

CITY OF

Urbana,
Illinois



Comprehensive Annual Financial Report

For the Year Ended June 30, 2006

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2006

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Date

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

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

Martin, Hood, Friese & Associates, LLC, have issued an unqualified "clean" opinion on the City of Urbana financial statements for the year ended June 30, 2006. This independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of the Government.

The City of Urbana, chartered in 1855, is a home-rule municipality located in Champaign County, which is situated in east central Illinois, approximately 135 miles south of Chicago and 45 miles west of the Indiana border. The University of Illinois is located in both Urbana and Urbana's twin city of Champaign. Urbana's population is estimated at 36,590 and 11.6 square miles are within the City boundaries. The City operates under the Council-Mayor form of government. The legislative authority of the City is vested in a seven-member council, each elected from their respective districts. The Mayor is elected at large. Each member and the Mayor serve a four-year term. The Mayor recommends and the City Council approves a Chief Administrative Officer and department heads. Department heads report to the Chief Administrative Officer.

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

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

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

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

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

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

Local Economy.

Champaign County continues to maintain a very stable economic environment. The University of Illinois dominates the local economy and is responsible for a significant part of this economic stability. Food, service, and high technology industries dominate the small amount of manufacturing in the area. Two of the City's major revenue sources, sales and utility taxes, are especially reflective of this local economic stability and have been important in keeping Urbana financially sound and relatively debt-free. The City of Urbana has also been aggressive in encouraging new business development and in annexing properties into the City limits. This stability and aggressive development posture has allowed the local unemployment rate to average 4.3%, property values to average 7.6% annual growth and per-capita income to average 1% annual growth over the last five years.

This economic growth is expected to continue at a slightly slower rate over the next three to four years. While economic activity in Champaign has remained relatively strong, the State of Illinois during the years 2000-2004 experienced a dramatic decrease in the amount of state revenues from various taxes. This decrease in state revenues resulted in a corresponding decrease in the local share of the State Income Tax received by the City of Urbana, which amounts to approximately 8% of total city revenues and 13% of General Fund revenues. State income tax revenue has significantly improved the last two years; however, the amount received over the entire 6 year period is still below inflationary levels. It is anticipated that the state income tax revenue will return to more normal amounts, to approximate inflationary increases.

In addition, the City has lost considerable sales tax from the closing of a number of retail stores. In 2006, Walmart opened a new store in Urbana. A major automobile dealer relocated and expanded in August of 2006. The sales tax from these new establishments should replace previously lost taxes.

Long Term Financial Planning.

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

Significant Relevant Financial Policies.

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

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

- a) All employees except sworn police and fire personnel, that meet certain minimum hourly standards must be enrolled and participate in the Illinois Municipal Retirement Fund (IMRF). IMRF is a multiple employer retirement system that acts as a common investment and administrative agent for local government in Illinois. Participating members are required to contribute 4.5% of their annual salary for 2006 (same in 2005). The City is contributing 9.6% of salaries in calendar year 2006 (9.3% in 2005). At December 31, 2005, the IMRF retirement plan was 91% funded as a percentage of covered salary (94% funded at December 31, 2004). Any unfunded amounts are amortized over a thirty-year period.
- b) Sworn police personnel are covered by the Police Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members are required to contribute 9.9% of their salary. The amount contributed by the City equaled 51% of salaries in 2006 (46% in 2005). The unfunded actuarial accrued liability at June 30, 2005, was 362% of covered salaries, (333% at June 30, 2004). This amount is being amortized over a thirty-three year closed period.
- c) Sworn fire personnel are covered by the Firemen's Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members were required to contribute 9.5% of their salary. The amount contributed by the City equaled 40% of salaries in 2006 (36% in 2005). The unfunded actuarial accrued liability at June 30, 2005, was 208% of covered salaries, up from 177% in 2004. Unfunded amounts are being amortized over a thirty-three year closed period.

These pension funds utilize a five year rolling average method to smooth out fluctuations in investment market values. The decline in the U.S. stock market in the years 2001 and 2002 significantly increased pension funding requirements. The U.S. stock market has rebounded since these years and has returned to a more normal return. As these better years are replacing the poorer years in the five year formula, funding requirements are expected to return to a more normal 5% to 6% level.

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, and common stock mutual funds. The total value of these invested amounts at June 30, 2006 was \$73,264,060 (\$71,474,535 in 2005). The average yield of investments and deposits was 3.8% in 2006 (3.2% in

2005) before the impact of increases or decreases in the market value of investments during the year. After the impact of these market changes, the City earned a total of \$2,489,364 on its investments in 2006 (3.4%), as compared to a gain of \$3,713,774 in 2005 (5.3%). These amounts include pension trust funds.

Risk Management. The City purchases commercial insurance to insure exposure to loss from risks above self-insured amounts for both worker's compensation claims and other risks. The City self-insures worker's compensation losses up to a limit of \$450,000 per individual claim and other losses up to \$100,000 per claim. The results of the self-insurance program are reported in the City's Worker's Compensation Retained Risk Internal Service Fund.

Major Initiatives.

Significant initiatives for the City in the current year are:

- a) Monitor the Five Points East and West development projects, which include a new Walgreen's store, relocation of the City's major retail automobile dealer, and a planned retail sales mall.
- b) Work with various neighborhood groups to strengthen the city's ability to respond to certain public safety and quality of housing concerns. These efforts have involved the hiring of 5 new police officers and an additional housing inspector.
- c) Continue to monitor remediation efforts near an old City landfill. Management believes these improvements will prevent future erosion on a nearby waterway.

For the future, three areas of emphasis will be:

- a) Continue to identify and implement improvements in efficiency and new technology that will allow continued service delivery at lowest possible cost. Two technologies that are currently being implemented are: a Geographical Information System (GIS) that will provide enhanced information concerning properties and infrastructure improvements in the City and expansion of the city website to provide payment options, services and information to citizens and staff members.
- b) Monitor the progress of a number of significant economic development projects that are currently in various stages of deliberation or construction. Many of these projects will require significant future infrastructure improvements:
 1. Improvements and changes made to the downtown retail area. This would include redevelopment of an enclosed retail shopping mall; redevelopment of the boneyard area; and various other retail development initiatives.

2. A number of new residential housing construction projects.
- c) Monitor the initial purchase and installation of a new 800mhz radio system being installed to increase communication abilities of the local public safety agencies. The total cost of this system, which will be shared by all of the local public safety agencies and paid off over a 10 year period, is estimated to be \$6 million. The initial cost to the City of Urbana to purchase new individual radios is \$488,000.

Awards and Acknowledgements.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Urbana for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the 18th consecutive year that Urbana has achieved this award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet these requirements and we intend to submit it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Bruce Walden
CHIEF ADMINISTRATIVE OFFICER

Ronald C. Eldridge
COMPTROLLER
Certified Public Accountant

/km

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbana
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2006

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Aldерwoman
Heather Stevenson

Aldерwoman
Lynne Barnes

Alderman
Charles Smyth

Aldерwoman
Danielle Chynoweth

Alderman
Dennis Roberts

Alderman
Robert E. Lewis

Alderman
Brandon Bowersox

Administrative Officers

Chief Administrative Officer
Bruce K. Walden

Police Chief
Mike Bily

Fire Chief
Rex Mundt

Public Works Director
William Gray

Community Development Director
Libby Tyler

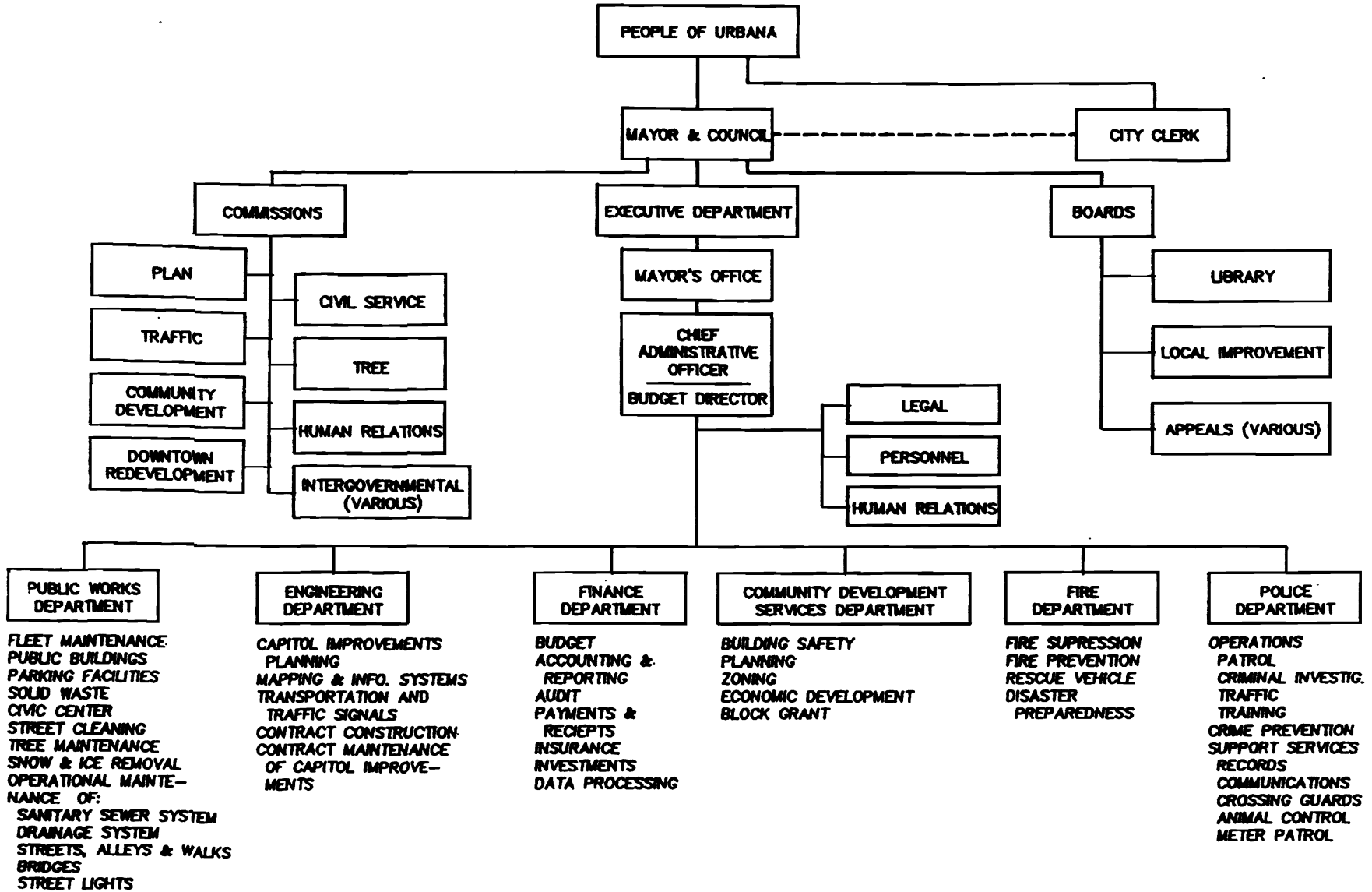
Corporation Counsel
James Gitz

City Comptroller
Ronald C. Eldridge

Personnel Director
Mona Shannon

Urbana Free Library Director
Fred Schlipf

**CITY OF URBANA
ORGANIZATION CHART
STRUCTURE AND MAJOR SERVICE FUNCTIONS**





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Champaign, Illinois 61820
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Urbana, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of June 30, 2006 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, Motor Fuel Tax Fund, Vehicle and Equipment Replacement Fund, and Tax Increment Financing District 3 Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 8, 2006, on our consideration of the City of Urbana, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 12 through 23 and the Schedule of Funding Progress for I.M.R.F. Pension Funds on page 76 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Martin Hood Friese & Associates, LLC

Champaign, Illinois
September 8, 2006

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Management's Discussion and Analysis

June 30, 2006

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, 2006. 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 1-6 of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2006, by \$109,324,958. Of this amount \$33,392,167 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$4,766,985 (4.6%) during the year.
- At June 30, 2006, the governmental funds reported combined fund balances of \$30,333,276, of which \$29,667,226 was unreserved and is available for spending at the City's discretion.
- Governmental fund balances increased \$1,814,702 (6%) during the year.
- The City's long-term debt increased \$45,218 due to debt principal retirements of \$124,849 and a net increase in accumulated compensated employee absences of \$170,067.

