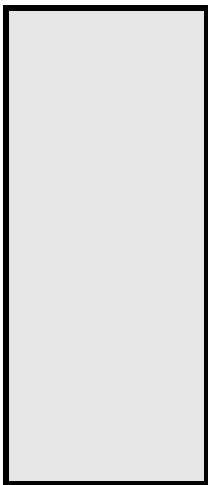


CITY OF

Urbana,
Illinois



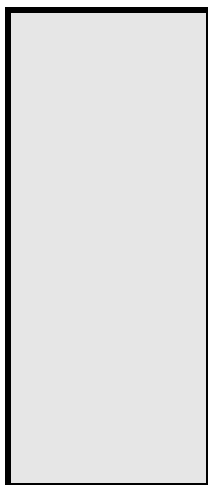
Comprehensive Annual Financial Report

For the Year Ended June 30, 2004



CITY OF

Urbana,
Illinois



Comprehensive Annual Financial Report

For the Year Ended June 30, 2004

Prepared By:

Finance Department
Ronald C. Eldridge
Comptroller

CITY OF URBANA, ILLINOIS
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Year Ended June 30, 2004

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December 1, 2004

To the Citizens of the City of Urbana:

The Comprehensive Annual Financial Report (CAFR) of the City of Urbana, Illinois, for the fiscal year ended June 30, 2004 is submitted herewith. The CAFR is management's annual financial report to its taxpayers, governing board, oversight bodies, investors and creditors.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City of Urbana, and in particular, the City Comptroller. 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.

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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Urbana's MD&A can be found on pages 12-22.

The CAFR is presented in three sections:

The introductory section contains this transmittal letter, G.F.O.A. Certificate of Achievement Award, list of principal officials, and organizational chart.

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, the basic financial statements, the notes to the financial statements, required supplemental information, and the combining and individual non-major fund statements and schedules.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

GENERAL INFORMATION

The City of Urbana 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 36,515 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.

REPORTING ENTITY AND SERVICES PROVIDED

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, the Champaign-Urbana Solid Waste Disposal System. 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 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

ECONOMIC CONDITION AND OUTLOOK

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 3.4%, property values to average 5.1% annual growth and per-capita income to

average 2.7% 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 7% of total city revenues and 14% of General Fund revenues. In addition, the State of Illinois has begun to review all its various revenue sharing formulas with local governments. If the general State economy does not improve or the State Legislature changes some of these revenue sharing formulas, revenues may not be sufficient to continue current service levels in the future. If this occurs, the City will have to examine the possibility of enacting revenues enhancements or expenditure reductions.

MAJOR INITIATIVES

Significant initiatives for the City in the current year are:

- a) Continue to monitor the construction of a 7.4 million-dollar renovation to the City's street lighting system. At the end of fiscal year 2004, \$5.5 million has been spent toward this project, with the balance of \$1.9 million allocated for spending over the next 2 years.
- b) Continue to monitor the construction of a \$8.25 million addition to the City Library building. Construction began in spring of 2003 and is scheduled for completion in Spring of 2005. At the end of fiscal year 2004, \$6.2 million has been spent toward this project.
- c) Monitor the final stages of a \$3.5 million comprehensive renovation to the sidewalks, streetscape, and lighting in the downtown area. The majority of this work should be completed by the fall of 2005.
- d) Monitor the construction of approximately \$1.5 million of land improvements near an old City landfill. These improvements will prevent future erosion on a nearby waterway. By the end of fiscal year 2004, \$211,000 has been spent toward this project with the balance to be spent over the next 2 years.
- e) Complete adoption of a new comprehensive plan by June 2004. The last comprehensive plan, which provides policies by which land use, neighborhood preservation, economic development, transportation, social, environmental and quality of life decisions are made within the City and properties within 1-1/2 miles of the City limits, was last approved in 1982.

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. One technology that is currently being studied is the implementation of a Geographical Information System (GIS) that will provide enhanced information concerning properties and infrastructure improvements in the City.
- b) Closely monitor the City's revenue and expenditure systems, especially given the current depression in the State economy. A significant portion of City revenues is received from State revenue sharing programs. It may be necessary to curtail certain expenditure levels if amounts from these revenue sharing programs continue to be adversely impacted.
- c) Monitor the progress of certain significant economic development projects that are currently in various stages of deliberation or construction:
 1. A residential housing complex centered around a privately financed public golf course, which was opened in the spring of 1999.
 2. Improvements and changes made to the downtown-enclosed retail shopping mall.
 3. Identify and implement initial redevelopment efforts in the Tax Increment Financing District Area 4, which is located in the northern part of the city limits.
 4. Receive approval for a new Tax Increment Financing District Area 5.

FINANCIAL INFORMATION

Management is responsible for and gives extensive consideration to its system of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of records for preparing financial reports and maintaining accountability for assets. The independent auditors also review internal control. Recommendations for improvements and weaknesses discovered are disclosed as a part of that audit. No instances of material weaknesses in the City's internal control system were noted in this audit.

Management is also responsible for maintaining certain budgetary controls to ensure compliance with various 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.

JOINT VENTURES

The City 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.

PENSION TRUST FUNDS

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 2004 (same in 2003) and the City is required to contribute the remaining amounts necessary to fund the system, based on an actuarially determined amount that accumulates sufficient assets to pay benefits when due. The City contributed 6.7% of salaries in calendar year 2004 (2.5% in 2003). At December 31, 2003, the IMRF retirement plan was 9.8% under-funded as a percentage of covered salary (21.6% over-funded at December 31, 2002). 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 and the City is required to contribute an amount actuarially determined, such that sufficient assets will be available to pay benefits when due. The amount contributed by the City equaled 43% of salaries in 2004 (42% in 2003). The unfunded actuarial accrued liability at June 30, 2003, was 320% of covered salaries, (294% at June 30, 2002). 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 8.5% of their salary in fiscal year 2004 (increased to 9.5% on July 1, 2004) and the City is required to contribute an amount actuarially determined, such that

sufficient assets will be available to pay benefits when due. The amount contributed by the City equaled 34% of salaries in 2004 (30% in 2003). The unfunded actuarial accrued liability at June 30, 2003, was 153% of covered salaries, up from 103% in 2002. 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, 2004 was \$69,089,047 (\$65,852,511 in 2003). The average yield of investments was 4.8% in 2004 (5.6% in 2003) before the impact of increases in the market value of investments during the year. After the impact of these market increases, the City earned \$2,589,674 on its investments in 2004 (6.7%), as compared to a gain of \$3,032,737 in 2003 (7.0%). These amounts include pension trust funds. A breakdown of deposits and investments by category follows (including pension trust funds):

	<u>Amount</u>	<u>Percent Total</u>
U.S. Government Securities in which the securities are insured or held by the City's agent in the City's name	\$33,032,384	47%
Deposits insured by federal depository insurance	3,859,096	5%
Deposits collateralized with collateral held by the City's agent in the name of the City	11,788,216	17%
Illinois Public Treasurer's Investment Pool and other investments in which the City interest is not in specific securities	4,247,456	6%
Not insured or collateralized (equities)	<u>16,161,895</u>	25%
	<u>\$69,089,047</u>	

RISK MANAGEMENT

The City purchases commercial insurance to insure exposure to loss from risks other than worker's compensation claims. The City self-insures worker's compensation losses up to a limit of \$400,000 per individual claim. The results of the self-insurance program are reported in the City's Worker's Compensation Retained Risk Internal Service Fund.

OTHER INFORMATION

State statutes require an annual audit of the books of account, financial records, and transactions by an independent certified public accountant. 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 is included in the financial section of this report. The auditor's report relative to the Federal Single Audit Act is reported separately.

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, 2003. This was the 16th 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

/sda

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, 2003

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



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2004

Elected Officials

Mayor
Tod Satterthwaite

City Clerk
Phyllis D. Clark

Aldерwoman
Ester Patt

Aldерwoman
Ruth Wyman

Alderman
James H. Hayes, Jr.

Aldерwoman
Danielle Chynoweth

Alderman
Dennis Roberts

Alderman
Joseph A. Whelan, Jr.

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

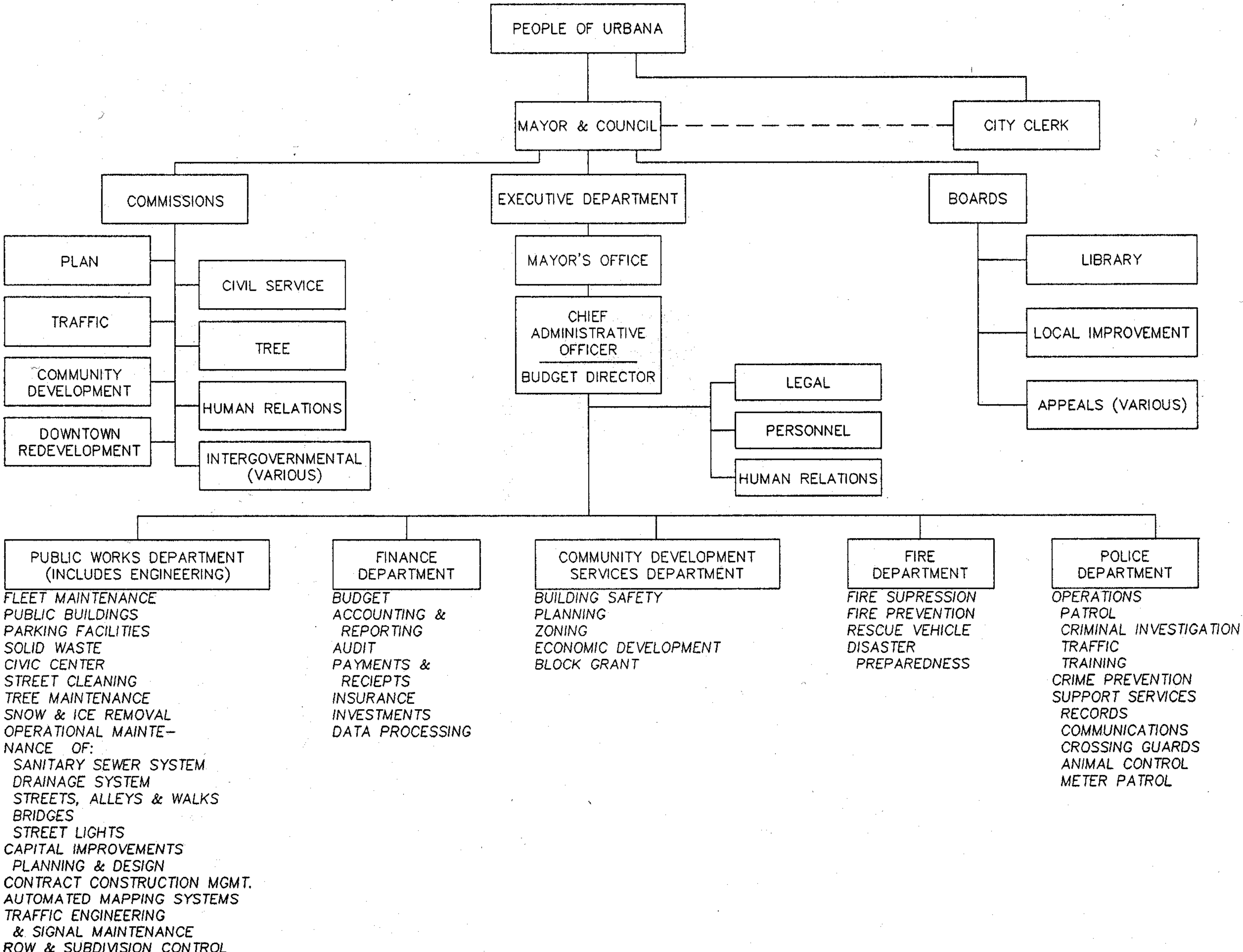
Corporation Counsel
Steve Holz

City Comptroller
Ronald C. Eldridge

Personnel Director
Mona Shannon

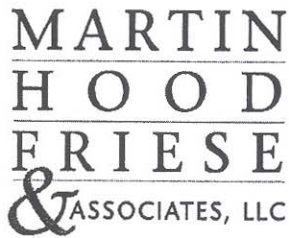
Urbana Free Library Director
Fred Schlipf

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

INDEPENDENT AUDITORS' REPORT

Honorable Tod Satterthwaite, 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, 2004, 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 an opinion on the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of June 30, 2004, 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, and Building Financing 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 3, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 12 through 22 is not a required part of the basic financial statements but is 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 an opinion 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 3, 2004

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Management's Discussion and Analysis

June 30, 2004

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, 2004. 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, 2004, by \$102,264,600. Of this amount \$31,602,097 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$7,029,064 during the year.
- At June 30, 2004, the governmental funds reported combined fund balances of \$29,507,523, of which \$29,031,988 was unreserved and is available for spending at the City's discretion.
- Governmental fund balances decreased \$200,839 (0.7%) during the year.
- The City's long-term debt decreased \$240,501 due to scheduled debt principal retirements of \$300,233, and a net increase in accumulated compensated employee absences of \$59,732.

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, 2004

- 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-two 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 and Building Financing Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual

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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 34-37 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 Policemen's Pension Trust Funds. The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

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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 41-72 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 73 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 75-107 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 2003 amounts have been restated due to a correction of an error (see note J-Prior Period Adjustment on page 72):

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	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$38,088	\$36,352	\$1,968	\$1,857	\$40,056	\$38,209
Capital assets	<u>62,292</u>	<u>55,985</u>	<u>6,354</u>	<u>6,310</u>	<u>68,646</u>	<u>62,295</u>
Total assets	<u>\$100,380</u>	<u>\$92,337</u>	<u>\$8,322</u>	<u>\$8,167</u>	<u>\$108,702</u>	<u>\$100,504</u>
Long-term liabilities	1,304	1,273	1,415	1,686	2,719	2,959
Other liabilities	<u>3,620</u>	<u>2,237</u>	<u>99</u>	<u>72</u>	<u>3,719</u>	<u>2,309</u>
Total liabilities	<u>\$ 4,924</u>	<u>\$ 3,510</u>	<u>\$1,514</u>	<u>\$1,758</u>	<u>\$ 6,438</u>	<u>\$ 5,268</u>
Net assets:						
Invested in capital assets	62,292	55,985	4,940	4,624	67,232	60,609
Restricted	3,430	5,271	--	--	3,430	5,271
Unrestricted	<u>29,734</u>	<u>27,571</u>	<u>1,869</u>	<u>1,785</u>	<u>31,603</u>	<u>29,356</u>
Total net assets	<u>\$95,456</u>	<u>\$88,827</u>	<u>\$6,809</u>	<u>\$6,409</u>	<u>\$102,265</u>	<u>\$95,236</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 \$6,629,146. \$6,307,043 of this amount was used to increase the investment in capital assets. There was an increase in net assets from business-type activities of \$399,918. \$315,573 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>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,248	\$ 4,715	\$1,038	\$ 1,104	\$ 6,286	\$ 5,819
Operating Grants & Contributions	2,012	1,364	--	--	2,012	1,835
Capital Grants & Contributions	450	471	--	--	450	471
General Revenues:						
Property Tax	8,284	6,816	--	--	8,284	6,816
Utility Tax	3,861	3,859	--	--	3,861	3,859
State Sales Tax	3,511	3,383	--	--	3,511	3,383

