment	(5,079)	-	(5,079)
Increase in Cash and Cash Equivalents	(1,457)	104,483	103,026
Beginning Cash and Cash Equivalents	59,412	131,129	190,541
Ending Cash and Cash Equivalents	\$ 57,955	\$ 235,612	\$ 293,567
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Net Income (Loss)	\$ (5,126)	\$ (166,310)	\$ (171,436)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	13,944	-	13,944
Decrease in Due from Other Fur	2,442	-	2,442
Decrease in Inventory of Suppl	6,148	-	6,148
Decrease (Increase) in Accour	(3,849)	104,483	100,634
(Increase) in Accrued Salaries	(6,413)	-	(6,413)
Net Cash Provided by (Used in) Operating Activities	\$ 7,146	\$ (61,827)	\$ (54,681)

CITY OF URBANA

Central Garage Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 726,200	\$ 726,200	\$ 701,737	\$ (24,463)
Operating Expenses:				
Personnel Services	279,900	279,900	277,495	2,405
Supplies	18,270	18,270	16,834	1,436
Contractual Services	137,906	137,906	97,030	40,876
Equipment Parts	147,000	147,000	135,029	11,971
Fuel	175,000	175,000	166,530	8,470
Depreciation	23,400	23,400	13,944	9,456
Total Operating Expenses	781,476	781,476	706,862	74,614
Operating Income (Loss) Before Transfers	(55,276)	(55,276)	(5,125)	50,151
Transfers In (Out)	(3,524)	(3,524)	(3,524)	-
Change in Net Assets	(58,800)	(58,800)	(8,649)	50,151
Net Assets, Beginning of Year	245,615	245,615	245,615	-
Net Assets, End of Year	\$ 186,815	\$ 186,815	\$ 236,966	\$ 50,151

Worker's Compensation Retained Risk Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 168,610	\$ 168,610	\$ 171,775	\$ 3,165
Operating Expenses:				
Personnel Services	78,672	78,672	67,505	11,167
Contractual Services	39,977	39,977	33,789	6,188
Worker's Compensation Claims	667,027	667,027	236,791	430,236
Total Operating Expenses	785,676	785,676	338,085	447,591
Operating Income (Loss)	(617,066)	(617,066)	(166,310)	450,756
Transfers In	-	-	166,310	166,310
Change in Net Assets	(617,066)	(617,066)	-	617,066
Net Assets, Beginning of Year	-	-	-	-
Net Assets, End of Year	<u>\$ (617,066)</u>	<u>\$ (617,066)</u>	<u>\$ -</u>	<u>\$ 617,066</u>

CITY OF URBANA

Fiduciary Funds - Pension Trust Funds
Combining Statement of Fiduciary Net Assets

June 30, 2005

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ -	\$ 237	\$ 237
Savings	1,051,622	957,001	2,008,623
Money Market Funds	24,863	107,996	132,859
Total Cash and Cash Equivalents	<u>1,076,485</u>	<u>1,065,234</u>	<u>2,141,719</u>
Investments, at Fair Value:			
U.S. Government Securities	11,411,289	7,998,244	19,409,533
Certificates of Deposit	1,405,455	-	1,405,455
Mutual Funds	9,502,954	7,456,547	16,959,501
Total Investments	<u>22,319,698</u>	<u>15,454,791</u>	<u>37,774,489</u>
Receivables (Net of Uncollectibles)			
Property Tax	427,616	592,221	1,019,837
Accrued Interest	15,276	96,073	111,349
Total Assets	<u>23,839,075</u>	<u>17,208,319</u>	<u>41,047,394</u>
 LIABILITIES			
Accounts Payable	3,431	22,597	26,028
Accrued Salaries and Taxes	-	9,214	9,214
Total Liabilities	<u>3,431</u>	<u>31,811</u>	<u>35,242</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 23,835,644</u>	<u>\$ 17,176,508</u>	<u>\$ 41,012,152</u>