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 25-26 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, 2006

- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City of Urbana's governmental activities include Public Safety, Highways and Streets, General Government, Urban Redevelopment and Housing, and Library Services. The City of Urbana has one business-type activity, the Motor Vehicle Parking System.

Fund Financial Statements:

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

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the City of Urbana's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.
- The City of Urbana maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Urbana Free Library, Tax Stabilization, Vehicle and Equipment Replacement, and Tax Increment Financing District 3 Funds, all of which are considered to be major funds. Data from the other governmental funds are

Management's Discussion and Analysis

June 30, 2006

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

- The City of Urbana adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.
- The basic governmental fund financial statements can be found on pages 27-36 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 37-40 of this report.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Urbana's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The only fiduciary funds utilized by the City of Urbana are the Firemen's and

Management's Discussion and Analysis

June 30, 2006

Policemen's Pension Trust Funds. The basic fiduciary fund financial statements can be found on pages 41-42 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-75 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 76 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 78-106 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):

Management's Discussion and Analysis

June 30, 2006

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$43,393	\$38,284	\$2,428	\$2,246	\$45,821	\$40,530
Capital assets	<u>67,218</u>	<u>64,917</u>	<u>6,081</u>	<u>6,282</u>	<u>73,299</u>	<u>71,199</u>
Total assets	<u>\$110,611</u>	<u>\$103,201</u>	<u>\$8,509</u>	<u>\$8,528</u>	<u>\$119,120</u>	<u>\$111,729</u>
Long-term liabilities	1,478	1,337	1,026	1,123	2,504	2,460
Other liabilities	<u>7,201</u>	<u>4,632</u>	<u>90</u>	<u>79</u>	<u>7,291</u>	<u>4,711</u>
Total liabilities	<u>\$ 8,679</u>	<u>\$ 5,969</u>	<u>\$1,116</u>	<u>\$1,202</u>	<u>\$ 9,795</u>	<u>\$ 7,171</u>
Net assets:						
Invested in capital assets	67,218	64,917	5,055	5,160	72,273	70,077
Restricted	3,661	3,376	--	--	3,661	3,376
Unrestricted	<u>31,053</u>	<u>28,939</u>	<u>2,338</u>	<u>2,166</u>	<u>33,391</u>	<u>31,105</u>
Total net assets	<u>\$101,932</u>	<u>\$97,232</u>	<u>\$7,393</u>	<u>\$7,326</u>	<u>\$109,325</u>	<u>\$104,558</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 \$4,699,527 and \$2,300,550 of this amount was used to increase the investment in capital assets. There was an increase in net assets from business-type activities of \$67,458 and a decrease of \$105,131 in the investment in capital assets from business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,248	\$ 5,215	\$1,105	\$ 1,121	\$ 7,353	\$ 6,336
Operating Grants & Contributions	2,800	2,345	--	--	2,800	2,345
Capital Grants & Contributions	372	9	--	--	372	9
General Revenues:						
Property Tax	8,320	7,809	--	--	8,320	7,809
Utility Tax	4,120	3,922	--	--	4,120	3,922
State Sales Tax	4,085	3,684	--	--	4,085	3,684

Management's Discussion and Analysis

June 30, 2006

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Intergovernmental, Not Restricted to Specific Programs	4,544	5,104	--	--	4,544	5,104
Investment Income	618	959	44	70	662	1,029
Municipal Sales Tax	2,519	2,354	--	--	2,519	2,354
Other Taxes	1,500	1,411	--	--	1,500	1,411
Other	<u>123</u>	<u>157</u>	<u>--</u>	<u>--</u>	<u>123</u>	<u>157</u>
Total Revenues	<u>\$35,249</u>	<u>\$32,969</u>	<u>\$1,149</u>	<u>\$1,191</u>	<u>\$36,398</u>	<u>\$34,160</u>
Expenses:						
Public Safety	\$11,564	\$10,839	\$ --	\$ --	\$11,564	\$10,839
Highways & Streets	9,049	9,774	--	--	9,049	9,774
General Government	2,783	2,475	--	--	2,783	2,475
Urban Redevelopment And Housing	4,842	4,390	--	--	4,842	4,390
Library Services	2,801	2,665	--	--	2,801	2,665
Motor Vehicle Parking	<u>--</u>	<u>--</u>	<u>592</u>	<u>631</u>	<u>592</u>	<u>631</u>
Total Expenses	<u>\$31,039</u>	<u>\$30,143</u>	<u>\$ 592</u>	<u>\$ 631</u>	<u>\$31,631</u>	<u>\$30,774</u>
Increase in Net Assets						
Before Transfers	\$ 4,210	\$ 2,826	\$ 557	\$ 560	\$ 4,767	\$ 3,386
Transfers In (Out)	<u>490</u>	<u>43</u>	<u>(490)</u>	<u>(43)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 4,700	\$ 2,869	\$ 67	\$ 517	4,767	3,386
Net Assets, Beg. Year	<u>97,232</u>	<u>94,363</u>	<u>7,326</u>	<u>6,809</u>	<u>104,558</u>	<u>101,172</u>
Net Assets, End Year	<u>\$101,932</u>	<u>\$97,232</u>	<u>\$7,393</u>	<u>\$7,326</u>	<u>\$109,325</u>	<u>\$104,558</u>

- As noted, net assets from governmental activities increased \$4,699,527 (5% growth). This increase is higher than last year when net assets from government activities increased \$2,868,887 (3% growth). Total revenues increased 7% compared to last year and expenses increased 3%. Reasons for some significant revenue changes were:
 - Charges for services increased \$1,033,263 or 20%. This increase was because in 2006, the City completed a unusual amount of capital improvement projects in which private developers were charged and reimbursed the City for a portion of these costs. This revenue increase should be considered of a non-recurring nature.
 - Operating and capital grant revenue increased \$818,733 or 35% due to an unusual amount of state grants received to reimburse the City for an increased level of low-income housing assistance programs and for

Management's Discussion and Analysis

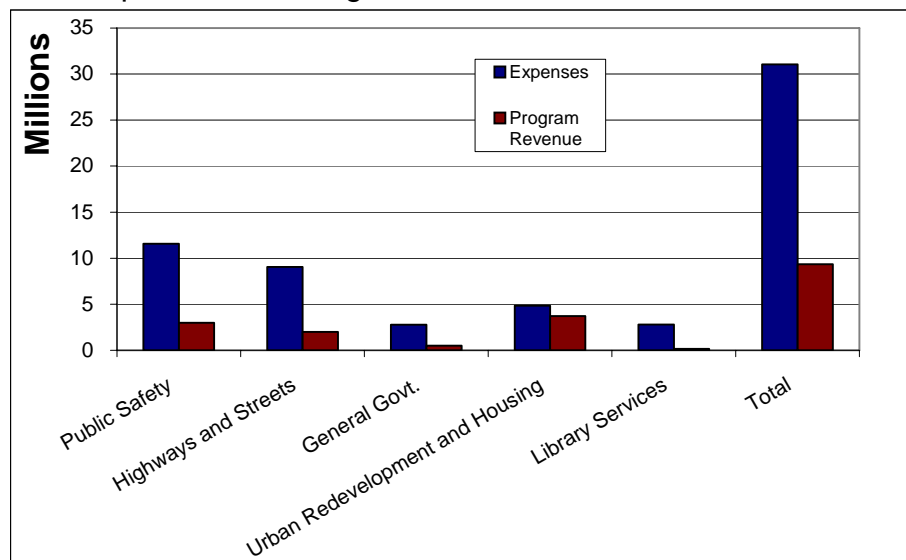
June 30, 2006

various public safety operating costs as well as public safety capital equipment purchases. These grants should be considered of a non-recurring nature.

- As noted earlier, expenses increased 3%. Significant expense changes were:
 - Urban redevelopment and housing increased \$452,074 or 10% due to a higher level of federal and state housing operational grants, as reported above in operating grants revenue.
- Future cost increases are expected to be similar or slightly above inflation (5% range).

Program revenues paid for 30% of expenses, an increase from last year's amount of 25%. These increases were highlighted under significant revenues changes above.

Expenses and Program Revenues – Governmental Activities

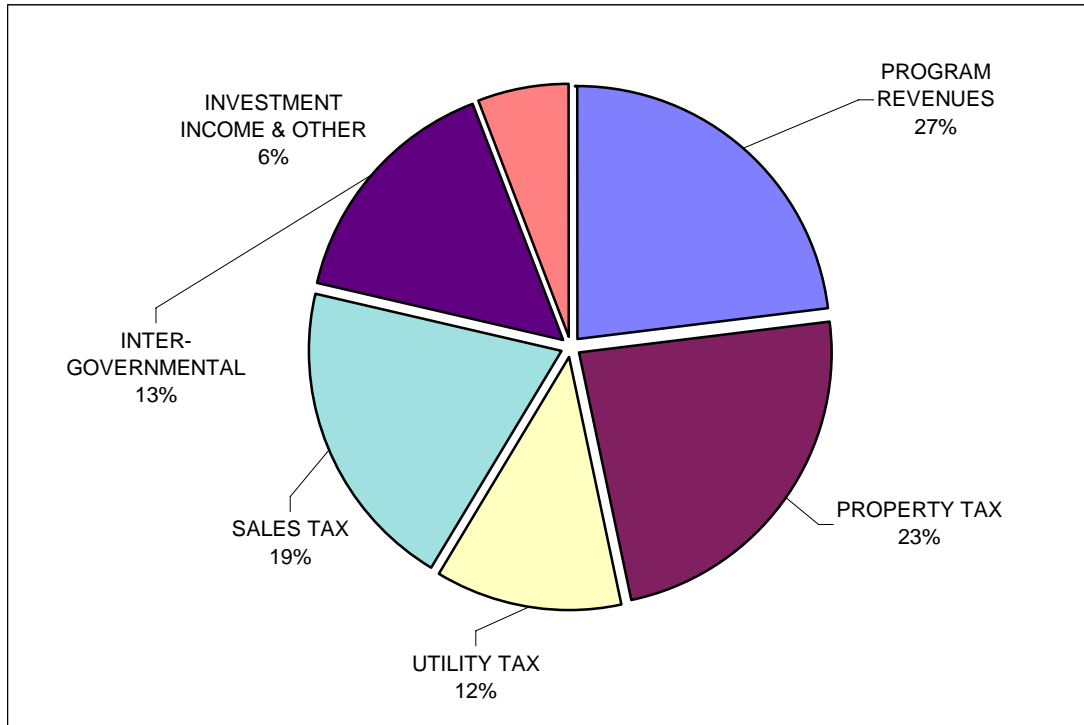


- Revenues for the City are generated from a number of different sources and for the most part are dependent on different financial factors. This relative mix of different revenue sources, as illustrated in the chart below, provides long-term stability.

Management's Discussion and Analysis

June 30, 2006

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 \$30,333,276 (98% is unreserved), an increase of \$1,814,702 over last year. The main reason for this increase was the completion of a new library addition which cost a total of approximately \$8 million. Upon this completion, the City has begun to accumulate balances for possible future capital expenditures.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$1,458,574. Planned transfers of \$835,686 to various other funds mainly for certain other operating expenses meant the fund balance increased \$622,888 for the year to \$5,384,110 at June 30, 2006. Management believes this is an acceptable level of fund balance (25% of total expenditures).