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	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Intergovernmental, Not Restricted to Specific Programs	5,558	5,901	--	--	5,558	5,901
Investment Income	162	1,305	7	23	169	1,328
Municipal Sales Tax	2,174	2,115	--	--	2,174	2,115
Other Taxes	1,428	1,413	--	--	1,428	1,413
Other	<u>482</u>	<u>505</u>	<u>--</u>	<u>--</u>	<u>482</u>	<u>505</u>
Total Revenues	<u>\$33,170</u>	<u>\$31,847</u>	<u>\$1,045</u>	<u>\$1,127</u>	<u>\$34,215</u>	<u>\$32,974</u>
Expenses:						
Public Safety	\$10,387	\$9,800	\$ --	\$ --	\$10,387	\$ 9,800
Highways & Streets	7,554	7,354	--	--	7,554	7,354
General Government	2,338	2,234	--	--	2,338	2,234
Urban Redevelopment And Housing	3,840	3,413	--	--	3,840	3,413
Library Services	2,461	2,326	--	--	2,461	2,326
Interest on LT Debt	--	4	--	--	--	4
Motor Vehicle Parking	<u>--</u>	<u>--</u>	<u>606</u>	<u>628</u>	<u>606</u>	<u>628</u>
Total Expenses	<u>\$26,580</u>	<u>\$25,131</u>	<u>\$ 606</u>	<u>\$ 628</u>	<u>\$27,186</u>	<u>\$25,759</u>
Increase in Net Assets Before Transfers	\$ 6,590	\$ 6,716	\$ 439	\$ 499	\$ 7,029	\$ 7,215
Transfers In (Out)	<u>39</u>	<u>70</u>	<u>(39)</u>	<u>(70)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 6,629	\$ 6,786	\$ 400	\$ 429	\$ 7,029	7,215
Net Assets, Beg. Year	<u>88,827</u>	<u>82,041</u>	<u>6,409</u>	<u>5,980</u>	<u>95,236</u>	<u>88,021</u>
Net Assets, End Year	<u>\$95,456</u>	<u>\$88,827</u>	<u>\$6,809</u>	<u>\$6,409</u>	<u>\$102,265</u>	<u>\$95,236</u>

- As noted, net assets from governmental activities increased \$6,629,146 (7.5% growth). This increase is similar to last year when net assets from government activities increased \$6,785,446 (8.3% growth). Total revenues increased 4.1% compared to last year and expenses increased 5.8%. Significant revenue changes were:
 - Charges for Services increased 11.3%. This increase was due to inflationary cost increases of approximately 6% and additional increases in the amounts of service charges and fees imposed by the City. It is anticipated that future increases in service charges will approximate inflationary costs.
 - Investment income decreased 88% due to significant decreases in the fair value of some of the city's U.S. Treasury bond investments, which offset

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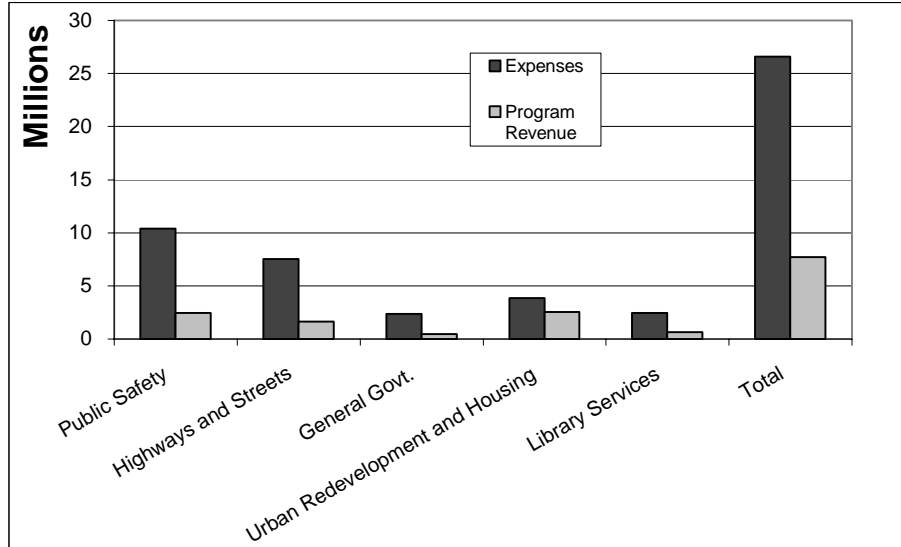
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significant increases that occurred in the past few years. Due to changes in interest rates, it is likely that investment income in the future may fluctuate also.

- Property tax increased 22% because of significant new commercial construction which was added to the assessed value.
- As noted earlier, expenses increased 5.8%. This amount generally reflected inflationary cost increases (5%) in most services. In addition, costs for urban redevelopment and housing increased 13% due to a higher level of federal housing operational grants.
- Future cost increases are expected to be slightly lower (5% range).

The percentage that program revenues paid for expenses (30.5%) was almost identical to last year (29.7%).

Expenses and Program Revenues – Governmental Activities

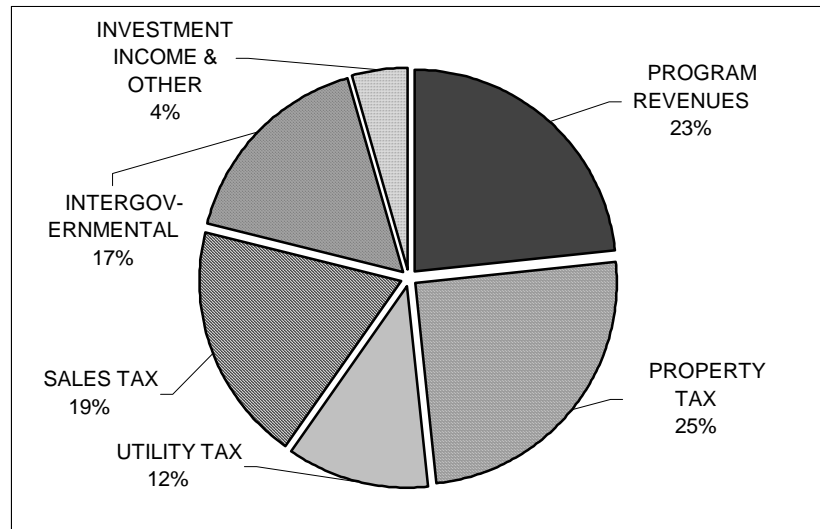


- Revenues for the City are generated from a number of different sources and for the most part are dependent on different financial factors. This relative mix of different revenue sources, as illustrated in the chart below, provides long-term stability.

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Revenues by Sources – Governmental Activities



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 \$29,507,523 (99% is unreserved), a decrease of \$200,839 over last year. The main reason for this reduction was the planned capital outlay of the new Library building improvement of \$4.0 million, of which accumulated fund balance was used to pay these costs.

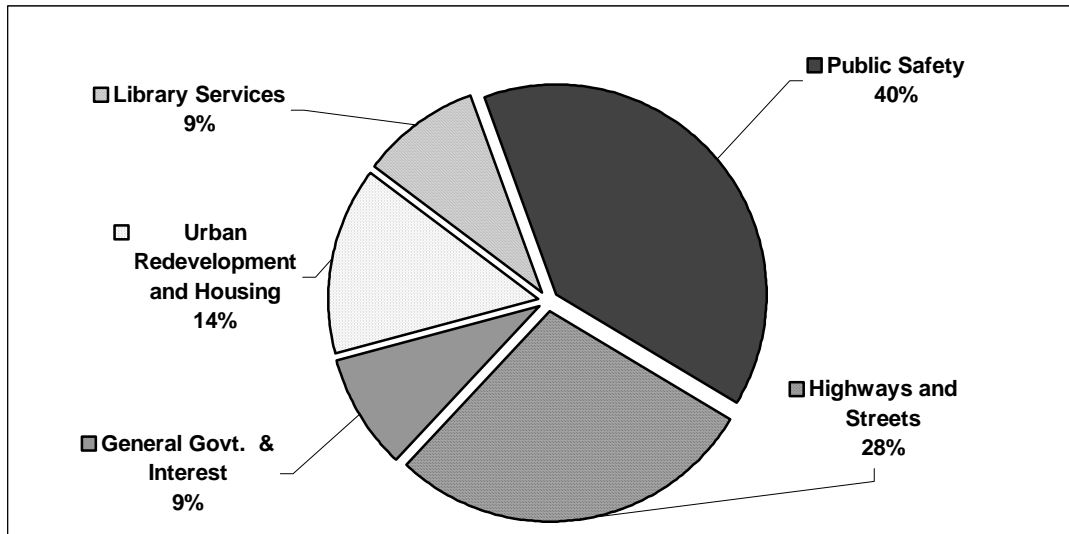
The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$1,664,021. Planned transfers of \$1,711,240 to various other funds mainly for future capital projects meant the fund balance decreased \$47,219 for the year to \$4,284,586 at June 30, 2004. Management believes this is an acceptable level of fund balance (24% of total expenditures).

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

Expenditures by Program – Governmental Activities



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, 2004 were \$1,869,175, which was an increase of \$84,345 over last year (4.7%).

Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (increase of \$223,928). Of this increase, \$58,320 was to be funded out of revenue increases directly related to the budget changes. The remaining \$165,608 was to be budgeted 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

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other infrastructure. This investment in capital assets as of June 30, 2004, was \$68,646,757 (net of accumulated depreciation), an increase of \$6,351,033 over last year (10% increase). This increase is almost identical to last year, when the increase was \$6,331,587. Infrastructure improvements are expected to be similar to current year amounts for the next few years, as the City completes a number of new street construction projects. Depreciation amounts for the year are similar to the previous years. Major capital asset events during the year were:

- Addition of \$9,176,707 in total capital assets
- Addition of \$4,472,670 in infrastructure, of which \$1,513,941 was spent in improving street lighting in the downtown area. Other large street improvement projects were the improvements of streets in the Huff/Bourdreau/Burlison neighborhoods which cost \$551,890 and the Washington/Vine intersection improvement which cost \$861,606. All other individual infrastructure improvements cost less than \$200,000.
- Addition of \$4,308,753 in buildings and improvements, the largest item costing \$3,996,212 for construction costs of the new Library building addition.
- Depreciation expense of \$2,822,506 was charged (\$1,660,848 was for infrastructure)

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 3,363	\$ 3,321	\$3,722	\$ 3,722	\$ 7,085	\$ 7,043
Building and Improvements	12,834	9,023	2,359	2,299	15,193	11,322
Equipment	3,426	3,784	273	289	3,699	4,073
Infrastructure	<u>42,669</u>	<u>39,857</u>	<u>--</u>	<u>--</u>	<u>42,669</u>	<u>39,857</u>
Total Net Capital Assets	<u>\$62,292</u>	<u>\$55,985</u>	<u>\$6,354</u>	<u>\$ 6,310</u>	<u>\$68,646</u>	<u>\$62,295</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 outstanding bonded debt of \$1,414,712 at June 30, 2004. 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):

Management's Discussion and Analysis

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	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Special revenue	<u>--</u>	<u>--</u>	<u>1,415</u>	<u>1,686</u>	<u>1,415</u>	<u>1,686</u>
Total bonds	\$ --	\$ --	\$1,415	\$1,686	\$1,415	\$1,686
Accumulated employee Absences	\$ 903	\$ 844	\$ --	\$ --	\$ 903	\$ 844
Landfill post-closure Monitoring	<u>\$ 401</u>	<u>\$ 430</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 401</u>	<u>\$ 430</u>
Total	<u>\$1,304</u>	<u>\$1,274</u>	<u>\$1,415</u>	<u>\$1,686</u>	<u>\$2,719</u>	<u>\$2,960</u>

During the year, \$271,583 of special revenue debt was retired; \$28,659 of landfill post-closure monitoring costs was amortized; \$540,590 of accumulated employee absences was retired and \$600,322 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 8.2% last year and has averaged 8.1% annual growth over the last five years and 5.4% 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 4-5% 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 10-year average in the future.

The general fund budget for next year has increased 5.3%.

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, 2004

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,207	\$ 280	\$ 3,487
Checking	27,923	-	27,923
Savings	9,714,406	959,377	10,673,783
II. Public Treasurer's Pool	1,315,056	502	1,315,558
Money Market Funds	14,935	-	14,935
Investments	14,281,893	991,465	15,273,358
Receivables (Net of Uncollectibles)	6,365,205	19,991	6,385,196
Internal Balances	3,496	(3,496)	-
Prepaid Items	325,535	-	325,535
Inventory of Supplies, at Cost	75,392	-	75,392
Investment in Joint Venture	45,191	-	45,191
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	8,906	-	8,906
Savings	594,690	-	594,690
II. Public Treasurer's Pool	150,194	-	150,194
Money Market Funds	512,446	-	512,446
Investments	2,429,261	-	2,429,261
Receivables	80,760	-	80,760
Overfunded Net Pension Obligation	2,138,554	-	2,138,554
Capital Assets (net of accumulated depreciation):			
Land	3,363,596	3,721,624	7,085,220
Buildings and Improvements	12,834,119	2,359,546	15,193,665
Equipment	3,425,721	273,119	3,698,840
Infrastructure	42,669,032	-	42,669,032
Total Assets	<u>\$ 100,379,518</u>	<u>\$ 8,322,408</u>	<u>\$ 108,701,926</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 1,605,175	\$ 18,018	\$ 1,623,193
Accrued Interest	-	29,841	29,841
Accrued Salaries and Taxes	723,867	5,398	729,265
Unearned Revenues	1,290,200	45,687	1,335,887
Non-Current Liabilities:			
Due Within One Year	521,046	292,176	813,222
Due After More Than One Year	783,382	1,122,536	1,905,918
Total Liabilities	<u>4,923,670</u>	<u>1,513,656</u>	<u>6,437,326</u>
Net Assets:			
Invested in Capital Assets, net of Related Debt	62,292,468	4,939,577	67,232,045
Restricted for:			
Highways and Streets	2,837,805	-	2,837,805
Library Building Expansion	508,811	-	508,811
Library Materials	83,842	-	83,842
Unrestricted	29,732,922	1,869,175	31,602,097
Total Net Assets	<u>95,455,848</u>	<u>6,808,752</u>	<u>102,264,600</u>
Total Liabilities and Net Assets	<u>\$ 100,379,518</u>	<u>\$ 8,322,408</u>	<u>\$ 108,701,926</u>

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2004

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 10,386,914	\$ 2,416,236	\$ 37,510	\$ -	\$ (7,933,168)	\$ -	\$ (7,933,168)
Highways and Streets	7,554,246	1,613,790	-	-	(5,940,456)	-	(5,940,456)
General Government	2,338,256	451,210	-	-	(1,887,046)	-	(1,887,046)
Urban Redevelopment & Housing	3,840,098	658,442	1,883,284	-	(1,298,372)	-	(1,298,372)
Library Services	2,460,989	108,603	91,202	450,000	(1,811,184)	-	(1,811,184)
Total Governmental Activities	<u>26,580,503</u>	<u>5,248,281</u>	<u>2,011,996</u>	<u>450,000</u>	<u>(18,870,226)</u>	<u>-</u>	<u>(18,870,226)</u>
Business-Type Activities:							
Motor Vehicle Parking	606,390	1,038,427	-	-	-	432,037	432,037
Total Functions/Programs	<u>\$ 27,186,893</u>	<u>\$ 6,286,708</u>	<u>\$ 2,011,996</u>	<u>\$ 450,000</u>	<u>(18,870,226)</u>	<u>432,037</u>	<u>(18,438,189)</u>
General Revenues:							
Property Tax				8,284,037	-		8,284,037
Utility Tax				3,861,075	-		3,861,075
State Sales Tax				3,511,007	-		3,511,007
Sewer Benefit Tax				817,307	-		817,307
Hotel/Motel Tax				610,838	-		610,838
Intergovernmental, Not Restricted to Specific Functions/Programs				5,558,434	-		5,558,434
Investment Income				162,042	7,219		169,261
Other				446,286	-		446,286
Municipal Sales Tax				2,174,137	-		2,174,137
Gain on Sale of Capital Assets				35,235	-		35,235
(Decrease) in Investment in Joint Venture				(364)	-		(364)
Transfers				39,338	(39,338)		-
Total General Revenues and Transfers				<u>25,499,372</u>	<u>(32,119)</u>		<u>25,467,253</u>
Change in Net Assets				<u>6,629,146</u>	<u>399,918</u>		<u>7,029,064</u>
Net Assets, Beginning of Year, Prev. Reported				<u>87,051,030</u>	<u>6,408,834</u>		<u>93,459,864</u>
Prior Period Adjustment				<u>1,775,672</u>	<u>-</u>		<u>1,775,672</u>
Net Assets, Beginning of Year, As Restated				<u>88,826,702</u>	<u>6,408,834</u>		<u>95,235,536</u>
Net Assets, End of Year				<u>\$ 95,455,848</u>	<u>\$ 6,808,752</u>		<u>\$ 102,264,600</u>