CITY OF URBANA

Fiduciary Funds - Pension Trust Funds
 Combining Statement of Changes in Fiduciary Net Assets

Fiscal Year Ended June 30, 2005

	Firemen's Pension	Policemen's Pension	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Employer Contributions	\$ 927,204	\$ 1,258,282	\$ 2,185,486
Employee Contributions	247,833	298,011	545,844
Total Contributions	<u>1,175,037</u>	<u>1,556,293</u>	<u>2,731,330</u>
Investment Income:			
Interest and Dividends	740,638	516,036	1,256,674
Net Increase (Decrease) in Fair Value of Investments	<u>1,179,211</u>	<u>322,304</u>	<u>1,501,515</u>
Total Investment Income	<u>1,919,849</u>	<u>838,340</u>	<u>2,758,189</u>
Less Investment Expense	<u>(4,495)</u>	<u>(69,105)</u>	<u>(73,600)</u>
Net Investment Income	<u>1,915,354</u>	<u>769,235</u>	<u>2,684,589</u>
Total Additions	<u>3,090,391</u>	<u>2,325,528</u>	<u>5,415,919</u>
Deductions:			
Benefits	1,310,124	1,157,645	2,467,769
Administrative Costs	<u>12,891</u>	<u>19,569</u>	<u>32,460</u>
Total Deductions	<u>1,323,015</u>	<u>1,177,214</u>	<u>2,500,229</u>
Change in Net Assets	1,767,376	1,148,314	2,915,690
Net Assets, Beginning of Year	<u>22,068,268</u>	<u>16,028,194</u>	<u>38,096,462</u>
Net Assets, End of Year	<u>\$ 23,835,644</u>	<u>\$ 17,176,508</u>	<u>\$ 41,012,152</u>

STATISTICAL SECTION



CITY OF URBANA

Government-wide Expenses by Function

1996 - 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety					\$ 9,006,645	\$9,344,652	\$9,839,621	\$9,800,643	\$10,386,914	\$10,838,474
Highways and Streets					7,461,185	6,993,107	6,954,657	7,354,100	7,554,246	9,773,487
General Government					1,917,145	1,998,922	2,091,136	2,234,056	2,338,256	2,475,283
Urban Redevelopment and Housing				INFORMATION BEFORE 1999 IS NOT AVAILABLE	3,410,603	3,578,934	3,249,966	3,412,707	3,840,098	4,390,314
Library Services					2,170,881	2,360,302	2,403,620	2,325,974	2,460,989	2,665,501
Interest on Long Term Debt					58,065	39,232	25,717	4,450	--	--
Motor Vehicle Parking					<u>594,284</u>	<u>583,125</u>	<u>580,178</u>	<u>627,612</u>	<u>606,390</u>	<u>630,540</u>
Total					<u>\$24,616,828</u>	<u>\$24,897,274</u>	<u>\$25,144,895</u>	<u>\$25,759,545</u>	<u>\$27,186,893</u>	<u>\$30,773,599</u>

CITY OF URBANA
Government-wide Revenues

1996 - 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Program Revenues:										
Charges for Services					\$ 4,870,989	\$ 5,273,599	\$5,466,857	\$5,818,734	\$6,286,708	\$6,336,029
Operating Grants and Contributions					2,711,469	2,282,525	2,283,795	1,364,087	2,011,996	2,344,608
Capital Grants and Contributions					--	--	6,614	470,533	450,000	8,515
General Revenues:	INFORMATION BEFORE 1999 IS NOT AVAILABLE									
Property Tax					6,063,053	6,193,883	6,259,205	6,816,463	7,191,397	7,808,961
Utility Tax					3,295,625	3,675,184	3,391,827	3,858,619	3,861,075	3,921,989
State Sales Tax					3,487,139	3,451,347	3,544,544	3,382,787	3,511,007	3,684,134
Intergovernmental, not Restricted for Programs					4,218,595	4,615,117	5,823,783	5,900,695	5,558,434	5,104,010
Investment Income					1,159,216	1,725,316	976,840	1,328,080	169,261	1,029,185
Municipal Sales Tax					1,973,384	2,088,866	2,062,862	2,115,078	2,174,137	2,354,358
Other Taxes					1,131,926	1,294,791	1,322,492	1,413,431	1,428,145	1,410,614
Other					<u>7,391</u>	<u>97,735</u>	<u>712,579</u>	<u>505,588</u>	<u>481,157</u>	<u>157,209</u>