Management's Discussion and Analysis

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Other Major Governmental Funds:

Urbana Free Library Fund. Expenditures exceeded revenues by \$430,032. Planned transfers of \$547,217 from other funds, mainly to reimburse the Library for \$237,818 for capital outlay for completion of the new library building and the balance for certain operating costs, meant the fund balance increased \$117,185 (3% of total expenditures) for the year to \$1,498,930. Management believes this increase in fund balance is consistent with previous years and the amount of fund balance is acceptable (49% of total expenditures).

Motor Fuel Tax Fund. Revenues exceeded expenditures by \$251,840 for the year to \$3,338,139. It is not unusual for this fund to fluctuate with annual significant increases and decreases in fund balance, as this fund is accumulating or spending monies to pay for certain capital improvement projects.

Vehicle and Equipment Replacement Fund. Expenditures exceeded revenues by \$559,219. Planned transfers of \$754,290 from other funds, mainly to finance equipment purchases, meant the fund balance increased \$195,071 for the year to \$4,527,517. It is not unusual for this fund to fluctuate with significant increases and decreases in fund balance, as this fund is accumulating or spending monies to pay for certain equipment purchases. Management believes the amount of fund balance is acceptable.

Tax Increment Financing District 3 Fund. Revenues exceeded expenditures by \$596,420 for the year to \$2,045,313, as this fund is accumulating monies to pay for possible future capital improvement projects.

Other Non-Major Governmental Funds:

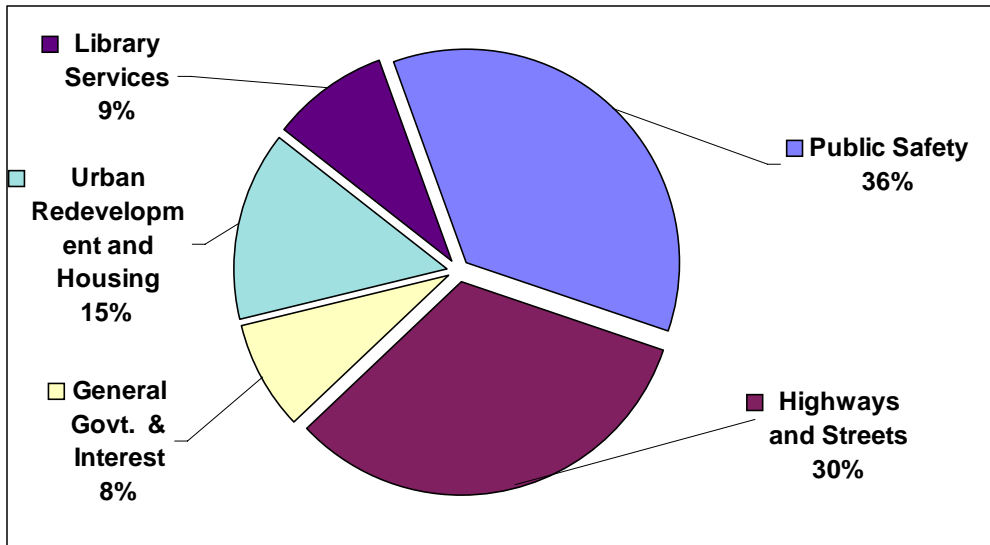
During the year, revenues exceeded expenditures in other non-major governmental funds by \$256,737. Planned transfers of \$225,439 from these funds to various other funds mainly for certain operating expenses meant the fund balance increased \$31,298 for the year to a combined total of \$13,539,267 at June 30, 2006. Management believes this is an acceptable and normal level of fund balance.

Management's Discussion and Analysis

June 30, 2006

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, 2006 were \$2,338,697 which was an increase of \$172,589 over last year (8% increase).

Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (increase of \$39,720). This increase was to be funded from available fund balance. During the year, however, revenues exceeded expenditures, thus eliminating the need to draw upon existing fund balances.

Capital Asset Administration:

The City of Urbana's investment in capital assets includes land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals, and other infrastructure. This investment in capital assets as of June 30, 2006, was \$73,298,704 (net of accumulated depreciation), an increase of \$2,099,220 over last year. This increase is similar to last year (\$185,719 lower). Infrastructure improvements

Management's Discussion and Analysis

June 30, 2006

can fluctuate considerably annually, depending on the cost of various projects. Improvement amounts are expected to be similar to current year amounts for the next few years, as the City completes a number of new street construction projects. Depreciation amounts for the year are similar to the previous years. Major capital asset events during the year were:

- Addition of \$5,176,719 in total capital assets
- Addition of \$3,745,271 in infrastructure, of which \$535,000 was spent in resurfacing Florida Avenue, \$467,538 in constructing streets in the Prairie Winds subdivision, \$251,565 in construction of the Stone Creek bike path, \$228,291 on the Lincoln Ave. street lights, and \$223,270 on the Sunset Drive Street improvement. All other individual infrastructure improvements cost less than \$200,000.
- Addition of \$361,531 in buildings and improvements, the largest item costing \$356,281 for construction costs of the new Library building addition.
- Addition of \$1,005,186 in equipment, of which \$373,737 was spent to purchase 13 new police cars and \$207,715 was spent to purchase a crawler/loader used in the Public Works Department. All other equipment additions cost less than \$50,000.
- Depreciation expense of \$2,815,754 was charged (\$1,880,907 was for infrastructure)

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

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 3,499	\$ 3,499	\$3,722	\$ 3,722	\$ 7,221	\$ 7,221
Building and Improvements	15,116	15,047	2,110	2,314	17,226	17,361
Equipment	3,289	2,927	249	246	3,538	3,173
Infrastructure	<u>45,314</u>	<u>43,444</u>	<u>--</u>	<u>--</u>	<u>45,314</u>	<u>43,444</u>
Total Net Capital Assets	<u>\$67,218</u>	<u>\$64,917</u>	<u>\$6,081</u>	<u>\$ 6,282</u>	<u>\$73,299</u>	<u>\$71,199</u>

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

Debt Administration:

The City of Urbana had total bonded debt outstanding of \$1,026,470 at June 30, 2006. 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):

Governmental	Business-type
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Management's Discussion and Analysis

June 30, 2006

	<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Special revenue bonds	\$ --	\$ --	\$ 1,026	\$ 1,123	\$1,026	\$1,123
Accumulated employee Absences	1,134	964	--	--	1,134	964
Landfill post-closure Monitoring	<u>344</u>	<u>373</u>	<u>--</u>	<u>--</u>	<u>344</u>	<u>373</u>
Total	\$1,478	\$1,337	\$1,026	\$1,123	\$2,504	\$2,460

During the year, \$96,199 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$720,150 of accumulated employee absences was retired and \$890,217 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 9.6% last year and has averaged 6.6% annual growth over the last 10 years. The City of Urbana has been very aggressive in encouraging new business development, encouraging new housing construction, and annexing properties into the city limits. These actions have been the primary reason for this growth along with inflationary growth in property values. We believe the future of the local real estate market remains strong, although growth in assessed value will be closer to a 5-6% increase in the future.

The general fund budget for next year has increased 6.5%. This increase was above normal inflationary increase as the City added 2 additional police officers, a city planner and a city building inspector. It is expected that costs will be closer to inflationary increases for future years.

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, 2006

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,257	\$ 350	\$ 3,607
Checking	24,055	-	24,055
Savings	8,303,274	731,890	9,035,164
Illinois Public Treasurer's Pool	1,217,396	52,888	1,270,284
Money Market Funds	107,466	-	107,466
Investments	18,884,161	1,630,564	20,514,725
Receivables (Net of Uncollectibles)	6,689,245	16,023	6,705,268
Internal Balances	3,307	(3,307)	-
Prepaid Items	343,400	-	343,400
Inventory of Supplies, at Cost	86,797	-	86,797
Investment in Joint Venture	44,885	-	44,885
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	8,952	-	8,952
Savings	1,388,701	-	1,388,701
Illinois Public Treasurer's Pool	455,279	-	455,279
Money Market Funds	222,783	-	222,783
Investments	2,294,726	-	2,294,726
Receivables	97,783	-	97,783
Overfunded Net Pension Obligation	3,217,635	-	3,217,635
Capital Assets:			
Land	3,498,619	3,721,624	7,220,243
Other Capital Assets (Net of Accumulated Depreciation):			
Buildings and Improvements	15,116,366	2,110,300	17,226,666
Equipment	3,289,193	249,185	3,538,378
Infrastructure	45,313,417	-	45,313,417
Total Assets	<u>\$ 110,610,697</u>	<u>\$ 8,509,517</u>	<u>\$ 119,120,214</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 2,587,164	\$ 2,413	\$ 2,589,577
Accrued Interest	-	15,646	15,646
Accrued Salaries and Taxes	420,568	2,941	423,509
Unearned Revenues	4,193,361	68,711	4,262,072
Non-Current Liabilities:			
Due Within One Year	759,077	103,368	862,445
Due After More Than One Year	718,905	923,102	1,642,007
Total Liabilities	<u>8,679,075</u>	<u>1,116,181</u>	<u>9,795,256</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	67,217,595	5,054,639	72,272,234
Restricted for:			
Highways and Streets	3,338,139	-	3,338,139
Library Building Expansion	223,683	-	223,683
Library Materials	98,735	-	98,735
Unrestricted	31,053,470	2,338,697	33,392,167
Total Net Assets	<u>101,931,622</u>	<u>7,393,336</u>	<u>109,324,958</u>
Total Liabilities and Net Assets	<u>\$ 110,610,697</u>	<u>\$ 8,509,517</u>	<u>\$ 119,120,214</u>

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2006

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 11,562,597	\$ 2,652,654	\$ 237,836	\$ 87,685	\$ (8,584,422)	\$ -	\$ (8,584,422)
Highways and Streets	9,049,324	1,704,421	-	283,904	(7,060,999)	-	(7,060,999)
General Government	2,783,139	492,157	-	-	(2,290,982)	-	(2,290,982)
Urban Redevelopment & Housing	4,842,388	1,247,883	2,471,920	-	(1,122,585)	-	(1,122,585)
Library Services	2,801,321	151,312	90,511	-	(2,559,498)	-	(2,559,498)
Total Governmental Activities	<u>31,038,769</u>	<u>6,248,427</u>	<u>2,800,267</u>	<u>371,589</u>	<u>(21,618,486)</u>	<u>-</u>	<u>(21,618,486)</u>
Business-Type Activities:							
Motor Vehicle Parking	591,582	1,105,072	-	-	-	513,490	513,490
Total Functions/Programs	<u>\$ 31,630,351</u>	<u>\$ 7,353,499</u>	<u>\$ 2,800,267</u>	<u>\$ 371,589</u>	<u>(21,618,486)</u>	<u>513,490</u>	<u>(21,104,996)</u>
General Revenues:							
Property Tax				8,320,499	-		8,320,499
Utility Tax				4,119,943	-		4,119,943
State Sales Tax				4,084,553	-		4,084,553
Sewer Benefit Tax				784,734	-		784,734
Hotel/Motel Tax				715,077	-		715,077
Intergovernmental, Not Restricted to Specific Functions/Programs				4,543,995	-		4,543,995
Investment Income				617,704	43,526		661,230
Other				117,549	-		117,549
Municipal Sales Tax				2,519,067	-		2,519,067
Gain on Sale of Capital Assets				9,300	-		9,300
Decrease in Investment in Joint Venture				(3,966)	-		(3,966)
Transfers				489,558	(489,558)		-
Total General Revenues and Transfers				<u>26,318,013</u>	<u>(446,032)</u>		<u>25,871,981</u>
Change in Net Assets				4,699,527	67,458		4,766,985
Net Assets, Beginning of Year:				<u>97,232,095</u>	<u>7,325,878</u>		<u>104,557,973</u>
Net Assets, End of Year				<u>\$ 101,931,622</u>	<u>\$ 7,393,336</u>		<u>\$ 109,324,958</u>