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

Governmental Funds - Combined Balance Sheet

June 30, 2004

ASSETS	Urbana				Other Governmental Funds	Totals
	General	Free Library	Tax Stabilization	Building Financing		
Cash and Cash Equivalents:						
Cash on Hand	\$ 2,591	\$ 516	\$ -	\$ -	\$ 100	\$ 3,207
Checking	4,047	19,361	-	-	4,515	27,923
Savings	706,787	872,753	207,695	1,572,574	6,164,056	9,523,865
II. Public Treasurer's Pool	1,103,725	-	769	120	210,442	1,315,056
Money Market Funds	-	-	-	-	14,935	14,935
Investments	1,506,936	-	1,470,803	-	11,304,154	14,281,893
Receivables (Net of Uncollectibles)	2,700,138	1,003,741	28,825	400,000	2,232,501	6,365,205
Due from Other Funds	-	6,912	228,325	-	95,681	330,918
Prepaid Expenditures	289,660	-	-	-	35,875	325,535
Restricted Assets:						
Cash and Cash Equivalents:						
Checking	-	8,906	-	-	-	8,906
Savings	-	74,936	-	-	519,754	594,690
II. Public Treasurer's Pool	-	-	-	-	150,194	150,194
Money Market Funds	-	512,446	-	-	-	512,446
Investments	-	-	-	-	2,429,261	2,429,261
Receivables	-	400	-	-	80,360	80,760
Total Assets	\$ 6,313,884	\$ 2,499,971	\$ 1,936,417	\$ 1,972,694	\$ 23,241,828	\$ 35,964,794
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ 171,120	\$ -	\$ -	\$ 10,033	\$ 207,548	\$ 388,701
Accounts Payable	562,232	22,521	14,938	146,118	706,342	1,452,151
Accrued Salaries and Taxes	661,849	47,192	-	-	4,866	713,907
Deferred Revenues	634,097	812,374	4,430	-	2,451,611	3,902,512
Total Liabilities	2,029,298	882,087	19,368	156,151	3,370,367	6,457,271
Fund Balance:						
Reserved for Prepaid Expenditures	289,660	-	-	-	35,875	325,535
Reserved for Loans Receivable	-	-	-	-	150,000	150,000
Unreserved, Reported In:						
General Fund	3,994,926	-	-	-	-	3,994,926
Special Revenue Funds	-	1,617,884	1,917,049	1,816,543	16,504,483	21,855,959
Capital Projects Funds	-	-	-	-	3,181,103	3,181,103
Total Fund Balance	4,284,586	1,617,884	1,917,049	1,816,543	19,871,461	29,507,523
Total Liabilities and Fund Balance	\$ 6,313,884	\$ 2,499,971	\$ 1,936,417	\$ 1,972,694	\$ 23,241,828	\$ 35,964,794

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, 2004

Total fund balances, governmental funds	\$ 29,507,523
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	62,292,468
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	4,714,670
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.	245,615
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(1,304,428)</u>
Net assets of governmental activities	<u>\$ 95,455,848</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, 2004

	General	Urbana Free Library	Tax Stabilization	Building Financing	Other Governmental Funds	Totals
Revenues:						
Property Tax	\$ 3,024,332	\$ 2,136,470	\$ -	\$ -	\$ 3,051,278	\$ 8,212,080
Utility Tax	3,861,075	-	-	-	-	3,861,075
State Sales Tax	3,511,007	-	-	-	-	3,511,007
Sewer Benefit Tax	-	-	-	-	817,307	817,307
Hotel/Motel Tax	610,838	-	-	-	-	610,838
Intergovernmental	3,684,101	154,106	48,088	450,000	5,074,520	9,410,815
Net Investment Earnings	17,467	76,591	5,973	-	54,549	154,580
Licenses, Fines, and Service Charges	3,017,295	108,603	502,343	-	229,655	3,857,896
Other	-	481,610	-	-	3,079	484,689
Municipal Sales Tax	2,174,137	-	-	-	-	2,174,137
Total Revenues	19,900,252	2,957,380	556,404	450,000	9,230,388	33,094,424
Expenditures:						
Current:						
Public Safety	10,433,888	-	-	-	118,032	10,551,920
Highways and Streets	4,786,208	-	-	-	449,617	5,235,825
General Government	2,016,659	-	-	-	243,866	2,260,525
Urban Redevelopment and Housing	982,741	-	8,545	-	2,830,763	3,822,049
Library Services	-	2,202,600	-	-	180,693	2,383,293
Capital Outlay	16,735	4,034,089	152,936	-	4,759,956	8,963,716
Total Expenditures	18,236,231	6,236,689	161,481	-	8,582,927	33,217,328
Excess of Revenues Over (Under) Expenditures	1,664,021	(3,279,309)	394,923	450,000	647,461	(122,904)
Other Financing Sources (Uses):						
Transfers In	-	2,037,548	-	-	3,127,123	5,164,671
Transfers Out	(1,711,240)	-	(579,120)	(1,162,192)	(1,790,054)	(5,242,606)
Total Other Financing Sources (Uses)	(1,711,240)	2,037,548	(579,120)	(1,162,192)	1,337,069	(77,935)
Net Changes in Fund Balances	(47,219)	(1,241,761)	(184,197)	(712,192)	1,984,530	(200,839)
Fund Balance, Beginning of Year	4,331,805	2,859,645	2,101,246	2,528,735	17,886,931	29,708,362
Fund Balance, End of Year	\$ 4,284,586	\$ 1,617,884	\$ 1,917,049	\$ 1,816,543	\$ 19,871,461	\$ 29,507,523

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

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, 2004

Net change in fund balance, total governmental funds	\$ (200,839)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	6,397,202
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	71,957
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.	362,882
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.	(34,614)
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	<u>32,558</u>
Change in net assets of governmental activities	<u><u>\$ 6,629,146</u></u>

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

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,869,400	\$ 2,869,400	\$ 3,024,332	\$ 154,932
Utility Tax	3,917,300	3,917,300	3,861,075	(56,225)
State Sales Tax	3,486,700	3,486,700	3,511,007	24,307
Hotel/Motel Tax	633,000	633,000	610,838	(22,162)
Intergovernmental	3,819,260	3,819,260	3,684,101	(135,159)
Net Investment Earnings;				
Interest	137,100	137,100	53,365	(83,735)
Net Increase (Decrease) in Fair Value of Investments	-	-	(35,898)	(35,898)
Subtotal, Net Investment Earnings	137,100	137,100	17,467	(119,633)
Licenses, Fines, and Service Charges	2,930,866	2,977,326	3,017,295	39,969
Municipal Sales Tax	2,021,760	2,021,760	2,174,137	152,377
Total Revenues	<u>\$ 19,815,386</u>	<u>\$ 19,861,846</u>	<u>\$ 19,900,252</u>	<u>\$ 38,406</u>
Expenditures-Current:				
Police:				
Personnel Services	\$ 4,839,893	\$ 4,869,997	\$ 4,831,947	\$ 38,050
Materials & Supplies	40,890	40,890	31,851	9,039
Other Services & Charges	848,624	807,382	800,884	6,498
Total Police	<u>5,729,407</u>	<u>5,718,269</u>	<u>5,664,682</u>	<u>53,587</u>
Fire:				
Personnel Services	4,369,847	4,372,415	4,326,735	45,680
Materials & Supplies	58,390	58,390	40,244	18,146
Other Services & Charges	437,385	437,385	402,227	35,158
Total Fire	<u>4,865,622</u>	<u>4,868,190</u>	<u>4,769,206</u>	<u>98,984</u>
Total Public Safety	<u>10,595,029</u>	<u>10,586,459</u>	<u>10,433,888</u>	<u>152,571</u>
Highways and Streets:				
Personnel Services	2,907,950	2,928,635	2,818,909	109,726
Materials & Supplies	447,580	537,580	420,587	116,993
Other Services & Charges	1,798,501	1,776,007	1,546,712	229,295
Total Highways and Streets	<u>5,154,031</u>	<u>5,242,222</u>	<u>4,786,208</u>	<u>456,014</u>

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 728,414	\$ 711,548	\$ 620,646	\$ 90,902
Materials & Supplies	16,280	16,280	15,530	750
Other Services & Charges	302,395	302,395	214,036	88,359
Total Executive	<u>1,047,089</u>	<u>1,030,223</u>	<u>850,212</u>	<u>180,011</u>
Finance:				
Personnel Services	824,590	826,797	809,560	17,237
Materials & Supplies	56,750	56,750	27,436	29,314
Other Services & Charges	198,787	198,787	160,955	37,832
Total Finance	<u>1,080,127</u>	<u>1,082,334</u>	<u>997,951</u>	<u>84,383</u>
City Clerk:				
Personnel Services	120,110	120,110	118,685	1,425
Materials & Supplies	2,070	2,070	1,698	372
Other Services & Charges	23,604	23,604	18,474	5,130
Total City Clerk	<u>145,784</u>	<u>145,784</u>	<u>138,857</u>	<u>6,927</u>
Legislative:				
Personnel Services	26,600	26,600	26,600	-
Materials & Supplies	750	750	506	244
Other Services & Charges	9,300	9,300	2,533	6,767
Total Legislative	<u>36,650</u>	<u>36,650</u>	<u>29,639</u>	<u>7,011</u>
Total General Government	<u>2,309,650</u>	<u>2,294,991</u>	<u>2,016,659</u>	<u>278,332</u>
Urban Redevelopment and Housing:				
Personnel Services	653,430	657,272	615,141	42,131
Materials & Supplies	14,230	14,230	8,141	6,089
Other Services & Charges	244,267	396,091	359,459	36,632
Total Community Development	<u>911,927</u>	<u>1,067,593</u>	<u>982,741</u>	<u>84,852</u>
Total Current Expenditures	18,970,637	19,191,265	18,219,496	971,769
Capital Outlay	182,887	186,187	16,735	169,452
Total Expenditures	<u>\$ 19,153,524</u>	<u>\$ 19,377,452</u>	<u>\$ 18,236,231</u>	<u>\$ 1,141,221</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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,012,940	\$ 2,012,940	\$ 2,136,470	\$ 123,530
Intergovernmental	152,898	152,898	154,106	1,208
Net Investment Earnings - Interest	10,000	10,000	76,591	66,591
Licenses, Fines and Service Charges	231,945	231,945	108,603	(123,342)
Other-Donations	-	-	481,610	481,610
Total Revenues	2,407,783	2,407,783	2,957,380	549,597
Expenditures:				
Current:				
Library Services:				
Personnel Services	1,650,810	1,650,810	1,552,419	98,391
Materials and Supplies	304,172	304,172	284,462	19,710
Contractual Services	397,982	397,982	365,719	32,263
Total Library Services	2,352,964	2,352,964	2,202,600	150,364
Capital Outlay	4,052,543	4,052,543	4,034,089	18,454
Total Expenditures	6,405,507	6,405,507	6,236,689	168,818
Net Revenues Over (Under) Expenditures	(3,997,724)	(3,997,724)	(3,279,309)	718,415
Other Financing Sources (Uses):				
Transfers In	42,460	42,460	2,037,548	1,995,088
Net Change in Fund Balance	(3,955,264)	(3,955,264)	(1,241,761)	2,713,503
Fund Balance, Beginning of Year	2,859,645	2,859,645	2,859,645	-
Fund Balance, End of Year	<u>\$ (1,095,619)</u>	<u>\$ (1,095,619)</u>	<u>\$ 1,617,884</u>	<u>\$ 2,713,503</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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-State Grant	\$ -	\$ 150,000	\$ 48,088	\$ (101,912)
Investment Income:				
Interest	40,000	40,000	41,011	1,011
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(35,038)	(35,038)
Net Investment Earnings	40,000	40,000	5,973	(34,027)
Licenses, Fines and Service Charges	3,900	3,900	502,343	498,443
Total Revenues	43,900	193,900	556,404	362,504
Expenditures:				
Current:				
Highways and Streets:				
Contractual Services	500	500	-	500
General Government:				
Contractual Services	-	34,000	-	34,000
Urban Redevelopment and Housing:				
Contractual Services	-	150,000	8,545	141,455
Capital Outlay	96,539	175,099	152,936	22,163
Total Expenditures	97,039	359,599	161,481	198,118
Net Revenues Over (Under) Expenditures	(53,139)	(165,699)	394,923	560,622
Other Financing Uses:				
Transfers In (Out)	(807,160)	(830,160)	(579,120)	251,040
Net Change in Fund Balance	(860,299)	(995,859)	(184,197)	811,662
Fund Balance, Beginning of Year	2,101,246	2,101,246	2,101,246	-
Fund Balance, End of Year	\$ 1,240,947	\$ 1,105,387	\$ 1,917,049	\$ 811,662

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

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-State Grant	\$ 807,160	\$ 882,160	\$ 450,000	\$ (432,160)
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(6,927,055)</u>	<u>(7,002,055)</u>	<u>(1,162,192)</u>	<u>5,839,863</u>
Net Change in Fund Balance	(6,119,895)	(6,119,895)	(712,192)	5,407,703
Fund Balance, Beginning of Year	<u>2,528,735</u>	<u>2,528,735</u>	<u>2,528,735</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (3,591,160)</u></u>	<u><u>\$ (3,591,160)</u></u>	<u><u>\$ 1,816,543</u></u>	<u><u>\$ 5,407,703</u></u>

CITY OF URBANA

Proprietary Funds
Statement of Net Assets
June 30, 2004

	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	\$ 280	\$ 280	\$ -
Savings	959,377	1,833,002	190,541
II. Public Treasurer's Pool	502	423	-
Total, Cash and Cash Equivalents	<u>960,159</u>	<u>1,833,705</u>	<u>190,541</u>
Investments (At Fair Value)	991,465	-	-
Receivables (Net of Uncollectibles):			
Accounts	19,991	30,313	-
Due from Other Funds	-	-	61,279
Inventory of Supplies	-	-	75,392
Total Current Assets	<u>1,971,615</u>	<u>1,864,018</u>	<u>327,212</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	5,875,833	5,593,246	-
Equipment	481,848	470,046	160,928
Less Accumulated Depreciation	<u>(3,725,016)</u>	<u>(3,474,617)</u>	<u>(79,541)</u>
Total Capital Assets (net of Accumulated Depreciation)	<u>6,354,289</u>	<u>6,310,299</u>	<u>81,387</u>
Total Assets	<u>8,325,904</u>	<u>8,174,317</u>	<u>408,599</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	3,496	7,157	-
Accounts Payable	18,018	32,744	153,024
Accrued Interest	29,841	34,764	-
Accrued Salaries and Taxes	5,398	4,523	9,960
Deferred Revenue	45,687	-	-
General Obligation Bonds-Current	<u>292,176</u>	<u>271,583</u>	<u>-</u>
Total Current Liabilities	394,616	350,771	162,984
Non-Current Liabilities:			
General Obligation Bonds	<u>1,122,536</u>	<u>1,414,712</u>	<u>-</u>
Total Liabilities	<u>1,517,152</u>	<u>1,765,483</u>	<u>162,984</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	4,939,577	4,624,004	81,387
Unrestricted	<u>1,869,175</u>	<u>1,784,830</u>	<u>164,228</u>
Total Net Assets	<u>\$ 6,808,752</u>	<u>\$ 6,408,834</u>	<u>\$ 245,615</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, 2004