Total	<u>\$28,918,787</u>	<u>\$29,698,363</u>	<u>\$31,851,398</u>	<u>\$32,974,095</u>	<u>\$33,123,317</u>	<u>\$34,159,612</u>
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CITY OF URBANA

General Governmental Expenditures by Function
All Governmental Fund Types

1996 - 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety	\$ 5,697,114	\$ 6,667,554	\$ 7,218,190	\$ 7,987,766	\$ 8,538,859	\$ 9,048,918	\$ 9,527,582	\$9,918,494	\$10,551,920	\$11,140,645
Highways and Streets	3,815,463	3,861,232	3,969,182	4,146,427	4,418,632	4,486,531	4,658,567	5,052,275	5,235,825	5,676,391
General Government	2,268,314	1,674,295	1,652,481	1,787,030	1,845,006	1,928,221	2,015,611	2,195,157	2,260,525	2,400,318
Urban Redevelopment and Housing	1,455,401	2,805,506	2,977,474	2,720,502	3,382,667	3,565,861	3,236,816	3,401,643	3,822,049	4,383,155
Library Services	1,761,857	1,813,966	1,908,429	2,018,048	2,096,563	2,258,008	2,359,471	2,273,567	2,383,293	2,533,063
Debt Service	255,548	255,582	253,716	254,903	260,095	256,985	255,706	482,304	--	--
Capital Projects	<u>4,750,004</u>	<u>5,766,632</u>	<u>6,952,643</u>	<u>6,325,971</u>	<u>4,660,922</u>	<u>4,897,358</u>	<u>6,358,128</u>	<u>8,974,496</u>	<u>8,963,716</u>	<u>6,930,996</u>
Total	<u>\$20,003,701</u>	<u>\$22,844,767</u>	<u>\$24,932,115</u>	<u>\$25,240,647</u>	<u>\$25,202,744</u>	<u>\$26,441,882</u>	<u>\$28,411,881</u>	<u>\$32,297,936</u>	<u>\$33,217,328</u>	<u>\$33,064,568</u>

CITY OF URBANA

General Governmental Revenues by Source
All Governmental Fund Types

1996 - 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Property Tax	\$ 3,989,254	\$ 4,872,054	\$ 5,008,346	\$ 5,526,884	\$ 5,880,930	\$ 6,080,692	\$ 6,305,063	\$6,673,611	\$7,556,496	\$7,694,664
Utility Tax	2,697,344	2,742,049	2,804,077	3,092,749	3,295,625	3,675,184	3,391,827	3,858,619	3,861,075	3,921,989
State Sales Tax	2,903,130	2,947,988	3,085,728	3,180,629	3,487,139	3,451,347	3,544,544	3,382,787	3,511,007	3,684,134
Other Taxes	2,668,260	2,849,916	2,822,596	2,946,532	3,105,310	3,383,657	3,385,354	3,528,509	3,602,282	3,764,972
Intergovernmental	4,677,530	5,130,642	5,632,322	7,831,993	7,983,596	9,013,745	9,291,622	8,951,297	9,410,815	8,781,386
Investment Income	1,067,934	1,110,640	1,160,973	792,501	1,069,164	1,631,838	932,775	1,297,079	154,580	959,379
Special Assessments	65	--	--	--	--	--	--	--	--	--
Licenses, Fines and Service Charges	2,210,676	2,269,809	2,909,026	3,424,933	3,011,093	3,378,878	3,360,449	3,499,106	3,857,896	3,890,911
Other	<u>191,112</u>	<u>78,897</u>	<u>126,285</u>	<u>7,103</u>	<u>7,391</u>	<u>495,041</u>	<u>672,922</u>	<u>488,632</u>	<u>484,689</u>	<u>153,549</u>
Total	<u>\$20,405,305</u>	<u>\$22,001,995</u>	<u>\$23,549,353</u>	<u>\$26,803,324</u>	<u>\$27,840,248</u>	<u>\$31,110,382</u>	<u>\$30,884,556</u>	<u>\$31,679,640</u>	<u>\$32,438,840</u>	<u>\$32,850,984</u>