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

Governmental Funds - Combined Balance Sheet

June 30, 2006

ASSETS	General	Urbana	Motor Fuel	Vehicle and	Tax	Other	Totals
		Free Library	Tax	Equipment Replacement	Increment Financing District 3	Governmental Funds	
Cash and Cash Equivalents:							
Cash on Hand	\$ 2,641	\$ 516	\$ -	\$ -	\$ -	\$ 100	\$ 3,257
Checking	4,523	19,421	-	-	-	111	24,055
Savings	2,478,574	954,522	-	374,199	932,941	3,209,942	7,950,178
Illinois Public Treasurer's Pool	1,082,071	-	-	2,149	107,712	25,464	1,217,396
Money Market Funds	-	-	-	-	-	107,466	107,466
Investments	443,722	-	-	4,127,048	4,843,062	9,470,329	18,884,161
Receivables (Net of Uncollectibles)	3,223,046	1,093,275	-	63,395	524,361	1,726,260	6,630,337
Due from Other Funds	-	74,831	-	21,621	22,063	67,200	185,715
Prepaid Expenditures	282,112	25,000	-	12,350	-	23,938	343,400
Restricted Assets:							
Cash and Cash Equivalents:							
Checking	-	8,952	-	-	-	-	8,952
Savings	-	89,783	1,298,918	-	-	-	1,388,701
Illinois Public Treasurer's Pool	-	-	455,279	-	-	-	455,279
Money Market Funds	-	222,783	-	-	-	-	222,783
Investments	-	-	2,294,726	-	-	-	2,294,726
Receivables	-	900	96,883	-	-	-	97,783
Total Assets	\$ 7,516,689	\$ 2,489,983	\$ 4,145,806	\$ 4,600,762	\$ 6,430,139	\$ 14,630,810	\$ 39,814,189
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ 83,392	\$ -	\$ 19,479	\$ -	\$ -	\$ 140,905	\$ 243,776
Accounts Payable	997,787	23,787	788,188	73,245	63,748	257,704	2,204,459
Accrued Salaries and Taxes	347,351	62,428	-	-	690	5,774	416,243
Deferred Revenues	704,049	904,838	-	-	4,320,388	687,160	6,616,435
Total Liabilities	2,132,579	991,053	807,667	73,245	4,384,826	1,091,543	9,480,913
Fund Balance:							
Reserved for Prepaid Expenditures	282,112	25,000	-	-	-	23,938	331,050
Reserved for Loans Receivable	-	-	-	-	-	335,000	335,000
Unreserved, Reported In:							
General Fund	5,101,998	-	-	-	-	-	5,101,998
Special Revenue Funds	-	1,473,930	3,338,139	4,527,517	2,045,313	9,848,198	21,233,097
Capital Projects Funds	-	-	-	-	-	3,332,131	3,332,131
Total Fund Balance	5,384,110	1,498,930	3,338,139	4,527,517	2,045,313	13,539,267	30,333,276
Total Liabilities and Fund Balance	\$ 7,516,689	\$ 2,489,983	\$ 4,145,806	\$ 4,600,762	\$ 6,430,139	\$ 14,630,810	\$ 39,814,189

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

June 30, 2006

Total fund balances, governmental funds	\$	30,333,276
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds		67,153,355
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds		5,685,594
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.		237,379
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(1,477,982)</u>
Net assets of governmental activities	\$	<u><u>101,931,622</u></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, 2006

	General	Urbana Free Library	Motor Fuel Tax	Vehicle and Equipment Replacement	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:							
Property Tax	\$ 3,487,767	\$ 2,187,960	\$ -	\$ -	\$ 838,567	\$ 1,672,683	\$ 8,186,977
Utility Tax	4,119,943	-	-	-	-	-	4,119,943
State Sales Tax	4,084,553	-	-	-	-	-	4,084,553
Sewer Benefit Tax	-	-	-	-	-	784,734	784,734
Hotel/Motel Tax	715,077	-	-	-	-	-	715,077
Intergovernmental	4,649,001	153,415	1,082,110	325,521	-	2,930,244	9,140,291
Net Investment Earnings	65,288	38,175	68,848	88,526	94,966	261,901	617,704
Licenses, Fines, and Service Charges	3,274,586	151,312	225	32,156	-	1,365,708	4,823,987
Other	-	96,329	-	29,010	-	1,510	126,849
Municipal Sales Tax	2,519,067	-	-	-	-	-	2,519,067
Total Revenues	22,915,282	2,627,191	1,151,183	475,213	933,533	7,016,780	35,119,182
Expenditures:							
Current:							
Public Safety	11,867,751	-	-	64,364	-	5,781	11,937,896
Highways and Streets	5,776,553	-	-	-	-	349,658	6,126,211
General Government	2,502,808	-	-	-	-	182,197	2,685,005
Urban Redevelopment and Housing	1,098,004	-	-	-	285,083	3,422,822	4,805,909
Library Services	-	2,696,344	-	-	-	-	2,696,344
Capital Outlay	211,592	360,879	899,343	970,068	52,030	2,799,585	5,293,497
Total Expenditures	21,456,708	3,057,223	899,343	1,034,432	337,113	6,760,043	33,544,862
Excess of Revenues Over (Under) Expenditures	1,458,574	(430,032)	251,840	(559,219)	596,420	256,737	1,574,320
Other Financing Sources (Uses):							
Transfers In	-	547,217	-	754,290	-	766,630	2,068,137
Transfers Out	(835,686)	-	-	-	-	(992,069)	(1,827,755)
Total Other Financing Sources (Uses)	(835,686)	547,217	-	754,290	-	(225,439)	240,382
Net Changes in Fund Balances	622,888	117,185	251,840	195,071	596,420	31,298	1,814,702
Fund Balance, Beginning of Year:	4,761,222	1,381,745	3,086,299	4,332,446	1,448,893	13,507,969	28,518,574
Fund Balance, End of Year	\$ 5,384,110	\$ 1,498,930	\$ 3,338,139	\$ 4,527,517	\$ 2,045,313	\$ 13,539,267	\$ 30,333,276

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, 2006

Net change in fund balance, total governmental funds	\$ 1,814,702
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.	2,308,831
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	133,522
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.	587,441
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.	(145,382)
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>413</u>
Change in net assets of governmental activities	<u><u>\$ 4,699,527</u></u>

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

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 6,389,026	\$ 6,389,026	\$ 3,487,767	\$ (2,901,259)
Utility Tax	3,955,120	3,955,120	4,119,943	164,823
State Sales Tax	3,985,140	3,985,140	4,084,553	99,413
Hotel/Motel Tax	602,710	602,710	715,077	112,367
Intergovernmental	4,206,850	4,206,850	4,649,001	442,151
Net Investment Earnings:				
Interest	136,700	136,700	77,787	(58,913)
Net Increase (Decrease) in Fair Value of Investments	-	-	(12,499)	(12,499)
Subtotal, Net Investment Earnings	136,700	136,700	65,288	(71,412)
Licenses, Fines, and Service Charges	3,210,026	3,210,026	3,274,586	64,560
Municipal Sales Tax	2,420,480	2,420,480	2,519,067	98,587
Total Revenues	<u>\$ 24,906,052</u>	<u>\$ 24,906,052</u>	<u>\$ 22,915,282</u>	<u>\$ (1,990,770)</u>
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 5,724,210	\$ 5,724,210	\$ 5,530,423	\$ 193,787
Materials & Supplies	57,890	57,890	35,936	21,954
Other Services & Charges	955,779	955,779	874,532	81,247
Total Police	<u>6,737,879</u>	<u>6,737,879</u>	<u>6,440,891</u>	<u>296,988</u>
Fire:				
Personnel Services	4,952,318	4,952,318	4,909,857	42,461
Materials & Supplies	59,870	59,870	56,095	3,775
Other Services & Charges	480,610	480,610	460,908	19,702
Total Fire	<u>5,492,798</u>	<u>5,492,798</u>	<u>5,426,860</u>	<u>65,938</u>
Total Public Safety	<u>12,230,677</u>	<u>12,230,677</u>	<u>11,867,751</u>	<u>362,926</u>
Highways and Streets:				
Personnel Services	3,680,239	3,717,469	3,623,948	93,521
Materials & Supplies	509,080	509,080	467,329	41,751
Other Services & Charges	1,884,257	1,884,257	1,685,276	198,981
Total Highways and Streets	<u>6,073,576</u>	<u>6,110,806</u>	<u>5,776,553</u>	<u>334,253</u>

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 879,046	\$ 879,046	\$ 793,360	\$ 85,686
Materials & Supplies	16,280	24,780	23,276	1,504
Other Services & Charges	309,280	300,580	260,179	40,401
Total Executive	<u>1,204,606</u>	<u>1,204,406</u>	<u>1,076,815</u>	<u>127,591</u>
Finance:				
Personnel Services	1,040,723	1,043,373	1,010,959	32,414
Materials & Supplies	54,750	54,403	24,698	29,705
Other Services & Charges	221,700	221,740	173,178	48,562
Total Finance	<u>1,317,173</u>	<u>1,319,516</u>	<u>1,208,835</u>	<u>110,681</u>
City Clerk:				
Personnel Services	155,444	155,444	153,996	1,448
Materials & Supplies	2,070	2,158	2,158	-
Other Services & Charges	24,450	24,709	24,709	-
Total City Clerk	<u>181,964</u>	<u>182,311</u>	<u>180,863</u>	<u>1,448</u>
Legislative:				
Personnel Services	35,000	35,000	35,000	-
Materials & Supplies	750	750	645	105
Other Services & Charges	9,300	9,300	650	8,650
Total Legislative	<u>45,050</u>	<u>45,050</u>	<u>36,295</u>	<u>8,755</u>
Total General Government	<u>2,748,793</u>	<u>2,751,283</u>	<u>2,502,808</u>	<u>248,475</u>
Urban Redevelopment and Housing:				
Personnel Services	849,721	849,721	788,675	61,046
Materials & Supplies	15,430	15,430	10,244	5,186
Other Services & Charges	424,126	424,126	299,085	125,041
Total Urban Redevelopment and Housing	<u>1,289,277</u>	<u>1,289,277</u>	<u>1,098,004</u>	<u>191,273</u>
Total Current Expenditures	22,342,323	22,382,043	21,245,116	1,136,927
Capital Outlay	802,378	802,378	211,592	590,786
Total Expenditures	<u>\$ 23,144,701</u>	<u>\$ 23,184,421</u>	<u>\$ 21,456,708</u>	<u>\$ 1,727,713</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, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,245,646	\$ 2,245,646	\$ 2,187,960	\$ (57,686)
Intergovernmental	154,106	154,106	153,415	(691)
Net Investment Earnings - Interest	9,000	9,000	38,175	29,175
Licenses, Fines, and Service Charges	119,600	119,600	151,312	31,712
Other-Donations	-	-	96,329	96,329
	<u>2,528,352</u>	<u>2,528,352</u>	<u>2,627,191</u>	<u>98,839</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	1,971,962	1,971,962	1,939,907	32,055
Materials and Supplies	371,656	371,656	336,879	34,777
Contractual Services	538,124	538,124	419,558	118,566
	<u>2,881,742</u>	<u>2,881,742</u>	<u>2,696,344</u>	<u>185,398</u>
Total Library Services				
Capital Outlay	258,859	258,859	360,879	(102,020)
	<u>3,140,601</u>	<u>3,140,601</u>	<u>3,057,223</u>	<u>83,378</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(612,249)	(612,249)	(430,032)	182,217
Other Financing Sources (Uses):				
Transfers In	14,730	14,730	547,217	532,487
	<u>14,730</u>	<u>14,730</u>	<u>547,217</u>	<u>532,487</u>
Net Change in Fund Balance	(597,519)	(597,519)	117,185	714,704
Fund Balance, Beginning of Year	1,381,745	1,381,745	1,381,745	-
	<u>1,381,745</u>	<u>1,381,745</u>	<u>1,381,745</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 784,226</u>	<u>\$ 784,226</u>	<u>\$ 1,498,930</u>	<u>\$ 714,704</u>