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 792,225	\$ 847,596	\$ -
Parking Rentals	246,202	256,050	-
Charges for Services	-	-	850,996
	<u>1,038,427</u>	<u>1,103,646</u>	<u>850,996</u>
Total Operating Revenues			
Operating Expenses:			
Personnel Services	126,054	124,969	425,280
Supplies	37,559	33,699	16,492
Contractual Services	101,407	118,290	135,513
Equipment Parts	-	-	120,530
Fuel	-	-	138,216
Depreciation	250,398	243,429	13,782
Worker's Compensation Claims	-	-	93,360
	<u>515,418</u>	<u>520,387</u>	<u>943,173</u>
Total Operating Expenses			
Operating Income (Loss)	<u>523,009</u>	<u>583,259</u>	<u>(92,177)</u>
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	7,219	22,846	7,462
Interest Expense	<u>(90,972)</u>	<u>(107,225)</u>	<u>-</u>
Total Non Operating Revenues (Expenses)	<u>(83,753)</u>	<u>(84,379)</u>	<u>7,462</u>
Income (Loss) Before Transfers In (Out)	439,256	498,880	(84,715)
Transfers In (Out)	<u>(39,338)</u>	<u>(69,773)</u>	<u>117,273</u>
Change in Net Assets	399,918	429,107	32,558
Net Assets, Beginning of Year	<u>6,408,834</u>	<u>5,979,727</u>	<u>213,057</u>
Net Assets, End of Year	<u>\$ 6,808,752</u>	<u>\$ 6,408,834</u>	<u>\$ 245,615</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, 2004

	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	\$ 1,094,437	\$ 1,105,443	\$ 924,338
Payments to Employees	(125,179)	(124,701)	(423,390)
Payments to Suppliers	(157,353)	(119,298)	(412,998)
Worker's Compensations Claims	-	-	(63,481)
Net Cash Provided by (Used in) Operating Activities	<u>811,905</u>	<u>861,444</u>	<u>24,469</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers In (Out)	<u>(39,338)</u>	<u>(69,773)</u>	<u>117,273</u>
Cash Flows from Capital and Related Financing Activities:			
(Purchase) of Land	-	(15,000)	-
(Purchase) of Buildings and Improvements	(282,587)	(148,017)	-
(Purchase) of Equipment	(11,802)	(34,319)	(8,178)
Payment of Interest on Debt	(95,895)	(116,657)	-
Payment of Debt Principal	<u>(271,583)</u>	<u>(530,945)</u>	<u>-</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(661,867)</u>	<u>(844,938)</u>	<u>(8,178)</u>
Cash Flows from Investing Activities:			
(Purchase) of Investments	(991,465)	-	-
Investment Income	<u>7,219</u>	<u>22,846</u>	<u>7,462</u>
Net Cash Provided by (Used in) Investing Activities	<u>(984,246)</u>	<u>22,846</u>	<u>7,462</u>
Increase (Decrease) in Cash and Cash Equivalents	(873,546)	(30,421)	141,026
Beginning Cash and Cash Equivalents	<u>1,833,705</u>	<u>1,864,126</u>	<u>49,515</u>
Ending Cash and Cash Equivalents	<u>\$ 960,159</u>	<u>\$ 1,833,705</u>	<u>\$ 190,541</u>

(Continued)

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2004

	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)	\$ 523,009	\$ 583,259	\$ (92,177)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	250,399	243,429	13,782
(Increase) Decrease in Accounts Receivable	10,322	1,797	54,676
Decrease in Due from Other Funds	-	-	18,666
(Increase) in Inventory of Supplies	-	-	(6,024)
Increase (Decrease) in Due to Other Funds	(3,661)	1,832	-
Increase (Decrease) in Accounts Payable	(14,726)	30,859	33,656
Increase in Accrued Salaries and Taxes	875	268	1,890
Increase in Deferred Revenues	45,687	-	-
Net Cash Provided (Used in) Operating Activities	<u>\$ 811,905</u>	<u>\$ 861,444</u>	<u>\$ 24,469</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, 2004

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 257
Savings	978,845
Money Market Funds	192,853
Subtotal, Cash and Cash Equivalents	1,171,955
Investments (at fair value)	35,928,608
Receivables (Net of Uncollectibles):	
Property Tax	951,438
Accrued Interest	107,019
Total Assets	38,159,020

LIABILITIES

Accounts Payable	62,558
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 38,096,462

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, 2004

Additions:

Employer Contributions	\$ 1,940,710
Employee Contributions	466,301
Subtotal, Contributions	<u>2,407,011</u>
Investment Income:	
Interest and Dividends	1,294,802
Net Increase (Decrease) in Fair Value of Investments	<u>1,218,865</u>
Subtotal, Investment Income	2,513,667
Less Investment Expense	<u>(88,899)</u>
Net Investment Income	<u>2,424,768</u>
Total Additions	<u>4,831,779</u>

Deductions:

Benefits	2,365,723
Administrative Costs	<u>31,341</u>
Total Deductions	<u>2,397,064</u>
Change in Net Assets	2,434,715
Net Assets Beginning of Year	<u>35,661,747</u>
Net Assets, End of Year	<u>\$ 38,096,462</u>

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



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Notes to Financial Statements

June 30, 2004

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, 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

Notes to Financial Statements

June 30, 2004

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, 2004

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:

Notes to Financial Statements

June 30, 2004

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.

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.

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:

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.

Notes to Financial Statements

June 30, 2004

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.

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.

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 3 – This fund accounts for the incremental property taxes realized within the Tax

Notes to Financial Statements

June 30, 2004

Increment Financing District Number 3. 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 Increment Financing District Number 4. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district

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.

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

Notes to Financial Statements

June 30, 2004

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, 2004, there were no investments that were considered to be cash equivalents. 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

Notes to Financial Statements

June 30, 2004

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 Investments are stated at fair value.

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

Notes to Financial Statements

June 30, 2004

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. In prior years, the City deferred 50% of the levy. The effect of this change in estimate was to increase property tax revenue in 2004 by \$649,701.

3) Inventories and Prepaid Items

The only inventories for supplies are carried in the Central Garage Internal Service Fund (\$75,392), 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 market value at the date of donation. The cost of normal maintenance and repairs

Notes to Financial Statements

June 30, 2004

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, 2004.

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 costs, during the current period. The face amount of debt issued is reported as

Notes to Financial Statements

June 30, 2004

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	\$2,530,925
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	45,191
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>2,138,554</u>
Total	\$4,714,670

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	\$ 903,328
Future landfill monitoring	<u>401,100</u>
Total	\$1,304,428

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:

The governmental fund financial statements include a statement reconciling the differences between changes in fund balance in the governmental funds and

Notes to Financial Statements

June 30, 2004

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	\$8,969,310
Depreciation	<u>(2,572,108)</u>
Total	\$6,397,202

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 increased by the decrease in the investment in the joint venture, which is shown as an asset.	\$ (364)
(Loss) on sale assets	(3,168)
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	<u>(59,732)</u>
Total	\$ (34,614)

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 \$1,196,122 for all funds. Significant budget changes that were approved were:

- a. to increase the amount originally budgeted for various construction improvements by \$494,202 to reflect revised estimates of construction costs.

Notes to Financial Statements

June 30, 2004

The additional amounts will be paid by the State of Illinois as part of a cost sharing agreement for this project.

- b. to add \$90,000 for the purchase of new recycling containers that were provided to all homeowners. At the time of the budget approval, it was unknown when these containers would be replaced. The additional amount will be paid from accumulated fund balance in the General Fund.
- c. to add \$150,000 professional contractual services relating to the study of the possible expansion of a major route in Urbana. These costs are being paid for from a new grant from the State of Illinois, which was not awarded until after approval of the budget.
- d. to increase the amount for landfill mitigation costs by \$78,560 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.
- e. to add \$75,000 for the purchase of land in conjunction with the Library Building improvement project. At the time of the budget approval, the City did not contemplate purchase of this land at this time. The additional amount will be paid from accumulated fund balance in the Building Financing Special Revenue Fund.
- f. to add an expenditure of \$150,000 for certain economic development loans which will not be repaid until at least 2006. At the time of budget approval, the details of these economic projects was not known. The additional amounts will be paid from accumulated fund balance in the Tax Increment Financing District 2 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 year end, the carrying amount of the government's deposits was \$14,671,972 and the bank balance was \$15,659,400. Of the

Notes to Financial Statements

June 30, 2004

bank balance, \$3,859,096 was covered by general depository insurance, \$11,788,216 was covered by collateral held by the City's agent in the City's name and \$12,088 was not insured or covered by collateral.

Investments – The City's investments are categorized below to give an indication of the level of risk assumed:

Category 1 – insured or registered, or securities held by the City or the City's agent in the City's name.

At year-end, the City's investment balances were as follows (fair value):

	Category 1	Total
U.S. Government Securities	<u>\$33,032,384</u>	\$33,032,384
Investments Not Subject to Categorization:		
Insurance Company Accounts		525,464
Investment in Illinois Public Treasurer's Pool		1,465,753
Investment in Money Market Mutual Funds		720,235
Investment in Common Stock Mutual Funds		15,624,343
Investment in Illinois Metropolitan Investment Trust Fund		2,061,468

No credit risk level is assigned to investment in Insurance Company Accounts, the Illinois Public Treasurer's Investment Pool, the Money Market Mutual Funds, Common Stock Mutual Funds, or the Illinois Metropolitan Investment Trust Fund since the City does not own any specific identifiable securities.

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

Notes to Financial Statements

June 30, 2004

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, 2004, and the for the year then ended, is as follows:

Total Assets	\$126,430
Total Liabilities	<u>8,128</u>
Total Fund Equity	<u>\$118,302</u>
Total Revenues	\$ 38,252
Total Expenses	<u>39,203</u>
Net Income (Loss)	<u>\$ (952)</u>

C. Capital Assets:

1) A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/04</u>
Governmental Activities:				
Land (not being depreciated)	\$ 3,321,263	\$ 42,333	\$ --	\$ 3,363,596
Capital assets being Depreciated:				
Buildings and Improvements	11,504,121	4,026,167	--	15,530,288
Accum. Depn.	<u>(2,480,766)</u>	<u>(215,403)</u>	<u>--</u>	<u>(2,696,169)</u>
Buildings and Improvements Net	<u>9,023,355</u>	<u>3,810,764</u>	<u>--</u>	<u>12,834,119</u>
Equipment	8,032,541	341,149	(793,951)	7,579,739
Accum. Depn.	<u>(4,248,944)</u>	<u>(695,857)</u>	<u>790,783</u>	<u>(4,154,018)</u>
Equipment Net	<u>3,783,597</u>	<u>(354,708)</u>	<u>(3,168)</u>	<u>3,425,721</u>
Infrastructure	52,850,553	4,472,670	--	57,323,223
Accum. Depn.	<u>(12,993,343)</u>	<u>(1,660,848)</u>	<u>--</u>	<u>(14,654,191)</u>
Infrastructure Net	<u>39,857,210</u>	<u>2,811,822</u>	<u>--</u>	<u>42,669,032</u>
	<u>Balance</u> <u>06/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/04</u>
Total, Governmental Activities, Net Capital Assets	<u>\$55,985,425</u>	<u>\$6,310,211</u>	<u>\$ (3,168)</u>	<u>\$62,292,468</u>

Notes to Financial Statements

June 30, 2004

Business-type Activities:

Land (not being depreciated)	<u>\$ 3,721,624</u>	<u>\$ - -</u>	<u>\$ --</u>	<u>\$ 3,721,624</u>
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Capital assets being Depreciated:

Buildings and Improvements	5,593,246	282,587		5,875,833
Accum. Depn.	<u>(3,293,842)</u>	<u>(222,445)</u>	<u>--</u>	<u>(3,516,287)</u>
Buildings and Improvements Net	<u>2,299,404</u>	<u>60,142</u>	<u>--</u>	<u>2,359,546</u>
Equipment	470,046	11,802		481,848
Accum. Depn.	<u>(180,775)</u>	<u>(27,954)</u>	<u>--</u>	<u>(208,729)</u>
Equipment Net	<u>289,271</u>	<u>(16,152)</u>	<u>--</u>	<u>273,119</u>

Total, Business-type Activities, Net

Capital Assets	<u>\$6,310,299</u>	<u>\$ 43,990</u>	<u>\$ --</u>	<u>\$6,354,289</u>
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Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 402,510
Highways and Streets	2,001,447
General Government	67,393
Urban Redevelopment and Housing	24,247
Library	<u>76,511</u>
Total Depreciation Expense, Governmental Activities	<u>\$2,572,108</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. General obligation bonds have also been issued to refund general obligation bonds. As of June 30, 2004, 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 \$903,328 were accrued at June 30, 2004. During the year, \$540,590 was retired and \$600,322 was added.

Notes to Financial Statements

June 30, 2004

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, 2004, \$401,100 remains outstanding to be paid over the next 14 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, 2004, the City had the following outstanding revenue obligation debt:

a. A revenue bond issue dated June 1, 1994 (1994A Parking Bonds) provides for serial retirement of principal and interest over the next 9 years as listed below. Debt service on this issue is being provided by an operating transfer from the Tax Increment Financing District 1 Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2005	5.3	\$60,000	\$45,413
2006	5.3	70,000	42,263
2007	5.3	75,000	38,588
2008	5.3	85,000	34,650
2009	5.3	95,000	30,188
2010	5.3	105,000	25,200
2011	5.3	115,000	19,688
2012	5.3	125,000	13,650
2013	5.3	<u>135,000</u>	<u>7,088</u>
		<u>\$ 865,000</u>	<u>\$ 256,728</u>

During the year, \$55,000 of principal and \$47,938 interest was paid.

b. A revenue bond issue dated June 1, 1994, (1994B Parking Bonds) provides retirement of principal and interest over the next 9 years as listed below. Debt service on this issue is being provided by an

Notes to Financial Statements

June 30, 2004

operating transfer from the Tax Increment Financing District Two Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2005	5.2	\$225,000	\$20,020
2006	5.2	20,000	8,320
2007	5.2	20,000	7,280
2008	5.2	20,000	6,240
2009	5.2	20,000	5,200
2010	5.2	20,000	4,160
2011	5.2	20,000	3,120
2012	5.2	20,000	2,080
2013	5.2	<u>20,000</u>	<u>1,040</u>
		<u>\$385,000</u>	<u>\$ 57,460</u>

During the year, \$210,000 of principal and \$27,938 interest was paid.

c. 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 13 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>
2005	9.0	\$7,176	\$14,824
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	14,298	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>\$ 164,712</u>	<u>\$ 121,288</u>

During the year, \$6,583 of principal and \$15,096 interest was paid.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2004, including interest of \$435,476 are as follows:

Notes to Financial Statements

June 30, 2004

<u>Year Ended</u>	<u>Amount</u>
2005	\$372,433
2006	162,583
2007	162,868
2008	167,890
2009	172,388
2010	176,360
2011	179,808
2012	182,730
2013	185,128
2014	22,000
2015	22,000
2016	22,000
2017	22,000
	<u>\$1,850,188</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2004:

	<u>Payable 6/30/03</u>	<u>Retired</u>	<u>Additions</u>	<u>Payable 6/30/04</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$ 843,596</u>	<u>\$ 540,590</u>	<u>\$600,322</u>	<u>\$ 903,328</u>	<u>\$492,396</u>
Landfill Post-closure Monitoring	<u>\$ 429,750</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 401,100</u>	<u>\$ 28,650</u>
Business-type Activities:					
Revenue Bonds & Notes:					
1994A Parking Bonds	\$ 920,000	\$ 55,000	\$ --	\$ 865,000	\$ 60,000
1994B Parking Bonds	595,000	210,000	--	385,000	225,000
2002 Tepper Note	<u>171,295</u>	<u>6,583</u>	<u>--</u>	<u>164,712</u>	<u>7,176</u>
Total	<u>\$1,686,295</u>	<u>\$271,583</u>	<u>\$ --</u>	<u>\$1,414,712</u>	<u>\$292,176</u>

G. Pension and Retirement Fund Commitments:

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

Notes to Financial Statements

June 30, 2004

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 2003 was 2.53% and for calendar year 2004 is 6.71% of payroll. The employer contribution requirements are established and may be amended by the I.M.R.F. Board of Trustees.