CITY OF URBANA
Property Tax Levies and Collection
Fiscal Years 1996 - 2005

<u>Revenue Year</u>	<u>Fiscal Year</u>	<u>Taxes Extended</u>	<u>(Over) Under Collected</u>	<u>Total Collection</u>	<u>Percent Collected</u>
2004	2005	\$5,612,832	\$2,708,121	\$2,904,711	51.7%
2003	2004	5,019,338	(10,336)	5,009,002	99.8%
2002	2003	4,659,407	(93,207)	4,566,200	98.0%
2001	2002	4,469,662	(29,171)	4,440,491	99.3%
2000	2001	4,452,251	(43,101)	4,409,150	99.0%
1999	2000	4,301,563	(184)	4,301,379	100.0%
1998	1999	4,136,200	(4,281)	4,131,919	99.9%
1997	1998	3,977,243	(55,458)	3,921,785	98.6%
1996	1997	3,601,794	--	3,601,794	100.0%
1995	1996	3,671,999	--	3,671,999	100.0%

Note: Does not include tax increment or special service area.
Revenue year is the calendar year in which the taxes are extended against the equalized assessed valuation.
Collections in the current fiscal year normally reflect approximately 50% of the year's levy.

CITY OF URBANA

Assessed and Estimated Actual Value of Taxable Property

1996 - 2005

<u>Fiscal Year</u>	<u>Assessed</u>	<u>Actual</u>	<u>Ratio of Assessed To Actual</u>
2005	\$427,807,311	\$1,283,421,933	33%
2004	382,571,476	1,147,714,428	33%
2003	353,574,662	1,060,723,986	33%
2002	335,711,396	1,007,134,188	33%
2001	324,389,854	973,169,562	33%
2000	309,353,707	928,061,121	33%
1999	282,207,629	846,622,887	33%
1998	268,152,819	804,458,457	33%
1997	254,381,957	763,145,871	33%
1996	247,222,701	741,668,103	33%

Note: State law prescribes an assessment ratio of 33% of actual value.

CITY OF URBANA

Property Tax Rates - Direct and Overlapping Government

Revenue Years 1995 - 2004

TAX RATES (PER \$100 ASSESSED VALUATION)

<u>Fiscal Year</u>	<u>Revenue Year</u>	<u>School Unit 116</u>	<u>Urbana City</u>	<u>Champaign County</u>	<u>Park District</u>	<u>Parkland College</u>	<u>Mass Transit</u>	<u>Cunningham Township</u>	<u>Public Health</u>	<u>Forest Preserve</u>	<u>Total</u>
2005	2004	4.4758	1.3120	.7981	.7463	.4847	.2677	.1988	.1126	.0839	8.4799
2004	2003	4.5961	1.3120	.7048	.7534	.4838	.2695	.2017	.1135	.0840	8.5188
2003	2002	4.6701	1.3178	.7117	.7767	.4652	.2728	.2048	.1152	.0850	8.6193
2002	2001	4.7448	1.3314	.6200	.7939	.4556	.2772	.2051	.1172	.0859	8.6311
2001	2000	4.7245	1.3725	.6201	.7960	.4469	.2764	.1547	.1170	.0855	8.5936
2000	1999	4.7839	1.3905	.6425	.8122	.4659	.2813	.2265	.1206	.0885	8.8119
1999	1998	4.8976	1.4656	.6768	.8456	.4692	.2839	.2372	.1300	.0922	9.0981
1998	1997	4.8978	1.4832	.6904	.8687	.4602	.2854	.2464	.1438	.0959	9.1718
1997	1996	5.0026	1.4159	.6773	.8957	.4622	.2868	.2490	.1596	.0977	9.2468
1996	1995	4.8022	1.4853	.6835	.8193	.4777	.2167	.2457	.1594	.0982	8.9880