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

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, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,075,000	\$ 1,075,000	\$ 1,082,110	\$ 7,110
State Reimbursements	932,500	932,500	-	(932,500)
Total, Intergovernmental	<u>2,007,500</u>	<u>2,007,500</u>	<u>1,082,110</u>	<u>(925,390)</u>
Investment Earnings:				
Interest	88,000	88,000	133,481	45,481
Net Appreciation (Depreciation) in Fair Value Investments	-	-	(64,633)	(64,633)
Total Net Investment Earnings	<u>88,000</u>	<u>88,000</u>	<u>68,848</u>	<u>(19,152)</u>
Licenses, Fines and Service Charges	-	-	225	225
Total Revenues	<u>2,095,500</u>	<u>2,095,500</u>	<u>1,151,183</u>	<u>(944,317)</u>
Expenditures-Capital Outlay:				
Street Improvements	3,139,480	3,139,480	671,052	2,468,428
Signal Improvements	100,000	100,000	-	100,000
Lighting Improvements	1,100,000	1,100,000	228,291	871,709
Total Expenditures	<u>4,339,480</u>	<u>4,339,480</u>	<u>899,343</u>	<u>3,440,137</u>
Net Change in Fund Balance	(2,243,980)	(2,243,980)	251,840	2,495,820
Fund Balance, Beginning of Year	<u>3,086,299</u>	<u>3,086,299</u>	<u>3,086,299</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 842,319</u>	<u>\$ 842,319</u>	<u>\$ 3,338,139</u>	<u>\$ 2,495,820</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 227,300	\$ 264,119	\$ 325,521	\$ 61,402
Investment Earnings:				
Interest	140,000	140,000	204,767	64,767
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(116,241)	(116,241)
Total Net Investment Earnings	140,000	140,000	88,526	(51,474)
Licenses, Fines and Service Charges	7,750	67,950	32,156	(35,794)
Other	30,000	30,000	29,010	(990)
Total Revenues	405,050	502,069	475,213	(26,856)
Expenditures:				
Current - Public Safety:				
Materials and Supplies	15,451	34,895	7,712	27,183
Contractual Services	115,124	147,945	56,652	91,293
Total Current - Public Safety	130,575	182,840	64,364	118,476
Capital Outlay	1,896,621	1,949,256	970,068	979,188
Total Expenditures	2,027,196	2,132,096	1,034,432	1,097,664
Net Revenues Over (Under) Expenditures	(1,622,146)	(1,630,027)	(559,219)	1,070,808
Other Financing Sources (Uses):				
Transfers In	757,290	757,290	754,290	(3,000)
Net Change in Fund Balance	(864,856)	(872,737)	195,071	1,067,808
Fund Balance, Beginning of Year	4,332,446	4,332,446	4,332,446	-
Fund Balance, End of Year	\$ 3,467,590	\$ 3,459,709	\$ 4,527,517	\$ 1,067,808

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 963,972	\$ 963,972	\$ 838,567	\$ (125,405)
Investment Earnings:				
Interest	32,900	32,900	231,374	198,474
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(136,408)	(136,408)
Total Net Investment Earnings	32,900	32,900	94,966	62,066
Total Revenues	996,872	996,872	933,533	(63,339)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	45,650	45,650	45,646	4
Contractual Services	566,364	566,364	239,437	326,927
Total Urban Redevelopment and Housing	612,014	612,014	285,083	326,931
Capital Outlay	447,923	447,923	52,030	395,893
Total Expenditures	1,059,937	1,059,937	337,113	722,824
Net Change in Fund Balance	(63,065)	(63,065)	596,420	659,485
Fund Balance, Beginning of Year:	1,448,893	1,448,893	1,448,893	-
Fund Balance, End of Year	\$ 1,385,828	\$ 1,385,828	\$ 2,045,313	\$ 659,485

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

Proprietary Funds
Statement of Net Assets
June 30, 2006

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Year	Last Year	
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 350	\$ 350	\$ -
Savings	731,890	615,115	353,096
Illinois Public Treasurer's Pool	52,888	50,795	-
Total Cash and Cash Equivalents	<u>785,128</u>	<u>666,260</u>	<u>353,096</u>
Investments (At Fair Value)	1,630,564	1,566,465	-
Receivables (Net of Uncollectibles):			
Accounts	16,023	8,120	58,908
Due from Other Funds	-	4,390	61,368
Inventory of Supplies	-	-	86,797
Total Current Assets	<u>2,431,715</u>	<u>2,245,235</u>	<u>560,169</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	6,095,161	6,062,514	-
Equipment	510,616	482,848	168,051
Less Accumulated Depreciation	<u>(4,246,292)</u>	<u>(3,984,547)</u>	<u>(103,811)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,081,109</u>	<u>6,282,439</u>	<u>64,240</u>
Total Assets	<u>8,512,824</u>	<u>8,527,674</u>	<u>624,409</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	3,307	-	-
Accounts Payable	2,413	15,011	382,705
Accrued Interest	15,646	14,153	-
Accrued Salaries and Taxes	2,941	1,891	4,325
Deferred Revenue	68,711	48,072	-
General Obligation Bonds-Current	103,526	97,822	-
Total Current Liabilities	<u>196,544</u>	<u>176,949</u>	<u>387,030</u>
Non-Current Liabilities:			
General Obligation Bonds	<u>922,944</u>	<u>1,024,847</u>	<u>-</u>
Total Liabilities	<u>1,119,488</u>	<u>1,201,796</u>	<u>387,030</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,054,639	5,159,770	64,240
Unrestricted	<u>2,338,697</u>	<u>2,166,108</u>	<u>173,139</u>
Total Net Assets	<u>\$ 7,393,336</u>	<u>\$ 7,325,878</u>	<u>\$ 237,379</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, 2006

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Funds
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 868,715	\$ 886,819	\$ -
Parking Rentals	236,357	234,046	-
Charges for Services	-	-	780,306
Total Operating Revenues	1,105,072	1,120,865	780,306
Operating Expenses:			
Personnel Services	148,161	136,395	320,642
Supplies	35,734	49,303	11,409
Contractual Services	100,824	110,978	137,350
Equipment Parts	-	-	142,296
Fuel	-	-	221,840
Depreciation	261,745	259,532	10,327
Worker's Compensation Claims	-	-	185,205
Total Operating Expenses	546,464	556,208	1,029,069
Operating Income (Loss)	558,608	564,657	(248,763)
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	43,526	69,806	-
Interest Expense	(45,118)	(74,332)	-
Total Non Operating Revenues (Expenses)	(1,592)	(4,526)	-
Income (Loss) Before Transfers	557,016	560,131	(248,763)
Transfers In	-	-	249,176
Transfers (Out)	(489,558)	(43,005)	-
Change in Net Assets	67,458	517,126	413
Net Assets, Beginning of Year	7,325,878	6,808,752	236,966
Net Assets, End of Year	\$ 7,393,336	\$ 7,325,878	\$ 237,379

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

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2006

	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	\$ 1,122,197	\$ 1,130,733	\$ 718,867
Payments to Employees	(147,111)	(139,903)	(319,864)
Payments to Suppliers	(145,849)	(166,785)	(514,600)
Worker's Compensations Claims	-	-	(72,005)
Net Cash Provided by (Used in) Operating Activities	<u>829,237</u>	<u>824,045</u>	<u>(187,602)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers In	-	-	249,176
Transfers (Out)	(489,558)	(43,005)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(489,558)</u>	<u>(43,005)</u>	<u>249,176</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Buildings and Improvements	(32,647)	(186,681)	-
Purchase of Equipment	(27,767)	(1,000)	(2,045)
Payment of Interest on Debt	(43,625)	(90,020)	-
Payment of Debt Principal	(96,199)	(292,043)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(200,238)</u>	<u>(569,744)</u>	<u>(2,045)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(64,099)	(575,000)	-
Investment Income	43,526	69,806	-
Net Cash Provided by (Used in) Investing Activities	<u>(20,573)</u>	<u>(505,194)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	118,868	(293,898)	59,529
Beginning Cash and Cash Equivalents	<u>666,260</u>	<u>960,158</u>	<u>293,567</u>
Ending Cash and Cash Equivalents	<u>\$ 785,128</u>	<u>\$ 666,260</u>	<u>\$ 353,096</u>

(Continued)

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2006

	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)	\$ 558,608	\$ 564,657	\$ (248,763)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	261,745	259,532	10,327
Decrease (Increase) in Accounts Receivable	(7,904)	11,872	(58,908)
Decrease (Increase) in Due from Other Funds	4,390	(4,390)	(2,530)
(Increase) in Inventory of Supplies	-	-	(17,553)
Increase (Decrease) in Due to Other Funds	3,307	(3,497)	-
Increase (Decrease) in Accounts Payable	(12,598)	(3,007)	129,047
Increase (Decrease) in Accrued Salaries and Taxes	1,050	(3,507)	778
Increase in Deferred Revenues	20,639	2,385	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 829,237</u>	<u>\$ 824,045</u>	<u>\$ (187,602)</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity:			
Parking Revenue Bonds Refinanced	<u>\$ -</u>	<u>\$ 965,000</u>	<u>\$ -</u>

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

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

June 30, 2006

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 1,637
Savings	1,416,904
Money Market Funds	<u>262,162</u>
Total Cash and Cash Equivalents	<u>1,680,703</u>
Investments (at Fair Value):	
U.S. Government Securities	18,894,668
Certificates of Deposit	1,613,275
Mutual Funds	<u>19,843,209</u>
Total Investments	<u>40,351,152</u>
Receivables (Net of Uncollectibles):	
Property Tax	1,103,571
Accrued Interest	<u>130,101</u>
Total Assets	<u>43,265,527</u>

LIABILITIES

Accounts Payable	22,176
Accrued Salaries and Taxes	<u>9,636</u>
Total Liabilities	<u>31,812</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 43,233,715</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

Additions:

Employer Contributions	\$ 2,435,982
Employee Contributions	652,106
Total Contributions	<u>3,088,088</u>
Investment Income:	
Interest and Dividends	1,524,979
Net Increase (Decrease) in Fair Value of Investments	<u>382,761</u>
Total Investment Income	1,907,740
Less Investment Expense	<u>(79,608)</u>
Net Investment Income	<u>1,828,132</u>
Total Additions	<u>4,916,220</u>

Deductions:

Benefits	2,659,679
Administrative Costs	<u>34,978</u>
Total Deductions	<u>2,694,657</u>
Change in Net Assets	2,221,563
Net Assets Beginning of Year	<u>41,012,152</u>
Net Assets, End of Year	<u><u>\$ 43,233,715</u></u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

June 30, 2006

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

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

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

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

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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.

Those revenues susceptible to accrual are property taxes, franchise fees, special assessments, licenses, state sales, state income, utility, and municipal sales taxes that are

Notes to Financial Statements

June 30, 2006

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:

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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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

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.

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

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

2) Major Proprietary Fund:

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

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

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

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

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

Notes to Financial Statements

June 30, 2006

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

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

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

Tax Increment Financing District 4 – This fund accounts for the incremental property taxes realized within the Tax Increment Financing District Number 4. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

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

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

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

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.

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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 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

Notes to Financial Statements

June 30, 2006

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, 2006, there were no certificates of deposit considered to be a cash equivalent. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

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

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

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

2) Receivables and Payables

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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.