For December 31, 2003, the City of Urbana's annual pension cost of \$178,203 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 2001 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. The assumptions used for the 2003 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, 2003 was 10 years.

Trend Information

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$178,203	100%	\$0
12/31/02	\$124,808	100%	\$0
12/31/01	\$154,118	100%	\$0
<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
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

Notes to Financial Statements

June 30, 2004

12/31/95	\$377,385	100%	\$0
12/31/94	\$391,576	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.

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	\$ 893,391
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>

Notes to Financial Statements

June 30, 2004

Annual Pension Cost	893,391
Contributions Made	<u>1,133,303</u>
Increase (decrease) in Net Pension Obligation	(239,912)
Net Pension Obligation, Beginning of Year	<u>(1,566,323)</u>
Net Pension Obligation, End of Year	<u><u>\$(1,806,235)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2003, 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 \$1,806,235 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, 2001	\$768,096	137.0%	(\$1,322,237)
June 30, 2002	\$820,842	129.7%	(\$1,566,323)
June 30, 2003	\$893,391	126.9%	(\$1,806,235)

Actuarial Value Date	6/30/01	6/30/02	6/30/03
Actuarial Value of Plan Assets	\$14,491,027	\$15,176,111	\$15,728,060
Actuarial Accrued Liability (Entry Age Normal Cost) Unfunded (Overfunded)	\$21,196,511	\$22,308,414	\$23,775,768
Actuarial Accrued Liability	\$ 6,705,484	\$ 7,132,303	\$ 8,047,708
Funded Ratio	68.4%	68.0%	66.2%
Covered Payroll	\$ 2,319,005	\$ 2,428,211	\$ 2,518,095
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	289.2%	293.7%	319.6%

3. Firemen's Pension Fund:

Notes to Financial Statements

June 30, 2004

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 8.455% of their salary to the Firemen's Pension Fund during the year (increased to 9.455% on July 1, 2004). 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.

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	\$ 684,437
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	684,437
Contributions Made	<u>807,407</u>
Increase (decrease) in Net Pension Obligation	(122,970)
Net Pension Obligation, Beginning of Year	<u>(209,349)</u>
Net Pension Obligation, End of Year	<u><u>\$(332,319)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2003, 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

Notes to Financial Statements

June 30, 2004

being amortized as a level percentage of projected payroll over a 33 year closed period. The negative net pension obligation of \$332,319 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, 2001	\$517,183	100.9%	\$(134,209)
June 30, 2002	\$613,475	112.2%	\$(209,349)
June 30, 2003	\$684,437	118.0%	\$(332,319)

Actuarial Value Date	6/30/01	6/30/02	6/30/03
Actuarial Value of Plan Assets	\$21,796,116	\$21,819,871	\$21,818,207
Actuarial Accrued Liability (Entry Age Normal Cost)	\$22,731,090	\$24,108,435	\$25,302,779
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 934,974	\$ 2,288,564	\$ 3,484,572
Funded Ratio	95.9%	90.5%	86.2%
Covered Payroll	\$ 2,138,464	\$ 2,232,027	\$ 2,282,198
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	43.7%	102.5%	152.7%

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, 2004 is not readily ascertainable.

Notes to Financial Statements

June 30, 2004

J. Receivables:

At June 30, 2004 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	\$ 556,040	\$ 994,947	\$ --
Accounts	146,145	--	--
Accrued Interest	--	--	--
Notes (due beyond 1 year)	--	--	--
Due from Other Governments:			
State:			
Income Tax	223,012	--	--
Sales Tax	1,141,450	--	--
Motor Fuel Tax	--	--	--
Corp. Personal			
Repl. Tax	14,322	8,794	--
Telecomm. Tax	342,856	--	--
Grants	--	--	--
Service Charges	--	--	--
Federal, Grants	--	--	--
Other, Service Charges	--	--	28,825
Other Taxes:			
Utility Tax	182,771	--	--
Hotel/Motel Tax	51,614	--	--
Local Sales Tax	24,159	--	--
	<u>General</u>	<u>Urbana Free Library</u>	<u>Tax Stabilization</u>
San. Sewer Tax	--	--	--
Recycling Tax	17,769	--	--
Total	<u>\$2,700,138</u>	<u>\$1,003,741</u>	<u>\$ 28,825</u>
Restricted:			
Accrued Interest	\$ --	\$ 400	\$ --
Due from Other Govt. - State Motor Fuel Tax	--	--	--
Total	<u>\$ --</u>	<u>\$ 400</u>	<u>\$ --</u>
	<u>Building Financing</u>	<u>Other Govt.</u>	<u>Govt. Activ. Total</u>

Notes to Financial Statements

June 30, 2004

Unrestricted (cont'd):						
Property Tax	\$	--	\$1,751,802	\$3,302,789		
Accounts		--	53,779	199,924		
Accrued Interest		--	43,694	43,694		
Notes (due beyond 1 year)		--	150,000	150,000		
Due from Other Governments:						
State:						
Income Tax		--	--	223,012		
Sales Tax		--	--	1,141,450		
Corp. Personal						
Repl. Tax		--	--	23,116		
Telecomm. Tax		--	--	342,856		
Grants	400,000		--	400,000		
Service Charges		--	--	28,825		
Federal, Grants		--	161,801	161,801		
Other, Service Charges		--	46,873	46,873		
Other Taxes:						
Utility Tax		--	--	182,771		
Hotel/Motel Tax		--	--	51,614		
Local Sales Tax		--	--	24,159		
San. Sewer Tax		--	24,552	24,552		
Recycling Tax		--	--	17,769		
Total	\$	<u>400,000</u>	<u>\$2,232,501</u>	<u>\$6,365,205</u>		
Restricted:						
Accrued Interest	\$	--	\$	--	\$	400
Due from Other Govt. -						
State Motor Fuel Tax		--	<u>80,360</u>	<u>80,360</u>		
Total	\$	<u>--</u>	<u>\$</u>	<u>--</u>	<u>\$</u>	<u>80,760</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	\$ --	\$ 171,120
Urbana Free Library	6,912	--
Tax Stabilization	228,325	--
Building Financing	--	10,033
Other Govt. Funds	95,681	207,548
Internal Service Funds:		
Central Garage	<u>61,279</u>	<u>--</u>
Total, Govt. Activities	\$ 392,197	\$ 388,701
Business-type Activities:		

Notes to Financial Statements

June 30, 2004

Motor Vehicle Parking	<u> --</u>	<u> 3,496</u>
Total	<u>\$ 392,197</u>	<u>\$ 392,197</u>

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

A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$1,711,240
Urbana Free Library	2,037,548	--
Tax Stabilization	--	579,120
Building Financing	--	1,162,192
Other Govt. Funds	1,337,069	--
Internal Service Funds:		
Central Garage	--	2,727
Insurance Financing	<u>120,000</u>	<u> --</u>
Total, Govt. Activities	\$3,494,617	\$3,455,279
Business-type Activities:		
Motor Vehicle Parking	<u> --</u>	<u> 39,338</u>
Total	<u>\$3,494,617</u>	<u>\$3,494,617</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:

- \$484,300 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.
- \$717,495 from the General Fund to the Municipal Retirement Special Revenue Fund for operational costs.
- \$228,040 from the General Fund to the Tax Stabilization Special Revenue Fund for possible future unknown costs
- \$1,162,192 from the Building Financing Fund to the Urbana Free Library Special Revenue Fund for building construction costs.
- \$794,160 from the Tax Stabilization Special Revenue Fund to the Urbana Free Library Special Revenue Fund for building construction costs.
- \$728,351 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$1,000,000 from the Economic Development Special Revenue Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.

Notes to Financial Statements

June 30, 2004

- \$281,744 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.
- \$404,410 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$335,410 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.

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, 2004. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2004. There have been no significant reductions in coverage from the prior year

Notes to Financial Statements

June 30, 2004

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>2004</u>	<u>2003</u>
Unpaid Claims, Beginning of Year	\$ 99,652	\$ 192,483
Incurred Claims	63,822	16,212
Claim Payments	<u>(34,440)</u>	<u>(109,043)</u>
Unpaid Claims, End of Year	<u>\$ 129,034</u>	<u>\$ 99,652</u>

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 \$283,512 in 2004, 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 \$1,158,492 in 2004, and were reported under Intergovernmental Revenues in the General Fund.

D. Contingent Liabilities:

1. There are several lawsuits in which the City may potentially be involved in. The City Attorney believes that the potential

Notes to Financial Statements

June 30, 2004

settlements from these claims, in excess of insurance coverage, would not materially affect the financial statements.

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. At June 30, 2004, the City has spent \$211,606 on these improvements. Management believes that the cost of these agreed to future land improvements will be an additional \$1,315,860. Because these costs are in the nature of future capital infrastructure improvements and do not relate to any specific event in the past, no 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 \$5,366,000 to be paid in approximate annual payments over the next 9 years.

E. Construction Commitments:

At June 30, 2004, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Downtown Street and Lighting Improvements:	Tax Increment Financing Dist. 2	\$ 84,000
Goodwin Ave. Impr.	Tax Increment Financing Dist. 3	593,500
Misc. Sewer Impr.	San. Sewer Construction	25,000
Library Building Addition	Urbana Free Library	1,287,740
Misc. Street Impr.	Motor Fuel Tax	402,000
Oakland Ave. Impr.	Tax Increment Financing Dist. 3	62,500
Windsor Rd. Impr.	Cap. Improvement Fund	183,000
		<u>\$2,637,740</u>

Notes to Financial Statements

June 30, 2004

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

F. 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, 2004, 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.

G. 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, 2004, 26 retirees were enrolled in the City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was \$127,759 for the year ended June 30, 2004.

H. 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.

I. Infrequent Revenue Item:

During the year, the City received \$502,343 from a previously issued mortgage bond prepayment escrow account. Because the mortgages were repaid earlier than originally planned, the prepayment amounts and interest earned is due to the City. This revenue is infrequent in occurrence but not highly abnormal for the City. The payment was made to the City by the escrow agent and was not under the control of the City. This amount was reported as Licenses, Fines, and Service Charges in the Tax Stabilization Special Revenue Fund.

J. Prior Period Adjustment:

Governmental accounting principles require that the amount of overfunded net pension obligation contributions be reported as an asset in the government-wide financial

Notes to Financial Statements

June 30, 2004

statements. In error, the amount of \$1,775,672 was not reported on last's year financial statements. Beginning unrestricted net assets for governmental activities at July 1, 2003 have been increased by \$1,775,672 as a correction of this error. Had this error not been made, the change in net assets for the governmental activities for the year ended June 30, 2003 would have increased by \$319,226.

CITY OF URBANA

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

June 30, 2004

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
12/31/03	\$ 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%)
12/31/94	7,065,611	7,296,653	231,042	96.83%	4,228,678	5.46%



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NON-MAJOR GOVERNMENTAL FUNDS

- **DEBT SERVICE FUNDS**
- **SPECIAL REVENUE FUNDS**
- **CAPITAL PROJECTS FUNDS**



CITY OF URBANA

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2004

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	4,515	-	4,515
Savings	4,838,396	1,325,660	6,164,056
II. Public Treasurer's Pool	10,546	199,896	210,442
Money Market Funds	14,935	-	14,935
Investments	9,588,498	1,715,656	11,304,154
Receivables (Net of Uncollectibles)	2,207,949	24,552	2,232,501
Due from Other Funds	95,681	-	95,681
Prepaid Expenditures	35,875	-	35,875
Restricted Assets:			
Cash and Cash Equivalents:			
Savings	519,754	-	519,754
II. Public Treasurer's Pool	150,194	-	150,194
Investments	2,429,261	-	2,429,261
Receivables	80,360	-	80,360
Total Assets	<u>\$ 19,976,064</u>	<u>\$ 3,265,764</u>	<u>\$ 23,241,828</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 201,508	\$ 6,040	\$ 207,548
Accounts Payable	627,721	78,621	706,342
Accrued Salaries and Taxes	4,866	-	4,866
Deferred Revenues	2,451,611	-	2,451,611
Total Liabilities	<u>3,285,706</u>	<u>84,661</u>	<u>3,370,367</u>
Fund Balance:			
Reserved For:			
Prepaid Expenditures	35,875	-	35,875
Loans Receivable	150,000	-	150,000
Unreserved, Designated For:			
Employee Retirement Costs	4,662	-	4,662
Future Capital Outlay	2,837,805	3,181,103	6,018,908
Social Service Agencies	19,527	-	19,527
Equipment Replacement	3,585,146	-	3,585,146
Urban Housing and Development	6,762,089	-	6,762,089
Local Matching for State Grants	255,865	-	255,865
Worker Compensation Claims	3,039,389	-	3,039,389
Total Fund Balance	<u>16,690,358</u>	<u>3,181,103</u>	<u>19,871,461</u>
Total Liabilities and Fund Balance	<u>\$ 19,976,064</u>	<u>\$ 3,265,764</u>	<u>\$ 23,241,828</u>

CITY OF URBANA

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2004

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 3,051,278	\$ -	\$ 3,051,278
Sewer Benefit Tax	-	817,307	817,307
Intergovernmental	4,314,332	760,188	5,074,520
Investment Income:			
Interest	281,453	50,909	332,362
Net Appreciation (Depreciation) in Fair Value of Investments	(238,134)	(39,679)	(277,813)
 Total Net Investment Earnings	 43,319	 11,230	 54,549
Licenses, Fines and Services Charges	203,687	25,968	229,655
Other	-	3,079	3,079
 Total Revenues	 <u>7,612,616</u>	 <u>1,617,772</u>	 <u>9,230,388</u>
Expenditures:			
Current:			
Public Safety	118,032	-	118,032
Highways & Streets	360,572	89,045	449,617
General Government	243,866	-	243,866
Urban Redevelopment and Housing	2,830,763	-	2,830,763
Library Services	180,693	-	180,693
Capital Outlay	2,809,047	1,950,909	4,759,956
 Total Expenditures	 <u>6,542,973</u>	 <u>2,039,954</u>	 <u>8,582,927</u>
 Excess of Revenues Over (Under) Expenditures	 <u>1,069,643</u>	 <u>(422,182)</u>	 <u>647,461</u>
Other Financing Sources (Uses):			
Transfers In	1,723,120	1,404,003	3,127,123
Transfers (Out)	(1,385,644)	(404,410)	(1,790,054)
 Total Other Financing Sources (Uses)	 <u>337,476</u>	 <u>999,593</u>	 <u>1,337,069</u>
 Net Changes in Fund Balances	 1,407,119	 577,411	 1,984,530
 Fund Balance, Beginning of Year	 <u>15,283,239</u>	 <u>2,603,692</u>	 <u>17,886,931</u>
 Fund Balance, End of Year	 <u>\$ 16,690,358</u>	 <u>\$ 3,181,103</u>	 <u>\$ 19,871,461</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 200