Taxes for Urbana are collected by Champaign County. Collections are distributed shortly after collection date by the County. Normally, approximately 100% of the levy is received.

CITY OF URBANA
 Special Assessment Collections
 Fiscal Year 1996 - 2005

<u>Fiscal Year</u>	<u>Assessments Due</u>	<u>Assessments Collected</u>	<u>Ratio Collections To Amounts Due</u>	<u>Total Assessments Receivable at End of Year</u>
2005	NO ASSESSMENTS WERE DUE AFTER 1996			
2004				
2003				
2002				
2001				
2000				
1999				
1998				
1997				
1996	\$ 66	\$ 66	1.00	\$ 65

Special Assessment payments are due over a period of five to ten years.

CITY OF URBANA

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

1996 - 2005

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General * Bonded Debt</u>	<u>Less Amount in Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Net Bonded Debt</u>	
						<u>Ratio of Debt to Assessed Value</u>	<u>Ratio of Debt Per Capita</u>
2005	36,555	\$427,807,311	\$ --	--	\$ --	0%	\$0.00
2004	36,515	382,571,476	--	--	-	0%	0.00
2003	36,475	353,574,662	--	--	--	0%	0.00
2002	36,435	335,711,396	470,095	--	470,095	.14%	12.90
2001	36,395	324,389,854	692,400	--	692,400	.21%	19.02
2000	36,395	309,353,707	904,175	--	904,175	.29%	24.84
1999	36,344	282,207,629	1,108,185	--	1,108,185	.39%	30.49
1998	36,334	268,152,819	1,297,995	--	1,297,995	.48%	35.72
1997	36,344	254,381,957	1,483,252	--	1,483,252	.58%	40.81
1996	36,344	247,222,701	1,660,354	--	1,660,354	.67%	45.68

*Revenue and special assessment debt not included.

CITY OF URBANA
Computation of Legal Debt Margin
June 30, 2005

The City of Urbana is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule community, no statutory debt limit exists.

CITY OF URBANA
 Computation of Direct and Overlapping Debt
 June 30, 2005

<u>Jurisdiction</u>	<u>Principal Debt Outstanding</u>	<u>Percentage Applicable to City of Urbana</u>	<u>Amount Applicable to City of Urbana</u>
School District #116	\$30,849,235	83.2%	\$25,666,563
City of Urbana	0	100.0%	0
Champaign County	50,216,631	16.5%	8,300,809
Forest Preserve	194,000	16.3%	31,622
Urbana Park District	<u>1,150,000</u>	98.4%	<u>1,131,600</u>
Total	<u>\$82,409,866</u>		<u>\$35,130,594</u>

This schedule represents the City of Urbana's proportionate share of any overlapping governmental unit's outstanding debt. For example, Champaign County's taxing district's assessed valuation is \$2,587,805,754. The City of Urbana's proportionate share is computed by dividing Urbana's assessed value of \$427,807,311 by \$2,587,805,754 and multiplying this rate by Champaign County's \$50,216,631 outstanding debt. An overlapping government unit is any, which levies a tax on a citizen of Urbana. This schedule does not include revenue supported debt.