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

3) Inventories and Prepaid Items

The only inventories for supplies are carried in the Central Garage Internal Service Fund (\$86,797), 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, for which both restricted and unrestricted net assets are available.

Notes to Financial Statements

June 30, 2006

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 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, 2006.

7) Long-Term Obligations:

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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 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	\$2,423,074
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	44,885
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>3,217,635</u>
Total	<u>\$5,685,594</u>

Another element of that reconciliation states that “long-term liabilities 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	\$1,134,182
Future landfill monitoring	<u>343,800</u>

Notes to Financial Statements

June 30, 2006

Total	<u>\$1,477,982</u>
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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 changes in net assets in the government-wide statement of activities. One element of that reconciliation is “the amount by which capital outlays exceeded depreciation in the current period”. The details of this reconciling amount follow:

Capital outlays	\$5,124,585
Depreciation	<u>(2,815,754)</u>
Total	<u>\$2,308,831</u>

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was increased by the decrease in the investment in the joint venture, which is shown as an asset.	\$ (3,966)
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	<u>(170,066)</u>
Total	<u>\$ (145,382)</u>

Note 3 – Stewardship, Compliance, and Accountability:

A. Budgetary Information – The Mayor and Budget Officer (Chief Administrative Officer acts as the Budget Officer) submit an operating budget to the City Council on approximately May 1 of each year for the fiscal year beginning on July 1 of that year. Public hearings and study sessions are conducted to obtain taxpayer comment. Prior to July 1, the budget ordinance is legally adopted. The Chief Administrative Officer is authorized to

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

transfer budget amounts within the categories of personnel services, materials and supplies and 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 \$1,298,557 for all funds. Significant budget changes that were approved were:

- a. to add \$88,000 for purchase of fire equipment. The additional amounts will be paid by a grant from the state office of emergency management.
- b. to add \$467,538 for the construction of a street extension. This cost is being reimbursed to the City from a private developer.
- c. to add \$66,994 for lead abatement services to private households. The additional amounts will be paid by a grant from the federal government.
- d. To add \$285,000 for the demolition of an old retail sales facility under a redevelopment agreement with a private developer. The additional amount will be paid from accumulated fund balance in the Economic Development Special Revenue Fund.
- e. to increase the amount for landfill mitigation costs by \$220,000 to reflect a revised estimate of completion costs. The additional amount will be paid from accumulated fund balance in the Tax Stabilization Special Revenue Fund.

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

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

Note 4 – Detailed Notes on All Funds:

A. Deposits and Investments –

At June 30, 2006, the City of Urbana had the following investments:

Weighted Avg.

Notes to Financial Statements

June 30, 2006

	<u>Fair Value</u>	<u>Maturity (Yr.)</u>
Fixed Income or Interest Bearing:		
U.S. Government and Primary Obligation Agencies	\$18,566,041	
U.S. Government Implied Obligation Agencies	<u>18,246,110</u>	
Subtotal, U.S. Government and It's Agencies	36,812,151	5.1
Certificates of Deposit	<u>4,349,034</u>	1.7
Subtotal Fixed Income or Interest Bearing	41,161,185	
Stock Equity Mutual Funds	19,843,209	n/a
Illinois Metropolitan Investment Trust Fund	<u>2,156,212</u>	n/a
Total Investments	<u>\$63,160,606</u>	

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

- (1) For investments in all funds except fiduciary funds, interest rate risk is minimized by structuring the portfolio such that securities mature to meet cash requirements, thereby avoiding the need to sell securities prior to maturity. Investments in the Illinois Metropolitan Investment Trust Fund are priced to the market on a daily basis with shares redeemable within five days.
- (2) For investments in the Firemen's Pension Fiduciary Fund, interest rate risk is minimized by structuring the fixed income portion of the portfolio such that maturity dates are staggered so as to avoid an undue concentration of assets in a given time period. The Fire Pension fund investment policy has the following goals concerning maturity dates: 20% of the portfolio should have a maturity date of 0-5 years, 20% 6-10 years, 20% 11-15 years, 20% 16-20 years, and 20% 21-25 years. The fund is weighted more heavily in the 0-5 year maturity cycle (actual 45%) and the 6-10 year maturity cycle (actual 36%) than the goal and underweighted in the 16-20 year cycle (actual 5%) and the 21-25 year cycle (actual 0%). This is due to the fact that in the past few years, the interest rates on longer term maturities has been considerably lower than normal. The fund will continue to analyze each investment purchase in the near future and attempt to purchase investments with maturities above 15 years, if the interest rate on these investments makes this a prudent investment. Interest rate risk is also minimized by diversifying the portfolio so that the impact of a potential drop in interest rates on a particular type of security will be minimized. The fund investment policy states a desired level for each category of investment and a minimum and maximum level. At June 30, 2006, each category of investment of the Firemen's Pension Fund is within stated minimum and maximum levels, except for stock equity mutual funds. The % of the portfolio in the stock mutual funds has exceeded the policy maximum (actual 48% compared to 45% maximum) mainly due to the loss in market value of the U.S. Govt. and Agencies. It is expected that the market value of these U.S. Govt. and Agencies securities will recapture much of this market loss over the next few years. Therefore, the Board of Trustees of the Pension Fund may decide not to take any action to divest of the stock mutual

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

funds, but let the % of the portfolio return to the policy maximum of 45% over this time period.

- (3) For investments in the Police Pension Fiduciary Fund, interest rate risk for the fixed income portion of the portfolio is minimized by selecting an active duration manager. This manager is charged with managing interest rate risk given current economic conditions and the current position in the interest rate cycle. The average weighted maturity of the portfolio varies depending on the decisions of the manager at various times. The Board of the Fund and the fund's investment advisor review any changes in average weighted maturity. At June 30, 2006, the portfolio had an average weighted maturity of 4.9 years. Interest rate risk is also minimized by diversifying the portfolio so that the impact of a potential drop in interest rates on a particular type of security will be minimized. The portfolio is diversified across different segments of the bond market. Specifically, the fixed income portfolio contains U.S. Treasury securities, Agency bonds, and Government guaranteed mortgage securities. The fund investment policy states a desired level for each category of investment and a minimum and maximum level. At June 30, 2006, Investments types are within the stated minimum and maximum levels. Investments in fixed interest securities was underweighted by 7% (46% actual compared to goal of 53%) and overweighted by 4% in cash and cash equivalents (6% actual compared to goal of 2%) and overweighted by 3% in stock mutual funds (48% actual compared to goal of 45%). This is considered by the fund to be a temporary holding since it is anticipated that longer term interest rates will increase in the near future.

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

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

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be similar and does not distinguish these securities for purposes of policy goals, minimum and maximum investment levels.

The City believes that its investments in the Illinois Metropolitan Investment Trust Fund (\$2,156,212) carries no real credit risk in that while not guaranteed, amounts are fully collateralized by U.S. Government backed securities and the fund has been rated Aaa by Standard and Poors. The City believes that its investments in the Illinois Public Treasurer's Pool (\$1,725,563) carries no real credit risk in that while not guaranteed, amounts are fully collateralized by high quality instruments such as U.S. Treasury obligations and the pool has been rated AAAM by Standard and Poors. At June 30, 2006, the City had \$330,249 invested in money market accounts (\$222,783 in a money market account rated AAA by Standard and Poors). The remaining balance of money market accounts (\$107,466) is in non-rated money market accounts. The City believes that the credit risk for these non-rated money market accounts is not significant in that the amounts typically invested are small.

Concentration of Credit Risk: At June 30, 2006, more than 5 percent of the investments of the City's primary government, the Police Pension Fund, and the Fire Pension Fund were in securities of the following issuers:

	Primary <u>Govt.</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Federal Financing Corp.	11%	-	10%	8%
Federal Home Loan Mortgage Corp.	19%	6%	-	9%
Federal National Mortgage Association	10%	7%	9%	9%

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

At June 30, 2006, no investments of the City's primary government or the City in total were more than 5% of net assets (except for investments in U.S. Government and it's credit-guaranteed obligations). More than 5 percent of the net assets of the Police Pension Fund and the Fire Pension Fund were in the securities of the following issuers:

	Police <u>Pension</u>	Fire <u>Pension</u>
Federal Financing Corp.	-	9%
Federal Home Loan Mortgage Corp.	6%	-

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Federal National Mortgage Association 7% 8%

Custodial Credit Risk for Deposits: is the risk that in the event of a bank failure, the City's deposits may not be returned. Deposits in federally insured banks and savings and loans are insured in an amount equal to \$100,000. Investments for the Firemen's and Policemen's Pension Funds are insured in an amount equal to \$100,000 for the fund plus an amount for each member's beneficial interest in the deposits, limited to an amount equal to \$100,000 divided by the largest beneficial interest percentage of a member. It is the policy of the City that deposits above insured limits will be secured by the institution pledging securities with a third party institution in fair value amounts at least to cover uninsured amounts. At June 30, 2006, only the amount of \$25,279 was not insured or covered by collateral.

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

B. Investment in Joint Venture:

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

Summary financial information for the joint venture at June 30, 2006, and the for the year then ended, is as follows:

Total Assets	\$142,852
Total Liabilities	<u>25,353</u>
Total Fund Equity	<u>\$117,499</u>
Total Revenues	\$ 49,008
Total Expenses	<u>59,391</u>
Net Income (Loss)	<u>\$ (10,383)</u>

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C. Capital Assets:

1) A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/06</u>
Governmental Activities:				
Land (not being depreciated)	\$ 3,498,619	\$ --	\$ --	\$ 3,498,619
Capital assets being Depreciated:				
Buildings and Improvements	18,015,258	361,531	--	18,376,789
Accum. Depn.	<u>(2,968,293)</u>	<u>(292,130)</u>	<u>--</u>	<u>(3,260,423)</u>
Buildings and Improvements Net	<u>15,046,965</u>	<u>69,401</u>	<u>--</u>	<u>15,116,366</u>
Equipment	7,719,341	1,005,186	(84,585)	8,639,942
Accum. Depn.	<u>(4,792,617)</u>	<u>(642,717)</u>	<u>84,585</u>	<u>(5,350,749)</u>
Equipment Net	<u>2,926,724</u>	<u>362,469</u>	<u>--</u>	<u>3,289,193</u>
Infrastructure	59,873,870	3,749,587	(4,316)	63,619,141
Accum. Depn.	<u>(16,429,133)</u>	<u>(1,880,907)</u>	<u>4,316</u>	<u>(18,305,724)</u>
Infrastructure Net	<u>43,444,737</u>	<u>1,868,680</u>	<u>--</u>	<u>45,313,417</u>
Total, Governmental Activities, Net Capital Assets	<u>\$64,917,045</u>	<u>\$2,300,550</u>	<u>\$ --</u>	<u>\$67,217,595</u>
Business-type Activities:				
Land (not being depreciated)	\$ 3,721,624	\$ --	\$ --	\$ 3,721,624

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	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/06</u>
Capital assets being Depreciated:				
Buildings and Improvements	6,062,514	32,647		6,095,161
Accum. Depn.	<u>(3,747,630)</u>	<u>(237,231)</u>	--	<u>(3,984,861)</u>
Buildings and Improvements Net	<u>2,314,884</u>	<u>(204,584)</u>	--	<u>2,110,300</u>
Equipment	482,848	27,768		510,616
Accum. Depn.	<u>(236,917)</u>	<u>(24,514)</u>	--	<u>(261,431)</u>
Equipment Net	<u>245,931</u>	<u>3,254</u>	--	<u>249,185</u>
Total, Business-type Activities, Net Capital Assets	<u>\$6,282,439</u>	<u>\$ (201,330)</u>	<u>\$ --</u>	<u>\$6,081,109</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 375,246
Highways and Streets	2,206,535
General Government	63,747
Urban Redevelopment and Housing	22,906
Library	<u>147,320</u>
Total Depreciation Expense, Governmental Activities	<u>\$2,815,754</u>

D. Long-Term Debt:

1) General Obligation Bonds – The City of Urbana issues general obligation bonds (direct obligations that carry the full faith and credit of the City) to provide funds for the acquisition and construction of major capital assets and to refund general obligation bonds. As of June 30, 2006, 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 \$1,134,183 were accrued at June 30, 2006. During the year, \$720,150 was retired and \$890,217 was added.