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ASSETS	Municipal	Motor	Social	Vehicle and	Community Development			Tax
	Retirement	Fuel Tax	Service Agencies	Equipment Replacement	Special	Home	Block Grant	Increment Financing District 1
Cash and Cash Equivalents:								
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -
Checking	-	-	-	-	1	92	2,359	-
Savings	4,726	-	45,252	913,933	122,748	-	-	1,189,957
II. Public Treasurer's Pool	-	-	-	18	-	-	-	801
Money Market Funds	-	-	-	-	-	-	-	-
Investments	-	-	-	2,689,158	-	-	-	-
Receivables (Net of Uncollectibles)	53	-	-	-	77,120	76,206	18,475	302,940
Due from Other Funds	-	-	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-	-
Restricted Assets:								
Savings	-	519,754	-	-	-	-	-	-
II. Public Treasurer's Pool	-	150,194	-	-	-	-	-	-
Investments	-	2,429,261	-	-	-	-	-	-
Receivables	-	80,360	-	-	-	-	-	-
Total Assets	\$ 4,779	\$ 3,179,569	\$ 45,252	\$ 3,603,109	\$ 199,869	\$ 76,298	\$ 20,884	\$ 1,493,698
LIABILITIES AND FUND BALANCE								
Liabilities:								
Due to Other Funds	\$ 117	\$ -	\$ 7,500	\$ 3,693	\$ 82,918	\$ 76,298	\$ 20,884	\$ 7,569
Accounts Payable	-	341,764	18,225	895	-	-	-	42,989
Accrued Salaries and Taxes	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	13,375	-	-	-	239,540
Total Liabilities	117	341,764	25,725	17,963	82,918	76,298	20,884	290,098
Fund Balance:								
Reserved for:								
Prepaid Expenditures	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-
Unreserved, Designated For:								
Employee Retirement Costs	4,662	-	-	-	-	-	-	-
Future Capital Outlay	-	2,837,805	-	-	-	-	-	-
Social Service Agencies	-	-	19,527	-	-	-	-	-
Equipment Replacement	-	-	-	3,585,146	-	-	-	-
Urban Housing and Development	-	-	-	-	116,951	-	-	1,203,600
Local Matching for State Grants	-	-	-	-	-	-	-	-
Worker Compensation Claims	-	-	-	-	-	-	-	-
Total Fund Balance	4,662	2,837,805	19,527	3,585,146	116,951	-	-	1,203,600
Total Liabilities and Fund Balance	\$ 4,779	\$ 3,179,569	\$ 45,252	\$ 3,603,109	\$ 199,869	\$ 76,298	\$ 20,884	\$ 1,493,698

(Continued)

CITY OF URBANA
Non-Major Special Revenue Funds - Combining Balance Sheet
June 30, 2004

(Page 2 of 2)

	Tax Increment Financing District 2	Tax Increment Financing District 3	Tax Increment Financing District 4	Economic Development	Sales Tax Grant	Insurance Financing	Total
ASSETS							
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 100
Checking	-	-	-	2,063	-	-	4,515
Savings	295,552	1,637,429	228,372	5,928	214,289	180,210	4,838,396
II. Public Treasurer's Pool	147	9,580	-	-	-	-	10,546
Money Market Funds	-	-	-	14,935	-	-	14,935
Investments	860,940	1,315,948	-	1,996,909	-	2,725,543	9,588,498
Receivables (Net of Uncollectibles)	485,641	980,569	132,652	46,873	43,694	43,726	2,207,949
Due from Other Funds	5,380	-	-	391	-	89,910	95,681
Prepaid Expenditures	-	-	-	35,875	-	-	35,875
Restricted Assets:							
Savings	-	-	-	-	-	-	519,754
II. Public Treasurer's Pool	-	-	-	-	-	-	150,194
Investments	-	-	-	-	-	-	2,429,261
Receivables	-	-	-	-	-	-	80,360
Total Assets	<u>\$ 1,647,660</u>	<u>\$ 3,943,526</u>	<u>\$ 361,024</u>	<u>\$ 2,103,024</u>	<u>\$ 257,983</u>	<u>\$ 3,039,389</u>	<u>\$ 19,976,064</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ 411	\$ -	\$ 2,118	\$ -	\$ 201,508
Accounts Payable	80,459	7,559	131,723	4,107	-	-	627,721
Accrued Salaries and Taxes	1,658	1,658	-	1,550	-	-	4,866
Deferred Revenues	253,077	1,841,436	104,183	-	-	-	2,451,611
Total Liabilities	<u>335,194</u>	<u>1,850,653</u>	<u>236,317</u>	<u>5,657</u>	<u>2,118</u>	<u>-</u>	<u>3,285,706</u>
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	-	-	35,875	-	-	35,875
Loans Receivable	150,000	-	-	-	-	-	150,000
Unreserved, Designated For:							
Employee Retirement Costs	-	-	-	-	-	-	4,662
Future Capital Outlay	-	-	-	-	-	-	2,837,805
Social Service Agencies	-	-	-	-	-	-	19,527
Equipment Replacement	-	-	-	-	-	-	3,585,146
Urban Housing and Development	1,162,466	2,092,873	124,707	2,061,492	-	-	6,762,089
Local Matching for State Grants	-	-	-	-	255,865	-	255,865
Worker Compensation Claims	-	-	-	-	-	3,039,389	3,039,389
Total Fund Balance	<u>1,312,466</u>	<u>2,092,873</u>	<u>124,707</u>	<u>2,097,367</u>	<u>255,865</u>	<u>3,039,389</u>	<u>16,690,358</u>
Total Liabilities and Fund Balance	<u>\$ 1,647,660</u>	<u>\$ 3,943,526</u>	<u>\$ 361,024</u>	<u>\$ 2,103,024</u>	<u>\$ 257,983</u>	<u>\$ 3,039,389</u>	<u>\$ 19,976,064</u>

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2004

(Page 1 of 2)

	Municipal Retirement	Motor Fuel Tax	Social Service Agencies	Vehicle and Equipment Replacement	Community Development			Tax Increment Financing District 1
					Special	Home	Block Grant	
Revenues:								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 658,253
Intergovernmental	-	1,074,395	-	92,379	441,458	998,209	439,073	-
Investment Income:								
Interest	-	66,929	-	74,764	378	-	-	4,355
Net Appreciation (Depreciation) in Fair Value of Investments	-	(57,870)	-	(64,061)	-	-	-	-
Total Net Investment Earnings	-	9,059	-	10,703	378	-	-	4,355
Licenses, Fines and Services Charges	-	-	-	66,596	16,476	-	30,575	-
Total Revenues	-	1,083,454	-	169,678	458,312	998,209	469,648	662,608
Expenditures:								
Current:								
Public Safety	79,148	-	-	38,884	-	-	-	-
Highways & Streets	360,572	-	-	-	-	-	-	-
General Government	76,366	-	167,500	-	-	-	-	-
Urban Redevelopment and Housing	105,695	-	-	-	455,139	1,078,506	469,648	-
Library Services	180,693	-	-	-	-	-	-	-
Capital Outlay	-	1,413,496	-	377,946	-	-	-	507,194
Total Expenditures	802,474	1,413,496	167,500	416,830	455,139	1,078,506	469,648	507,194
Excess of Revenues Over (Under) Expenditures	(802,474)	(330,042)	(167,500)	(247,152)	3,173	(80,297)	-	155,414
Other Financing Sources (Uses):								
Transfers In	717,495	-	156,810	728,351	-	80,297	-	-
Transfers (Out)	-	-	-	-	(1,663)	-	-	(103,900)
Total Other Financing Sources (Uses)	717,495	-	156,810	728,351	(1,663)	80,297	-	(103,900)
Net Change in Fund Balances	(84,979)	(330,042)	(10,690)	481,199	1,510	-	-	51,514
Fund Balance, Beginning of Year	89,641	3,167,847	30,217	3,103,947	115,441	-	-	1,152,086
Fund Balance, End of Year	\$ 4,662	\$ 2,837,805	\$ 19,527	\$ 3,585,146	\$ 116,951	\$ -	\$ -	\$ 1,203,600

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2004

(Page 2 of 2)

	Tax Increment Financing District 2	Tax Increment Financing District 3	Tax Increment Financing District 4	Economic Development	Sales Tax Grant	Insurance Financing	Total
Revenues:							
Property Tax	\$ 682,503	\$ 1,483,977	\$ 226,545	\$ -	\$ -	\$ -	\$ 3,051,278
Intergovernmental	323,205	-	-	945,613	-	-	4,314,332
Investment Income:							
Interest	24,530	35,636	303	55,567	1,052	17,939	281,453
Net Appreciation (Depreciation) in Fair Value of Investments	(20,509)	(31,349)	-	(48,762)	-	(15,583)	(238,134)
Total Net Investment Earnings	4,021	4,287	303	6,805	1,052	2,356	43,319
Licenses, Fines and Service Charges	-	-	20,000	70,040	-	-	203,687
Total Revenues	<u>1,009,729</u>	<u>1,488,264</u>	<u>246,848</u>	<u>1,022,458</u>	<u>1,052</u>	<u>2,356</u>	<u>7,612,616</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	-	-	118,032
Highways and Streets	-	-	-	-	-	-	360,572
General Government	-	-	-	-	-	-	243,866
Urban Redevelopment and Housing	312,314	164,854	44,457	200,150	-	-	2,830,763
Library Services	-	-	-	-	-	-	180,693
Capital Outlay	294,492	83,469	132,450	-	-	-	2,809,047
Total Expenditures	<u>606,806</u>	<u>248,323</u>	<u>176,907</u>	<u>200,150</u>	<u>-</u>	<u>-</u>	<u>6,542,973</u>
Excess of Revenues Over (Under) Expenditures	<u>402,923</u>	<u>1,239,941</u>	<u>69,941</u>	<u>822,308</u>	<u>1,052</u>	<u>2,356</u>	<u>1,069,643</u>
Other Financing Sources (Uses):							
Transfers In	40,167	-	-	-	-	-	1,723,120
Transfers (Out)	-	-	-	(998,337)	(281,744)	-	(1,385,644)
Total Other Financing Sources (Uses)	<u>40,167</u>	<u>-</u>	<u>-</u>	<u>(998,337)</u>	<u>(281,744)</u>	<u>-</u>	<u>337,476</u>
Net Change in Fund Balances	443,090	1,239,941	69,941	(176,029)	(280,692)	2,356	1,407,119
Fund Balance, Beginning of Year	869,376	852,932	54,766	2,273,396	536,557	3,037,033	15,283,239
Fund Balance, End of Year	<u>\$ 1,312,466</u>	<u>\$ 2,092,873</u>	<u>\$ 124,707</u>	<u>\$ 2,097,367</u>	<u>\$ 255,865</u>	<u>\$ 3,039,389</u>	<u>\$ 16,690,358</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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Expenditures-Current:				
Public Safety:				
Personnel Services	85,522	85,522	79,148	6,374
Highways & Streets:				
Personnel Services	389,608	389,608	360,572	29,036
General Government:				
Personnel Services	82,516	82,516	76,366	6,150
Urban Redevelopment & Housing:				
Personnel Services	114,206	114,206	105,695	8,511
Library Services:				
Personnel Services	195,245	195,245	180,693	14,552
Total Expenditures	867,097	867,097	802,474	64,623
Net Revenues Over (Under) Expenditures	(865,097)	(865,097)	(802,474)	62,623
Other Financing Sources (Uses):				
Transfers In (Out)	753,980	753,980	717,495	(36,485)
Net Change in Fund Balance	(111,117)	(111,117)	(84,979)	26,138
Fund Balance, Beginning of Year	89,641	89,641	89,641	-
Fund Balance, End of Year	\$ (21,476)	\$ (21,476)	\$ 4,662	\$ 26,138

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, 2004

	Budget		Actual
	Original	Final	
Revenues:			
Intergovernmental-			
State Allotment	\$ 1,075,000	\$ 1,075,000	\$ 1,073,550
State Reimbursements	-	-	845
Total, Intergovernmental	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,074,395</u>
Investment Earnings:			
Interest	92,000	92,000	66,929
Net Appreciation (Depreciation) in Fair Value Investments	-	-	(57,870)
Total Net Investment Earnings	<u>92,000</u>	<u>92,000</u>	<u>9,059</u>
Total Revenues	<u>1,167,000</u>	<u>1,167,000</u>	<u>1,083,454</u>
Expenditures-Capital Outlay:			
Windsor/Philo	75,000	75,000	-
Annual Street Maintenance	483,889	483,889	-
Huff/Boudreau Improvements	600,000	600,000	551,890
University/Guardian Improvements	18,868	18,868	-
Washington/Vine Improvement	1,858,409	1,858,409	861,606
Signal Improvements	225,716	225,716	-
Total Expenditures	<u>3,261,882</u>	<u>3,261,882</u>	<u>1,413,496</u>
Net Change in Fund Balance	(2,094,882)	(2,094,882)	(330,042)
Fund Balance, Beginning of Year	<u>3,167,847</u>	<u>3,167,847</u>	<u>3,167,847</u>
Fund Balance, End of Year	<u>\$ 1,072,965</u>	<u>\$ 1,072,965</u>	<u>\$ 2,837,805</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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 175,000	\$ 175,000	\$ 167,500	\$ 7,500
Other Financing Sources:				
Transfers In	164,310	164,310	156,810	(7,500)
Net Change in Fund Balance	(10,690)	(10,690)	(10,690)	-
Fund Balance, Beginning of Year	30,217	30,217	30,217	-
Fund Balance, End of Year	<u>\$ 19,527</u>	<u>\$ 19,527</u>	<u>\$ 19,527</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,300	\$ 35,550	\$ 92,379	\$ 56,829
Investment Earnings:				
Interest	140,000	140,000	74,764	(65,236)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(64,061)	(64,061)
Total Net Investment Earnings	140,000	140,000	10,703	(129,297)
Licenses, Fines and Service Charges	41,750	81,290	66,596	(14,694)
Total Revenues	200,050	256,840	169,678	(87,162)
Expenditures:				
Current - Public Safety:				
Materials and Supplis	19,507	21,465	11,386	10,079
Contractual Services	104,796	104,797	27,498	77,299
Total Current - Public Safety	124,303	126,262	38,884	87,378
Capital Outlay	738,409	765,649	377,946	387,703
Total Expenditures	862,712	891,911	416,830	475,081
Net Revenues Over (Under) Expenditures	(662,662)	(635,071)	(247,152)	387,919
Other Financing Sources (Uses):				
Transfers In	726,050	726,050	728,351	2,301
Net Change in Fund Balance	63,388	90,979	481,199	390,220
Fund Balance, Beg. of Year	3,103,947	3,103,947	3,103,947	-
Fund Balance, End of Year	\$ 3,167,335	\$ 3,194,926	\$ 3,585,146	\$ 390,220

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ -	\$ -	\$ 81,617	\$ 81,617
Federal Grants	317,711	317,711	359,841	42,130
Total Intergovernmental	317,711	317,711	441,458	123,747
Net Investment Earnings - Interest	1,500	1,500	378	(1,122)
Licenses, Fines and Service Charges	132,420	137,420	16,476	(120,944)
Total Revenues	451,631	456,631	458,312	1,681
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	15,031	15,031	6,609	8,422
Contractual Services	780,538	785,538	448,530	337,008
Total Expenditures	795,569	800,569	455,139	345,430
Net Revenues Over (Under) Expenditures	(343,938)	(343,938)	3,173	347,111
Other Financing Sources (Uses):				
Transfers In (Out)	(126,420)	(126,420)	(1,663)	124,757
Net Change in Fund Balance	(470,358)	(470,358)	1,510	471,868
Fund Balance, Beginning of Year	115,441	115,441	115,441	-
Fund Balance, End of Year	\$ (354,917)	\$ (354,917)	\$ 116,951	\$ 471,868