CITY OF URBANA

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total Governmental Expenditures

1996 - 2005

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Service to Govt. Expenditures</u>
2005	\$ --	\$ --	\$ --	\$33,064,568	.0000
2004	--	--	--	33,217,328	.0000
2003	470,095	12,209	482,304	32,297,936	.0149
2002	222,305	33,401	255,706	28,411,881	.0090
2001	211,775	45,210	256,985	26,441,882	.0097
2000	204,010	56,085	260,095	25,202,744	.0103
1999	188,480	66,423	254,903	25,240,647	.0101
1998	177,950	75,766	253,716	24,932,115	.0102
1997	170,185	85,397	255,582	22,844,767	.0119
1996	162,420	93,128	255,548	20,003,701	.0128

CITY OF URBANA

Schedule of Revenue Supported Bond Coverage

1996 - 2005

<u>Year</u>	<u>Revenue (1)</u>	<u>Expense (2)</u>	<u>Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total (4)</u>	<u>Coverage (3)</u>
2005	\$1,190,671	\$339,681	\$850,990	292,043	\$90,020	\$382,063	2.22
2004	1,045,646	304,358	741,288	271,583	95,895	367,478	2.01
2003	1,126,492	346,731	779,761	530,945	116,657	647,602	1.20
2002	1,174,626	219,897	954,729	442,695	132,507	575,202	1.66
2001	1,116,435	225,442	890,993	418,225	152,889	571,114	1.56
2000	1,031,628	224,979	806,649	400,990	168,357	569,347	1.42
1999	996,292	248,918	747,374	381,520	191,843	573,363	1.30
1998	1,040,419	262,312	778,107	367,050	217,935	584,985	1.33
1997	1,072,670	281,443	791,227	354,815	243,306	598,121	1.32
1996	1,074,551	248,371	826,180	337,580	268,064	605,644	1.36

(1) Includes operating revenues, interest income, and operating transfers in.

(2) Total expenses exclusive of interest and depreciation, including transfers out.

(3) Net Revenues available for Debt Service divided by Debt Service Payments.

(4) Revenue supported bonds issued by the City during this period were the Parking System Bonds, issued in 1977, the 1963 Construction Bonds, which were paid off early in 1977, Downtown Parking Bonds, issued in 1981, which were refunded early by the 1985 Parking Bonds, which in turn were refunded by the 1994A and 1994B Parking Bonds, the 1991 Parking Bonds, which were refunded by the 1994C Parking Bonds, and the 2005 Parking Bonds.

CITY OF URBANA
Demographic Statistics
1995 - 2004

<u>Calendar Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(1) Median Age</u>	<u>(1) Education Level in Years of Formal Schooling</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2004	36,555	\$27,006	24.6	13.1	4,369	4.8%
2003	36,515	26,762	24.6	13.1	4,414	5.4%
2002	36,475	26,736	24.6	13.1	4,574	3.6%
2001	36,435	25,331	24.6	13.1	4,583	3.1%
2000	36,395	25,233	24.6	13.1	4,663	2.5%
1999	36,344	24,590	25.5	13.0	4,724	2.5%
1998	36,344	23,278	25.5	12.9	4,772	2.7%
1997	36,344	21,676	25.5	12.8	4,591	2.8%
1996	36,344	20,376	25.5	12.8	4,722	2.5%
1995	36,344	19,237	25.5	12.7	4,921	3.7%

- Notes:
- (1) Estimate by City Staff from U.S. Bureau of Census information
 - (2) Bureau of Economic Analysis, U.S. Commerce Dept.
 - (3) Superintendent of Urbana School District 116
 - (4) Illinois Bureau of Employment Security, expressed as a percentage