3) Landfill Closure and Post Closure. The City previously operated an old landfill, which was officially closed in 1987. The City contractually agreed with surrounding property owners to certain post-closure monitoring of this closed landfill under EPA standards. In 1994, The City estimated that it would be required to spend \$687,600 over the following 24 years (\$28,650 per year). At June 30, 2006, \$343,800 remains

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outstanding to be paid over the next 12 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, 2006, the City had the following outstanding revenue obligation debt:

a. A revenue bond issue dated April 1, 2005 (2005 Parking Bonds) provides for serial retirement of principal and interest over the next 7 years as listed below. Debt service on this issue is being provided by transfers from the Tax Increment Financing District 1 and Tax Increment Financing District 2 Special Revenue Funds to the Motor Vehicle Parking Enterprise Fund. The \$965,000 proceeds of this bond issue was used to pay off the 1994 Bonds on June 1, 2005.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2007	2.63	\$95,000	\$28,194
2008	2.83	105,000	25,695
2009	3.00	115,000	22,724
2010	3.18	125,000	19,274
2011	3.36	135,000	15,299
2012	3.51	145,000	10,763
2013	3.66	<u>155,000</u>	<u>5,673</u>
		<u>\$ 875,000</u>	<u>\$ 127,620</u>

During the year, \$90,000 principal was paid and \$29,634 interest was expensed.

b. A revenue note dated December 15, 2001 (Tepper Note) that is considered a revenue obligation provides for retirement of principal and interest over the next 11 years as listed below. Debt service on this issue is being paid by the Motor Vehicle Parking Fund.

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<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2007	9.0	\$8,368	\$13,632
2008	9.0	9,121	12,879
2009	9.0	9,942	12,058
2010	9.0	10,836	11,164
2011	9.0	11,812	10,188
2012	9.0	12,875	9,125
2013	9.0	14,034	7,966
2014	9.0	15,297	6,703
2015	9.0	16,673	5,327
2016	9.0	18,174	3,826
2017	9.0	<u>24,338</u>	<u>2,191</u>
		<u>\$ 151,470</u>	<u>\$ 95,059</u>

During the year, \$6,199 of principal was paid and \$15,484 interest was expensed.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2006, including interest of \$222,679 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2007	\$145,194
2008	152,695
2009	159,724
2010	166,274
2011	172,299
2012	177,763
2013	182,673
2014	22,000
2015	22,000
2016	22,000
2017	<u>26,529</u>
	<u>\$1,249,149</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2006:

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June 30, 2006

	<u>Payable</u> <u>6/30/05</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts</u> <u>Payable</u> <u>6/30/06</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$ 964,116</u>	<u>\$ 720,150</u>	<u>\$890,217</u>	<u>\$1,134,183</u>	<u>\$730,427</u>
Landfill Post-closure Monitoring	<u>\$ 372,450</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 343,800</u>	<u>\$ 28,650</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$ 965,000	\$ 90,000	\$ --	\$ 875,000	\$ 95,000
2002 Tepper Note	<u>157,669</u>	<u>6,199</u>	<u>--</u>	<u>151,470</u>	<u>8,368</u>
Total	<u>\$1,122,669</u>	<u>\$ 96,199</u>	<u>\$ --</u>	<u>\$1,026,470</u>	<u>\$ 103,368</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 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 2005 was 9.28% and for calendar year 2006 is 9.65% of payroll. The employer contribution requirements are established and may be amended by the I.M.R.F. Board of Trustees.

For December 31, 2005, the City of Urbana's annual pension cost of \$698,636 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 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 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

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of I.M.R.F. assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 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, 2005 was 27 years.

Trend Information

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$698,636	100%	\$0
12/31/04	\$467,463	100%	\$0
12/31/03	\$178,203	100%	\$0
12/31/02	\$124,808	100%	\$0
12/31/01	\$154,118	100%	\$0
12/31/00	\$219,551	100%	\$0
12/31/99	\$399,114	100%	\$0
12/31/98	\$385,171	100%	\$0
12/31/97	\$418,462	100%	\$0
12/31/96	\$405,117	100%	\$0

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

Notes to Financial Statements

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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	\$ 1,048,121
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	1,048,121
Contributions Made	<u>1,403,958</u>
Increase (Decrease) in Net Pension Obligation	(355,837)
Net Pension Obligation, Beginning of Year	<u>(2,114,182)</u>
Net Pension Obligation, End of Year	<u><u>\$(2,470,019)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2005, 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 32 year closed period. The negative net pension obligation of \$2,470,019 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, 2003	\$ 893,391	126.9%	(\$1,806,235)
June 30, 2004	\$ 950,335	132.4%	(\$2,114,182)
June 30, 2005	\$1,048,121	133.9%	(\$2,470,019)

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Notes to Financial Statements

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Actuarial Value Date	6/30/03	6/30/04	6/30/05
Actuarial Value of Plan Assets	\$15,728,060	\$16,233,523	\$16,832,623
Actuarial Accrued Liability (Entry Age Normal Cost)	\$22,775,768	\$25,002,453	\$26,849,061
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 8,047,708	\$ 8,768,930	\$10,016,438
Funded Ratio	66.2%	64.9%	62.7%
Covered Payroll	\$ 2,518,095	\$ 2,634,013	\$2,760,252
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	319.6%	332.9%	362.9%

3. Firemen's Pension Fund:

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

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

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

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

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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	\$ 800,420
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	800,420
Contributions Made	<u>1,032,024</u>
Increase (decrease) in Net Pension Obligation	(231,604)
Net Pension Obligation, Beginning of Year	<u>(516,012)</u>
Net Pension Obligation, End of Year	<u><u>\$(747,616)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return [net of administrative expenses], (b) projected salary increases of 5.25% per year, and (c) post retirement benefit increases of 3% per year. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over a 40 year closed period. The negative net pension obligation of \$747,616 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, 2003	\$684,437	118.0%	\$(332,319)
June 30, 2004	\$743,511	124.7%	\$(516,012)
June 30, 2005	\$800,420	128.9%	\$(747,616)

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Actuarial Value Date	6/30/03	6/30/04	6/30/05
Actuarial Value of Plan Assets	\$21,818,207	\$21,981,512	\$22,450,509
Actuarial Accrued Liability (Entry Age Normal Cost)	\$25,302,779	\$26,323,551	\$27,747,673
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 3,484,572	\$ 4,342,039	\$5,297,164
Funded Ratio	86.2%	83.5%	80.9%
Covered Payroll	\$ 2,282,198	\$ 2,449,278	\$2,552,316
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	152.7%	177.3%	207.5%

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, 2006 is not readily ascertainable.

J. Receivables:

At June 30, 2006 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):

	General	Urbana Free Library	Motor Fuel Tax
Unrestricted:			
Property Tax	\$ 620,067	\$1,078,510	\$ --
Accounts	114,894	--	--
Accrued Interest	--	--	--
Notes (due beyond 1 year)	--	--	--
Due from Other Governments:			
State:			
Income Tax	281,624	--	--

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	<u>General</u>	Urbana <u>Free Library</u>	<u>Motor Fuel Tax</u>
Sales Tax	1,522,692	--	--
Corp. Personal Repl. Tax	71,679	14,765	--
Telecomm. Tax	303,591	--	--
Grants	--	--	--
Service Charges	--	--	--
Federal, Grants	--	--	--
Other, Service Charges	--	--	--
Other Taxes:			
Utility Tax	173,761	--	--
Hotel/Motel Tax	65,672	--	--
Local Sales Tax	23,901	--	--
Off Track Betting Tax	13,553	--	--
San. Sewer Tax	--	--	--
Recycling Tax	<u>31,612</u>	<u>--</u>	<u>--</u>
Total	<u>\$3,223,046</u>	<u>\$1,093,275</u>	<u>\$ --</u>
Restricted:			
Accrued Interest	\$ --	\$ 900	\$ --
Due from Other Govt. - State Motor Fuel Tax	<u>--</u>	<u>--</u>	<u>96,883</u>
Total	<u>\$ --</u>	<u>\$ 900</u>	<u>\$ 96,883</u>

	<u>Veh. & Eq. Replacement</u>	<u>Financing District 3</u>	<u>Other Govt.</u>	<u>Govt Total</u>
Unrestricted (cont'd):				
Property Tax	--	\$524,361	\$843,107	\$3,066,045
Accounts	--	--	--	114,894
Accrued Interest	--	--	68,807	68,807
Notes	--	--	335,000	335,000
Due from Other Governments:				
State:				
Income Tax	--	--	--	281,624
Sales Tax	--	--	--	1,522,692
Corp Personal Repl Tax	--	--	--	86,444
Telecomm. Tax	--	--	--	303,591
Grants	63,395	--	43,666	107,061
Service Charges	--	--	15,654	15,654

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

	<u>Veh. & Eq. Replacement</u>	<u>Financing District 3</u>	<u>Other Govt.</u>	<u>Govt Total</u>
Federal, Grants	--	--	36,393	36,393
Other, Service Charges	--	--	174,956	174,956
Other Taxes:				
Utility Tax	--	--	--	173,761
Hotel/Motel Tax	--	--	--	65,672
Local Sales Tax	--	--	--	23,901
Off Track Betting Tax	--	--	--	13,553
San. Sewer Tax	--	--	208,677	208,677
Recycling Tax	--	--	--	31,612
Total	<u>\$ 63,395</u>	<u>\$524,361</u>	<u>\$1,726,260</u>	<u>\$6,630,337</u>
Restricted:				
Accrued Interest	\$ --	\$ --	\$ --	\$ 900
Due from Other Govt. - State Motor Fuel Tax	--	--	--	96,883
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 97,783</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	\$ --	\$ 83,392
Urbana Free Library	74,831	--
Motor Fuel Tax	--	19,479
Vehicle & Equipment Replacement	21,621	--
Tax Increment Financing District 3	22,063	--
Other Govt. Funds	67,200	140,905
Internal Service Funds:		
Central Garage	<u>61,368</u>	<u>--</u>
Total, Governmental Activities	\$ 247,083	\$ 243,776
Business-type Activities:		
Motor Vehicle Parking	--	<u>3,307</u>
Total	<u>\$ 247,083</u>	<u>\$ 247,083</u>

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

Notes to Financial Statements

June 30, 2006

A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$ 835,686
Urbana Free Library	547,217	--
Veh. & Eq. Replacement	754,290	--
Other Govt. Funds	--	225,439
Internal Service Funds:		
Central Garage	--	--
Insurance Financing	<u>249,176</u>	<u>--</u>
Total, Govt. Activities	\$1,550,683	\$1,061,125
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>489,558</u>
Total	<u>\$1,550,683</u>	<u>\$1,550,683</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:

- \$482,640 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.
- \$237,818 from the Building Financing Fund to the Urbana Free Library Special Revenue Fund for building construction costs.
- \$716,290 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$448,430 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$364,520 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$229,317 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.
- \$98,289 from the Tax Increment Financing District 1 Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund to reimburse for debt service payments.
- \$177,690 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$193,302 from the Motor Vehicle Parking Enterprise Fund to the Sales Tax Grant Special Revenue Fund as reimbursement for the local match of a state grant.
- \$106,856 from the General Fund to the Tax Stabilization Special Revenue Fund as a planned transfer for future savings.
- \$237,284 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.