CITY OF URBANA

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 1,178,315	\$ 1,178,315	\$ 998,209	\$ (180,106)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	144,481	144,481	102,875	41,606
Contractual Services	2,404,089	2,404,089	975,631	1,428,458
Total Expenditures	2,548,570	2,548,570	1,078,506	1,470,064
Net Revenues Over (Under) Expenditures	(1,370,255)	(1,370,255)	(80,297)	1,289,958
Other Financing Sources (Uses):				
Transfers In (Out)	45,491	45,491	80,297	34,806
Net Change in Fund Balance	(1,324,764)	(1,324,764)	-	1,324,764
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ (1,324,764)	\$ (1,324,764)	\$ -	\$ 1,324,764

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 667,000	\$ 667,000	\$ 439,073	\$ (227,927)
Licenses, Fines and Service Charges	20,000	20,000	30,575	10,575
Total Revenues	<u>687,000</u>	<u>687,000</u>	<u>469,648</u>	<u>(217,352)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	179,145	179,145	166,721	12,424
Materials and Supplies	2,700	2,700	968	1,732
Contractual Services	355,155	355,155	301,959	53,196
Total Urban Redevelopment and Housing	<u>537,000</u>	<u>537,000</u>	<u>469,648</u>	<u>67,352</u>
Capital Outlay	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total Expenditures	<u>667,000</u>	<u>667,000</u>	<u>469,648</u>	<u>197,352</u>
Net Revenues Over (Under) Expenditures	20,000	20,000	-	(20,000)
Other Financing Sources (Uses):				
Transfers In (Out)	<u>116,420</u>	<u>116,420</u>	<u>-</u>	<u>(116,420)</u>
Net Change in Fund Balance	136,420	136,420	-	(136,420)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 136,420</u>	<u>\$ 136,420</u>	<u>\$ -</u>	<u>\$ (136,420)</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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 310,000	\$ 310,000	\$ 658,253	\$ 348,253
Net Investment Earnings - Interest	20,000	20,000	4,355	(15,645)
Total Revenues	330,000	330,000	662,608	332,608
Expenditures:				
Capital Outlay	507,195	507,195	507,194	1
Net Revenues Over (Under) Expenditures	(177,195)	(177,195)	155,414	332,609
Other Financing Uses:				
Transfers (Out)	(127,587)	(127,587)	(103,900)	23,687
Net Change in Fund Balance	(304,782)	(304,782)	51,514	356,296
Fund Balance, Beginning of Year	1,152,086	1,152,086	1,152,086	-
Fund Balance, End of Year	<u>\$ 847,304</u>	<u>\$ 847,304</u>	<u>\$ 1,203,600</u>	<u>\$ 356,296</u>

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 695,000	\$ 695,000	\$ 682,503	\$ (12,497)
Intergovernmental-State Grant	230,500	230,500	323,205	92,705
Investment Earnings:				
Interest	12,000	12,000	24,530	12,530
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(20,509)	(20,509)
Total Net Investment Earnings	12,000	12,000	4,021	(7,979)
Total Revenues	937,500	937,500	1,009,729	72,229
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	36,010	36,010	35,938	72
Contractual Services	445,903	595,903	276,376	319,527
Total Urban Redevelopment and Housing	481,913	631,913	312,314	319,599
Capital Outlay	524,901	524,901	294,492	230,409
Total Expenditures	1,006,814	1,156,814	606,806	550,008
Net Revenues Over (Under) Expenditures	(69,314)	(219,314)	402,923	622,237
Other Financing Sources (Uses):				
Transfers In (Out)	(342,600)	(342,600)	40,167	382,767
Net Change in Fund Balance	(411,914)	(561,914)	443,090	1,005,004
Fund Balance, Beginning of Year	869,376	869,376	869,376	-
Fund Balance, End of Year	\$ 457,462	\$ 307,462	\$ 1,312,466	\$ 1,005,004

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 695,900	\$ 695,900	\$ 1,483,977	\$ 788,077
Investment Earnings:				
Interest	10,000	10,000	35,636	25,636
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(31,349)	(31,349)
Total Net Investment Earnings	10,000	10,000	4,287	(5,713)
Total Revenues	705,900	705,900	1,488,264	782,364
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	40,560	40,560	40,484	76
Contractual Services	304,198	304,198	124,370	179,828
Total Urban Redevelopment and Housing	344,758	344,758	164,854	179,904
Capital Outlay	1,114,659	1,114,659	83,469	1,031,190
Total Expenditures	1,459,417	1,459,417	248,323	1,211,094
Net Change in Fund Balance	(753,517)	(753,517)	1,239,941	1,993,458
Fund Balance, Beginning of Year	852,932	852,932	852,932	-
Fund Balance, End of Year	\$ 99,415	\$ 99,415	\$ 2,092,873	\$ 1,993,458

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 147,000	\$ 147,000	\$ 226,545	\$ 79,545
Net Investment Earnings - Interest	1,000	1,000	303	(697)
Licenses, Fines and Service Charges	30,000	30,000	20,000	(10,000)
Total Revenues	178,000	178,000	246,848	68,848
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	179,911	179,911	44,457	135,454
Capital Outlay	365,000	365,000	132,450	232,550
Total Expenditures	544,911	544,911	176,907	368,004
Net Revenues Over (Under) Expenditures	(366,911)	(366,911)	69,941	436,852
Other Financing Sources (Uses):				
Transfers In (Out)	330,000	330,000	-	(330,000)
Net Change in Fund Balance	(36,911)	(36,911)	69,941	106,852
Fund Balance, Beginning of Year	54,766	54,766	54,766	-
Fund Balance, End of Year	\$ 17,855	\$ 17,855	\$ 124,707	\$ 106,852

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 828,300	\$ 828,300	\$ 945,613	\$ 117,313
Investment Income:				
Interest	68,000	68,000	55,567	(12,433)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(48,762)	(48,762)
Total Net Investment Earnings	68,000	68,000	6,805	(61,195)
Licenses, Fines and Service Charges	35,100	35,100	70,040	34,940
Total Revenues	931,400	931,400	1,022,458	91,058
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	16,725	16,725	10,685	6,040
Contractual Services	880,265	880,265	189,465	690,800
Total Expenditures	896,990	896,990	200,150	696,840
Net Revenues Over (Under) Expenditures	34,410	34,410	822,308	787,898
Other Financing Sources (Uses):				
Transfers In (Out)	(1,000,000)	(1,000,000)	(998,337)	1,663
Net Change in Fund Balance	(965,590)	(965,590)	(176,029)	789,561
Fund Balance, Beginning of Year	2,273,396	2,273,396	2,273,396	-
Fund Balance, End of Year	\$ 1,307,806	\$ 1,307,806	\$ 2,097,367	\$ 789,561

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ 10,000	\$ 10,000	\$ 1,052	\$ (8,948)
Other Financing Sources (Uses):				
Transfers In (Out)	(340,609)	(340,609)	(281,744)	58,865
Net Change in Fund Balance	(330,609)	(330,609)	(280,692)	49,917
Fund Balance, Beginning of Year	536,557	536,557	536,557	-
Fund Balance, End of Year	<u>\$ 205,948</u>	<u>\$ 205,948</u>	<u>\$ 255,865</u>	<u>\$ 49,917</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 80,000	\$ 80,000	\$ 17,939	\$ (62,061)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(15,583)	(15,583)
Net Change in Fund Balance	80,000	80,000	2,356	(77,644)
Fund Balance, Beginning of Year	3,037,033	3,037,033	3,037,033	-
Fund Balance, End of Year	<u>\$ 3,117,033</u>	<u>\$ 3,117,033</u>	<u>\$ 3,039,389</u>	<u>\$ (77,644)</u>

Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2004

ASSETS	<u>Capital Improvement and Replacement</u>	<u>Sanitary Sewer Construction</u>	<u>Total</u>
Cash and Cash Equivalents:			
Savings	\$ 978,782	\$ 346,878	\$ 1,325,660
Il. Public Treasurer's Pool	199,574	322	199,896
Investments	1,438,940	276,716	1,715,656
Receivables (Net of Uncollectibles):			
Other Taxes	<u>-</u>	<u>24,552</u>	<u>24,552</u>
 Total Assets	 <u>\$ 2,617,296</u>	 <u>\$ 648,468</u>	 <u>\$ 3,265,764</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 6,040	\$ -	\$ 6,040
Accounts Payable	<u>17,722</u>	<u>60,899</u>	<u>78,621</u>
Total Liabilities	<u>23,762</u>	<u>60,899</u>	<u>84,661</u>
Fund Balance:			
Unreserved, Designated for Future Capital Outlay:			
General Construction	2,593,534	-	2,593,534
Sewer Construction	<u>-</u>	<u>587,569</u>	<u>587,569</u>
 Total Fund Balance	 <u>2,593,534</u>	 <u>587,569</u>	 <u>3,181,103</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,617,296</u>	 <u>\$ 648,468</u>	 <u>\$ 3,265,764</u>

CITY OF URBANA

Non-Major Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30, 2004

	Capital Improvement and Replacement	Sanitary Sewer Construction	Total
Revenues:			
Sewer Benefit Tax	\$ -	\$ 817,307	\$ 817,307
Intergovernmental	760,188	-	760,188
Investment Earnings:			
Interest	42,430	8,479	50,909
Net Appreciation (Depreciation) in Fair Value Investments	(33,087)	(6,592)	(39,679)
Total Net Investment Earnings	9,343	1,887	11,230
Licenses, Fines, and Service Charges	24,258	1,710	25,968
Other	3,079	-	3,079
Total Revenues	796,868	820,904	1,617,772
Expenditures:			
Current - Highways and Streets	84,758	4,287	89,045
Capital Outlay:			
General Construction	21,761	-	21,761
Street and Light Improvements	1,597,329	-	1,597,329
Sewer Construction	70,006	261,813	331,819
Total Capital Outlay	1,689,096	261,813	1,950,909
Total Expenditures	1,773,854	266,100	2,039,954
Net of Revenues Over (Under) Expenditures	(976,986)	554,804	(422,182)
Other Financing Sources (Uses):			
Transfers In	1,404,003	-	1,404,003
Transfers (Out)	-	(404,410)	(404,410)
Total Other Financing Sources (Uses)	1,404,003	(404,410)	999,593
Net Change in Fund Balances	427,017	150,394	577,411
Fund Balance, Beg. of Year	2,166,517	437,175	2,603,692
Fund Balance, End of Year	\$ 2,593,534	\$ 587,569	\$ 3,181,103

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 333,000	\$ 867,202	\$ 760,188	\$ (107,014)
Investment Earnings:				
Interest	100,000	100,000	42,430	(57,570)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(33,087)	(33,087)
Total Net Investment Earnings	100,000	100,000	9,343	(90,657)
Licenses, Fines and Service Charges	7,500	18,500	24,258	5,758
Other	10,000	10,000	3,079	(6,921)
 Total Revenues	 450,500	 995,702	 796,868	 (198,834)
Expenditures:				
Current - Highways and Streets	120,636	131,636	84,758	46,878
Capital Outlay:				
General Construction	21,761	21,761	21,761	-
Street and Light Improvements	2,840,237	3,374,439	1,597,329	1,777,110
Sewer Construction	136,203	136,203	70,006	66,197
 Total Capital Outlay	 2,998,201	 3,532,403	 1,689,096	 1,843,307
 Total Expenditures	 3,118,837	 3,664,039	 1,773,854	 1,890,185
 Net of Revenues Over (Under) Expenditures	 (2,668,337)	 (2,668,337)	 (976,986)	 1,691,351
Other Financing Sources (Uses):				
Transfers In	1,307,498	1,307,498	1,404,003	96,505
 Net Change in Fund Balance	 (1,360,839)	 (1,360,839)	 427,017	 1,787,856
 Fund Balance, Beginning of Year	 2,166,517	 2,166,517	 2,166,517	 -
 Fund Balance, End of Year	 \$ 805,678	 \$ 805,678	 \$ 2,593,534	 \$ 1,787,856

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 780,920	\$ 780,920	\$ 817,307	\$ 36,387
Investment Earnings:				
Interest	22,000	22,000	8,479	(13,521)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(6,592)	(6,592)
Total Net Investment Earnings	<u>22,000</u>	<u>22,000</u>	<u>1,887</u>	<u>(20,113)</u>
Licenses, Fines and Service Charges	-	-	1,710	1,710
Total Revenues	<u>802,920</u>	<u>802,920</u>	<u>820,904</u>	<u>17,984</u>
Expenditures:				
Current - Highways and Streets	4,590	4,590	4,287	303
Capital Outlay - Sewer Construction	699,426	699,426	261,813	437,613
Total Expenditures	<u>704,016</u>	<u>704,016</u>	<u>266,100</u>	<u>437,916</u>
Net of Revenues Over (Under) Expenditures	98,904	98,904	554,804	455,900
Other Financing Sources (Uses):				
Transfers (Out)	(404,410)	(404,410)	(404,410)	-
Net Change in Fund Balance	(305,506)	(305,506)	150,394	455,900
Fund Balance, Beginning of Year	<u>437,175</u>	<u>437,175</u>	<u>437,175</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 131,669</u>	<u>\$ 131,669</u>	<u>\$ 587,569</u>	<u>\$ 455,900</u>

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 757,070	\$ 757,070	\$ 792,225	\$ 35,155
Parking Rentals	229,830	229,830	246,202	16,372
Total Operating Revenues	<u>986,900</u>	<u>986,900</u>	<u>1,038,427</u>	<u>51,527</u>
Operating Expenses:				
Personnel Services	146,460	146,460	126,054	20,406
Supplies	46,158	46,158	37,559	8,599
Contractual Services	130,439	130,439	101,407	29,032
Depreciation	251,000	251,000	250,398	602
Total Operating Expenses	<u>574,057</u>	<u>574,057</u>	<u>515,418</u>	<u>58,639</u>
Operating Income	<u>412,843</u>	<u>412,843</u>	<u>523,009</u>	<u>110,166</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	40,000	40,000	30,838	(9,162)
Net Appreciation (Depreciation) in Fair Value of Investments	<u>-</u>	<u>-</u>	<u>(23,619)</u>	<u>(23,619)</u>
Total Net Investment Earnings	40,000	40,000	7,219	(32,781)
Interest Expense	<u>(334,699)</u>	<u>(334,699)</u>	<u>(90,972)</u>	<u>243,727</u>
Total Non-Operating Revenues (Expenses)	<u>(294,699)</u>	<u>(294,699)</u>	<u>(83,753)</u>	<u>210,946</u>
Income (Loss) Before Transfers	118,144	118,144	439,256	321,112
Transfers In (Out)	<u>(37,870)</u>	<u>(37,870)</u>	<u>(39,338)</u>	<u>(1,468)</u>
Change in Net Assets	80,274	80,274	399,918	319,644
Net Assets, Beginning of Year	<u>6,408,834</u>	<u>6,408,834</u>	<u>6,408,834</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 6,489,108</u>	<u>\$ 6,489,108</u>	<u>\$ 6,808,752</u>	<u>\$ 319,644</u>