CITY OF URBANA
Property and Construction Value
1995 - 2004

Calendar Year	Commercial Construction (1)		Residential Construction (1)		Total Value	Current Property Value (2)		
	Number Of Units	Value	Number Of Units	Value		Commercial	Residential	Total
2004	26	\$50,380,135	245	\$26,425,905	\$76,806,040	\$528,647,865	\$754,774,068	\$1,283,421,933
2003	17	6,944,828	182	24,764,309	31,709,137	462,461,259	685,253,169	1,147,714,428
2002	14	11,260,644	115	15,569,018	19,340,718	431,720,217	629,003,769	1,060,723,986
2001	4	1,471,000	86	12,343,185	13,814,185	418,670,844	588,463,344	1,007,134,188
2000	25	21,620,412	55	18,147,032	39,767,444	404,936,133	568,233,429	973,169,562
1999	19	10,532,254	117	10,147,234	20,679,488	389,051,979	539,009,142	928,061,121
1998	15	13,499,519	177	11,766,176	25,265,695	348,006,495	498,616,392	846,622,887
1997	9	22,839,970	68	31,023,388	53,863,358	330,125,295	474,333,162	804,458,457
1996	20	20,208,363	86	4,107,165	24,315,528	308,901,609	454,244,262	763,145,871
1995	20	10,503,544	78	3,433,936	13,937,480	296,667,241	445,000,862	741,668,103

(1) Compiled from building permits issued.

(2) Per Champaign County Clerk

CITY OF URBANA
Principal Property Taxpayers
June 30, 2005

<u>Name of Company</u>	<u>2004 Equalized Assessed Value</u>	<u>Percent of Total Assessed Valuation</u>
1. Carle Foundation (Health Care)	\$35,974,880	8.4%
2. Provena Covenant (Health Care)	13,947,340	3.3%
3. Campus Property Management (Residential Housing)	9,732,320	2.3%
4. Melrose Apartments (Residential Housing)	5,991,440	1.4%
5. Town and Country Apartments (Residential Housing)	5,911,670	1.4%
6. J. M. Jones Company (Food Service)	3,988,920	0.9%
7. Flex-N-Gate (Manufacturing)	3,785,160	0.9%
8. Clark Lindsey Village (Residential Retirement)	3,777,820	0.9%
9. Holiday Inn (Hotel)	3,618,160	0.8%
10. University Commons Apart. (Residential Housing)	<u>3,486,330</u>	<u>0.8%</u>
	<u>\$90,214,040</u>	<u>21.1%</u>

CITY OF URBANA

Miscellaneous Statistical Data

June 30, 2005

Date of Incorporation	1854
Form of Government	Mayoral
Population	36,555
Area - Square Miles	11.5
Miles of Streets	128.3
Miles of Sewers	201.8
Number of Street Lights	3,469
Number of Dwelling Units	16,299
Fire Protection	
Number of Stations	4
Number of Firefighters	58
Police Protection	
Number of Stations	1
Number of Police Officers	50
Education - School District 116	
Number of Elementary Schools	7
Number of Secondary Schools	2
Recreation - Park District	
Number of Parks	24
Number of Acres	582
Number of Swimming Pools	2
Full-time Equivalent Employee Budgeted Positions	309
Population:	
1930	13,060
1940	14,064
1950	22,834
1960	27,294
1970	33,976
1980	35,978
1990	36,198
2000	36,395

CITY OF URBANA
 City Tax Rates
 (Per \$100 of Assessed Value)
 1996 - 2005

<u>Fiscal Year</u>	<u>I.M.R.F.</u>	<u>General</u>	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Library</u>	<u>Totals</u>
2005	--	.3269	.2050	.2851	.4950	1.3120
2004	--	.2941	.2008	.2909	.5262	1.3120
2003	--	.2954	.1817	.2933	.5474	1.3178
2002	--	.3429	.1412	.3040	.5433	1.3314
2001	--	.4302	.1328	.2860	.5235	1.3725
2000	--	.4387	.1314	.2953	.5251	1.3905
1999	--	.4879	.1287	.3008	.5482	1.4656
1998	.3015	.2045	.1172	.3152	.5448	1.4832
1997	.3178	.1698	.1283	.2557	.5443	1.4159
1996	.4254	.2655	.1252	.1307	.5385	1.4853