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INTERNAL SERVICE FUNDS



Internal Service Funds
Combining Statement of Net Assets

June 30, 2004

ASSETS	Central Garage	Worker's Compensation Retained Risk	Total
Current Assets:			
Cash and Cash Equivalents:			
Savings	\$ 59,412	\$ 131,129	\$ 190,541
Due from Other Funds	61,279	-	61,279
Inventory of Supplies, At Cost	75,392	-	75,392
Total Current Assets	<u>196,083</u>	<u>131,129</u>	<u>327,212</u>
Noncurrent Assets:			
Equipment	160,928	-	160,928
Less Accumulated Depreciation	<u>(79,541)</u>	<u>-</u>	<u>(79,541)</u>
Total Capital Assets (net of Accumulated Depreciation)	<u>81,387</u>	<u>-</u>	<u>81,387</u>
Total Assets	<u>277,470</u>	<u>131,129</u>	<u>408,599</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	21,895	131,129	153,024
Accrued Salaries and Taxes	9,960	-	9,960
Total Liabilities	<u>31,855</u>	<u>131,129</u>	<u>162,984</u>
NET ASSETS			
Invested in Capital Assets	81,387	-	81,387
Unrestricted	<u>164,228</u>	<u>-</u>	<u>164,228</u>
Total Net Assets	<u>\$ 245,615</u>	<u>\$ -</u>	<u>\$ 245,615</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2004

	Central Garage	Worker's Compensation Retained Risk	Total
Operating Revenues:			
Charges for Services	\$ 682,716	\$ 168,280	\$ 850,996
Operating Expenses:			
Personnel Services	255,095	170,185	425,280
Supplies	16,492	-	16,492
Contractual Services	103,316	32,197	135,513
Equipment Parts	120,530	-	120,530
Fuel	138,216	-	138,216
Depreciation	13,782	-	13,782
Worker's Compensation Claims	-	93,360	93,360
Total Operating Expenses	647,431	295,742	943,173
Operating Income (Loss)	35,285	(127,462)	(92,177)
Non Operating Revenues (Expenses):			
Investment Income (Net of Investment Expense):			
Interest	-	56,807	56,807
Net Appreciation (Depreciation) in Fair Value of Investments	-	(49,345)	(49,345)
Interest	-	7,462	7,462
Net Income Before Transfers	35,285	(120,000)	(84,715)
Transfers In (Out)	(2,727)	120,000	117,273
Change in Net Assets	32,558	-	32,558
Net Assets, Beginning of Year	213,057	-	213,057
Net Assets, End of Year	\$ 245,615	\$ -	\$ 245,615

Internal Service Funds
Combining Statement of Cash Flows

Fiscal Year Ended June 30, 2004

	Central Garage	Worker's Compensation Retained Risk	Total
Cash Flows from Operating Activities:			
Receipts from Users	\$ 701,382	\$ 222,956	\$ 924,338
Payments to Employees	(253,205)	(170,185)	(423,390)
Payments to Suppliers	(380,801)	(32,197)	(412,998)
Worker's Compensations Claims	-	(63,481)	(63,481)
Net Cash Provided by (Used in) Operating Activities	67,376	(42,907)	24,469
Cash Flows from Non-Capital Financing Activities:			
Transfers In (Out)	(2,727)	120,000	117,273
Cash Flows from Capital and Related Financing Activities:			
(Purchase) of equipment	(8,178)	-	(8,178)
Cash Flows from Investing Activities:			
Investment Income	-	7,462	7,462
Increase in Cash and Cash Equivalents	56,471	84,555	141,026
Beginning Cash and Cash Equivalents	2,941	46,574	49,515
Ending Cash and Cash Equivalents	<u>\$ 59,412</u>	<u>\$ 131,129</u>	<u>\$ 190,541</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Net Income (Loss)	\$ 35,285	\$ (127,462)	\$ (92,177)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	13,782	-	13,782
Decrease in Accounts Receivable	-	54,676	54,676
Decrease in Due from Other Funds	18,666	-	18,666
(Increase) in Inventory of Supplies	(6,024)	-	(6,024)
Increase in Accounts Payable	3,777	29,879	33,656
Increase in Accrued Salaries and Taxes	1,890	-	1,890
Net Cash Provided (Used in) Operating Activities	<u>\$ 67,376</u>	<u>\$ (42,907)</u>	<u>\$ 24,469</u>

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 741,240	\$ 741,240	\$ 682,716	\$ (58,524)
Operating Expenses:				
Personnel Services	258,760	258,760	255,095	3,665
Supplies	18,270	18,270	16,492	1,778
Contractual Services	137,753	137,753	103,316	34,437
Equipment Parts	147,000	147,000	120,530	26,470
Fuel	175,000	175,000	138,216	36,784
Depreciation	23,400	23,400	13,782	9,618
Total Operating Expenses	760,183	760,183	647,431	112,752
Net Operating Income (Loss) Before Transfers	(18,943)	(18,943)	35,285	54,228
Transfers (Out)	(2,727)	(2,727)	(2,727)	-
Change in Net Assets	(21,670)	(21,670)	32,558	54,228
Net Assets, Beginning of Year	213,057	213,057	213,057	-
Net Assets, End of Year	\$ 191,387	\$ 191,387	\$ 245,615	\$ 54,228

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, 2004

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 168,280	\$ 168,280	\$ 168,280	\$ -
Operating Expenses:				
Personnel Services	176,311	176,311	170,185	6,126
Contractual Services	37,071	37,071	32,197	4,874
Worker's Compensation Claims	545,187	545,187	93,360	451,827
Total Operating Expenses	758,569	758,569	295,742	462,827
Net Operating Income (Loss)	(590,289)	(590,289)	(127,462)	462,827
NonOperating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	-	-	56,807	56,807
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(49,345)	(49,345)
Total Net Investment Earnings	-	-	7,462	7,462
Net Income Before Transfers	(590,289)	(590,289)	(120,000)	470,289
Transfers In	120,000	120,000	120,000	-
Change in Net Assets	(470,289)	(470,289)	-	470,289
Net Assets, Beginning of Year	-	-	-	-
Net Assets, End of Year	\$ (470,289)	\$ (470,289)	\$ -	\$ 470,289

CITY OF URBANA

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

June 30, 2004

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents:			
Checking	\$ -	\$ 257	\$ 257
Savings	353,015	625,830	978,845
Money Market Funds	63,520	129,333	192,853
Subtotal, Cash and Cash Equivalents	<u>416,535</u>	<u>755,420</u>	<u>1,171,955</u>
Investments, at Fair Value	21,251,341	14,677,267	35,928,608
Receivables (Net of Uncollectibles)			
Property Tax	391,787	559,651	951,438
Accrued Interest	11,292	95,727	107,019
Total Assets	<u>22,070,955</u>	<u>16,088,065</u>	<u>38,159,020</u>
LIABILITIES			
Accounts Payable	<u>2,687</u>	<u>59,871</u>	<u>62,558</u>
NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 22,068,268</u>	<u>\$ 16,028,194</u>	<u>\$ 38,096,462</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2004

	Firemen's Pension	Policemen's Pension	Total
Additions: Employer Contributions Employee Contributions Subtotal Contributions	\$ 807,407 207,126 <u>1,014,533</u>	\$ 1,133,303 259,175 <u>1,392,478</u>	\$ 1,940,710 466,301 <u>2,407,011</u>
Investment Income: Interest and Dividends Net Increase (Decrease) in Fair Value of Investments Total, Investment Income Less Investment Expense Net Investment Income	806,999 823,857 <u>1,630,856</u> (3,986) <u>1,626,870</u>	487,803 395,008 <u>882,811</u> (84,913) <u>797,898</u>	1,294,802 1,218,865 <u>2,513,667</u> (88,899) <u>2,424,768</u>
Total Additions	<u>2,641,403</u>	<u>2,190,376</u>	<u>4,831,779</u>
Deductions: Benefits Administrative Costs	1,294,023 11,716 <u>1,305,739</u>	1,071,700 19,625 <u>1,091,325</u>	2,365,723 31,341 <u>2,397,064</u>
Total Deductions	<u>1,305,739</u>	<u>1,091,325</u>	<u>2,397,064</u>
Change in Net Assets	1,335,664	1,099,051	2,434,715
Net Assets, Beginning of Year	<u>20,732,604</u>	<u>14,929,143</u>	<u>35,661,747</u>
Net Assets, End of Year	<u><u>\$ 22,068,268</u></u>	<u><u>\$ 16,028,194</u></u>	<u><u>\$ 38,096,462</u></u>



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STATISTICAL SECTION



CITY OF URBANA
Government-wide Expenses by Function

1995 - 2004

	<u>1995</u>	<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>
Public Safety						\$ 9,006,645	\$9,344,652	\$9,839,621	\$9,800,643	\$10,386,914
Highways and Streets						7,461,185	6,993,107	6,954,657	7,354,100	7,554,246
General Government						1,917,145	1,998,922	2,091,136	2,234,056	2,338,256
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
Library Services						2,170,881	2,360,302	2,403,620	2,325,974	2,460,989
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>
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>

CITY OF URBANA
Government-wide Revenues
1995 - 2004

	<u>1995</u>	<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>
Program Revenues:										
Charges for Services						\$ 4,870,989	\$ 5,273,599	\$5,466,857	\$5,818,734	\$6,286,708
Operating Grants and Contributions						2,711,469	2,282,525	2,283,795	1,364,087	2,011,996
Capital Grants and Contributions						--	--	6,614	470,533	450,000
General Revenues:	INFORMATION BEFORE 1999 IS NOT AVAILABLE									
Property Tax						6,063,053	6,193,883	6,259,205	6,816,463	8,284,037
Utility Tax						3,295,625	3,675,184	3,391,827	3,858,619	3,861,075
State Sales Tax						3,487,139	3,451,347	3,544,544	3,382,787	3,511,007
Intergovernmental, not Restricted for Programs						4,218,595	4,615,117	5,823,783	5,900,695	5,558,434
Investment Income						1,159,216	1,725,316	976,840	1,328,080	169,261
Municipal Sales Tax						1,973,384	2,088,866	2,062,862	2,115,078	2,174,137
Other Taxes						1,131,926	1,294,791	1,322,492	1,413,431	1,428,145
Other						<u>7,391</u>	<u>97,735</u>	<u>712,579</u>	<u>505,588</u>	<u>481,157</u>

Total \$28,918,787 \$29,698,363 \$31,851,398 \$32,974,095 \$34,215,957

CITY OF URBANA

General Governmental Expenditures by Function
All Governmental Fund Types

1995 - 2004

	<u>1995</u>	<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>
Public Safety	\$ 5,452,736	\$ 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
Highways and Streets	4,907,596	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
General Government	2,213,591	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
Urban Redevelopment and Housing	1,293,380	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
Library Services	1,717,898	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
Debt Service	165,424	255,548	255,582	253,716	254,903	260,095	256,985	255,706	482,304	--
Capital Projects	<u>947,298</u>	<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>
Total	<u>\$16,697,923</u>	<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>

CITY OF URBANA

General Governmental Revenues by Source
All Governmental Fund Types

1995 - 2004

	<u>1995</u>	<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>
Property Tax	\$ 3,877,609	\$ 3,989,254	\$ 4,872,054	\$ 5,008,346	\$ 5,526,884	\$ 5,880,930	\$ 6,080,692	\$ 6,305,063	\$6,673,611	\$8,212,080
Utility Tax	2,498,356	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
State Sales Tax	2,823,685	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
Other Taxes	2,551,562	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
Intergovernmental	3,615,822	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
Investment Income	952,965	1,067,934	1,110,640	1,160,973	792,501	1,069,164	1,631,838	932,775	1,297,079	154,580
Special Assessments	196	65	--	--	--	--	--	--	--	--
Licenses, Fines and Service Charges	2,013,662	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
Other	<u>219,656</u>	<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>
Total	<u>\$18,553,513</u>	<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>\$33,094,424</u>

CITY OF URBANA
 Property Tax Levies and Collection
 Fiscal Years 1995 - 2004

<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>
2003	2004	\$5,019,338	\$2,480,954	\$2,538,384	50.6%
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%
1994	1995	3,639,188	--	3,639,188	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
1995 - 2004

<u>Fiscal Year</u>	<u>Assessed</u>	<u>Actual</u>	<u>Ratio of Assessed To Actual</u>
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%
1995	236,126,962	708,380,886	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 1994 - 2003

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>
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
1995	1994	4.8064	1.5412	.6105	.7712	.4942	.1877	.2475	.1607	.1055	8.9249

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 1995 - 2004

<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>
2004	NO ASSESSMENTS WERE DUE AFTER 1996			
2003				
2002				
2001				
2000				
1999				
1998				
1997				
1996	\$ 66	\$ 66	1.00	\$ 65
1995	2,714	2,714	1.00	131

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

1995 - 2004

<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>
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
1995	36,344	236,126,962	1,839,103	--	1,839,103	.78%	50.60

*Revenue and special assessment debt not included.

CITY OF URBANA
Computation of Legal Debt Margin
June 30, 2004

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, 2004

<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	\$33,069,235	81.9%	\$27,072,435
City of Urbana	0	100.0%	0
Champaign County	52,592,474	15.5%	8,167,334
Urbana Park District	<u>1,150,000</u>	97.7%	<u>1,123,126</u>
Total	<u>\$86,811,709</u>		<u>\$36,362,895</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 \$2,463,518,814. The City of Urbana's proportionate share is computed by dividing Urbana's assessed value of \$382,571,476 by \$2,463,518,814 and multiplying this rate by Champaign County's \$52,592,474 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

1995 - 2004

<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>
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
1995	80,000	85,424	165,424	16,697,923	.0099

CITY OF URBANA

Schedule of Revenue Supported Bond Coverage

1995 - 2004

<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>
2004	\$1,045,646	\$304,358	\$741,288	\$271,583	\$90,972	\$362,555	2.04
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
1995	814,060	482,414	331,646	337,580	275,482	613,062	.54

- (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, and the 1991 Parking Bonds, which were refunded by the 1994C Parking Bonds.

CITY OF URBANA
Demographic Statistics
1994 - 2003

<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>
2003	36,515	\$27,294	24.6	13.1	4,414	3.5%
2002	36,475	26,808	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%
1994	36,344	17,852	25.5	12.7	4,997	3.9%

- 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
1994 - 2003

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
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
1994	27	13,327,095	47	13,026,065	26,353,160	283,352,354	425,028,532	708,380,886

(1) Compiled from building permits issued.

(2) Per Champaign County Clerk

CITY OF URBANA
Principal Property Taxpayers
June 30, 2004

<u>Name of Company</u>	<u>2003 Equalized Assessed Value</u>	<u>Percent of Total Assessed Valuation</u>
1. Carle Foundation (Health Care)	\$33,940,330	8.8%
2. Provena Covenant (Health Care)	14,907,320	3.8%
3. Campus Property Management (Residential Housing)	11,478,000	3.0%
4. Melrose Apartments (Residential Housing)	5,839,610	1.5%
5. Town and Country Apartments (Residential Housing)	5,761,860	1.5%
6. J. M. Jones Company (Food Service)	4,788,020	1.2%
7. Flex-N-Gate (Manufacturing)	3,689,240	0.9%
8. Clark Lindsey Village (Residential Retirement)	3,682,080	0.9%
9. Holiday Inn (Hotel)	3,526,470	0.9%
10. University Commons Apart. (Residential Housing)	<u>3,397,980</u>	0.8%
	<u>\$91,010,910</u>	<u>23.7%</u>

Miscellaneous Statistical Data

June 30, 2004

Date of Incorporation	1854
Form of Government	Mayoral
Population	36,515
Area - Square Miles	12.0
Miles of Streets	127.8
Miles of Sewers	199.7
Number of Street Lights	3,767
Number of Dwelling Units	16,072
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	22
Number of Acres	582
Number of Swimming Pools	2
Full-time Equivalent Employee Budgeted Positions	307
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)
 1995 - 2004

<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>
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
1995	.4252	.3288	.1286	.1191	.5395	1.5412