L. Reserve of Fund Balance:

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

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 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 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 \$450,000 per individual claim. Estimated losses have been determined based upon workers compensation claims made through June 30, 2006. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2006. There have been no significant reductions in coverage from the prior year and all settlements have been below coverage. Changes in claims liabilities during the past two years are as follows:

	<u>2006</u>	<u>2005</u>
Unpaid Claims, Beginning of Year	\$ 235,612	\$ 129,034
Incurred Claims	366,485	236,791
Claim Payments	<u>(253,605)</u>	<u>(130,213)</u>
Unpaid Claims, End of Year	<u>\$ 348,492</u>	<u>\$ 235,612</u>
B. Deferred Compensation Plan:		

Notes to Financial Statements

June 30, 2006

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 \$291,482 in 2006, 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 \$1,278,632 in 2006, 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 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. In 2006, the City spent \$181,667 on these improvements. Because the costs of these improvements relate to a landfill that has already been closed, these amounts were expensed in the government-wide financial statements. At this time, since management cannot estimate the amount of the future

CITY OF URBANA

Notes to Financial Statements

June 30, 2006

payments that may be required, no additional amounts have been reported in the financial statements.

3. The City has entered into agreements with various businesses as part of economic development and annexation arrangements. These agreements require the City to make certain annual payments over a period of time, which are based on certain levels of economic activity of the business in the future, such as value of property or level of retail sales. At this time, since management cannot estimate the amount of the future payments that may be required, no amounts have been reported in the financial statements. Future potential amounts that may be required under the agreements total a maximum of \$11,193,971 to be paid in varying annual payments over the next 15 years.

E. Construction Commitments:

At June 30, 2006, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Lincoln/Penn. Traffic Signals	Motor Fuel Tax	\$ 75,000
Lincoln Ave. Impr.	Motor Fuel Tax	535,000
Pavement Patching	Motor Fuel Tax	108,000
Downtown SS Impr.	Tax Increment Fin. Dist 1	216,000
Philo Road Impr.	Motor Fuel Tax	694,000
Lierman Ave. Impr.	Motor Fuel Tax	<u>750,000</u>
		<u>\$2,378,216</u>

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, 2006, 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.G, 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, 2006, 27 retirees were enrolled in the

Notes to Financial Statements

June 30, 2006

City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was \$152,572 for the year ended June 30, 2006.

H. Termination Benefits:

In addition to the pension benefits disclosed in Note 4.G., the only other benefits provided to terminated employees are those required under federal government mandates (COBRA), which is the option of remaining on the City's group health care program. Terminated employees are required to reimburse the City for one hundred percent of the cost of the benefits provided under this option. Health care costs are recorded net of the reimbursements. At June 30, 2006, 2 terminated employees were enrolled in the City's health insurance program. Amounts incurred by the City and reimbursed by terminated employees during the year ended June 30, 2006 was \$10,172. No additional amounts have been recorded since it is not possible to determine how long these 2 employees may be enrolled in the program.

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

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

:

CITY OF URBANA

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

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (Entry Age)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
12/31/05	\$ 19,986,548	\$ 21,904,801	\$ 1,918,253	91.24%	\$ 7,528,403	25.48%	0.254802114
12/31/04	\$ 18,414,230	\$ 19,613,822	\$ 1,199,592	93.88%	\$ 7,041,490	17.04%	0.170360534
12/31/03	\$ 18,240,768	\$ 18,930,628	\$ 689,860	96.36%	\$ 7,043,603	9.79%	0.097941352
12/31/02	\$ 18,345,131	\$ 16,953,498	\$ (1,391,633)	108.21%	\$ 6,433,417	(21.63%)	-0.216313197
12/31/01	\$ 19,110,786	\$ 15,676,083	\$ (3,434,703)	121.91%	\$ 6,020,221	(57.05%)	-0.570527726
12/31/00	\$ 17,874,586	\$ 14,321,612	\$ (3,552,974)	124.81%	\$ 5,792,901	(61.33%)	-0.613332422
12/31/99	\$ 15,834,430	\$ 12,973,331	\$ (2,861,099)	122.05%	\$ 5,467,322	(52.33%)	-0.523309035
12/31/98	\$ 13,650,558	\$ 11,746,175	\$ (1,904,383)	116.21%	\$ 5,094,857	(37.37%)	-0.373785368
12/31/97	\$ 11,722,929	\$ 10,801,065	\$ (921,864)	108.53%	\$ 5,035,409	(18.30%)	-0.18307629
12/31/96	\$ 9,856,534	\$ 9,213,799	\$ (642,735)	106.98%	\$ 4,794,418	(13.41%)	-0.134059024

CITY OF URBANA

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2006

ASSETS	Special Revenue	Capital Projects	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	111	-	111
Savings	2,308,835	901,107	3,209,942
Illinois Public Treasurer's Pool	7,175	18,289	25,464
Money Market Funds	107,466	-	107,466
Investments	7,126,030	2,344,299	9,470,329
Receivables (Net of Uncollectibles)	1,488,973	237,287	1,726,260
Due from Other Funds	41,592	25,608	67,200
Prepaid Expenditures	23,938	-	23,938
	<u>\$ 11,104,220</u>	<u>\$ 3,526,590</u>	<u>\$ 14,630,810</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 127,351	\$ 13,554	\$ 140,905
Accounts Payable	76,799	180,905	257,704
Accrued Salaries and Taxes	5,774	-	5,774
Deferred Revenues	687,160	-	687,160
	<u>897,084</u>	<u>194,459</u>	<u>1,091,543</u>
Fund Balance:			
Reserved For:			
Prepaid Expenditures	23,938	-	23,938
Loans Receivable	335,000	-	335,000
Unreserved, Designated For:			
Future Capital Outlay	-	3,332,131	3,332,131
Social Service Agencies	6,040	-	6,040
Building Replacement	49,987	-	49,987
Urban Housing and Development	6,332,864	-	6,332,864
Worker Compensation Claims	2,964,857	-	2,964,857
Unreserved and Undesignated	494,450	-	494,450
	<u>10,207,136</u>	<u>3,332,131</u>	<u>13,539,267</u>
Total Liabilities and Fund Balance	<u>\$ 11,104,220</u>	<u>\$ 3,526,590</u>	<u>\$ 14,630,810</u>

CITY OF URBANA

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2006

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 1,672,683	\$ -	\$ 1,672,683
Sewer Benefit Tax	-	784,734	784,734
Intergovernmental	2,789,199	141,045	2,930,244
Investment Income:			
Interest	394,148	137,591	531,739
Net Appreciation (Depreciation) in Fair Value of Investments	(203,810)	(66,028)	(269,838)
 Total Net Investment Earnings	 190,338	 71,563	 261,901
Licenses, Fines, and Services Charges	593,335	772,373	1,365,708
Other	-	1,510	1,510
 Total Revenues	 <u>5,245,555</u>	 <u>1,771,225</u>	 <u>7,016,780</u>
Expenditures:			
Current:			
Public Safety	5,781	-	5,781
Highways & Streets	200,803	148,855	349,658
General Government	182,197	-	182,197
Urban Redevelopment and Housing	3,422,822	-	3,422,822
Capital Outlay	701,255	2,098,330	2,799,585
 Total Expenditures	 <u>4,512,858</u>	 <u>2,247,185</u>	 <u>6,760,043</u>
 Excess of Revenues Over (Under) Expenditures	 <u>732,697</u>	 <u>(475,960)</u>	 <u>256,737</u>
Other Financing Sources (Uses):			
Transfers In	546,014	220,616	766,630
Transfers (Out)	(543,639)	(448,430)	(992,069)
 Total Other Financing Sources (Uses)	 <u>2,375</u>	 <u>(227,814)</u>	 <u>(225,439)</u>
 Net Changes in Fund Balances	 735,072	 (703,774)	 31,298
 Fund Balance, Beginning of Year	 <u>9,472,064</u>	 <u>4,035,905</u>	 <u>13,507,969</u>
 Fund Balance, End of Year	 <u>\$ 10,207,136</u>	 <u>\$ 3,332,131</u>	 <u>\$ 13,539,267</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2006

ASSETS	Social Service Agencies	Community Development			Tax Increment Financing District 1	Tax Increment Financing District 2
		Special	Home	Block Grant		
Cash and Cash Equivalents:						
Cash on Hand	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -
Checking	-	13	5	93	-	-
Savings	6,040	389,943	-	-	329,525	610,782
Illinois Public Treasurer's Pool	-	-	-	-	1,616	522
Money Market Funds	-	-	-	-	-	-
Investments	-	-	-	-	812,769	1,832,773
Receivables (Net of Uncollectibles)	-	37,365	36,393	-	377,257	365,658
Due from Other Funds	-	1,975	-	8,060	-	7,766
Prepaid Expenditures	-	-	-	-	-	-
Total Assets	<u>\$ 6,040</u>	<u>\$ 429,296</u>	<u>\$ 36,398</u>	<u>\$ 8,203</u>	<u>\$ 1,521,167</u>	<u>\$ 2,817,501</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ 40,417	\$ 36,398	\$ -	\$ 23,846	\$ -
Accounts Payable	-	1,985	-	8,203	3,805	30,068
Accrued Salaries and Taxes	-	4,813	-	-	-	701
Deferred Revenues	-	-	-	-	274,120	276,400
Total Liabilities	<u>-</u>	<u>47,215</u>	<u>36,398</u>	<u>8,203</u>	<u>301,771</u>	<u>307,169</u>
Fund Balance:						
Reserved for:						
Prepaid Expenditures	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	50,000
Unreserved, Designated For:						
Social Service Agencies	6,040	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
Urban Housing and Development	-	382,081	-	-	1,219,396	2,460,332
Worker Compensation Claims	-	-	-	-	-	-
Unreserved and Undesignated	-	-	-	-	-	-
Total Fund Balance	<u>6,040</u>	<u>382,081</u>	<u>-</u>	<u>-</u>	<u>1,219,396</u>	<u>2,510,332</u>
Total Liabilities and Fund Balance	<u>\$ 6,040</u>	<u>\$ 429,296</u>	<u>\$ 36,398</u>	<u>\$ 8,203</u>	<u>\$ 1,521,167</u>	<u>\$ 2,817,501</u>

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2006

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ASSETS	Tax Increment Financing District 4	Building Financing	Economic Development	Sales Tax Grant	Tax Stabilization	Insurance Financing	Total
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ 100
Checking	-	-	-	-	-	-	111
Savings	672,115	42,740	2,878	-	53,764	201,048	2,308,835
Illinois Public Treasurer's Pool	-	128	-	-	4,909	-	7,175
Money Market Funds	-	-	107,466	-	-	-	107,466
Investments	-	-	1,375,494	-	355,236	2,749,758	7,126,030
Receivables (Net of Uncollectibles)	150,192	-	437,647	-	84,461	-	1,488,973
Due from Other Funds	-	9,740	-	-	-	14,051	41,592
Prepaid Expenditures	-	-	23,938	-	-	-	23,938
Total Assets	\$ 822,307	\$ 52,608	\$ 1,947,473	\$ -	\$ 498,370	\$ 2,964,857	\$ 11,104,220
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ 9,418	\$ 18	\$ 13,613	\$ -	\$ 3,641	\$ -	\$ 127,351
Accounts Payable	7,899	2,603	21,957	-	279	-	76,799
Accrued Salaries and Taxes	-	-	260	-	-	-	5,774
Deferred Revenues	136,640	-	-	-	-	-	687,160
Total Liabilities	153,957	2,621	35,830	-	3,920	-	897,084
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	-	23,938	-	-	-	23,938
Loans Receivable	-	-	285,000	-	-	-	335,000
Unreserved, Designated For:							
Social Service Agencies	-	-	-	-	-	-	6,040
Building Replacement	-	49,987	-	-	-	-	49,987
Urban Housing and Development	668,350	-	1,602,705	-	-	-	6,332,864
Worker Compensation Claims	-	-	-	-	-	2,964,857	2,964,857
Unreserved and Undesignated	-	-	-	-	494,450	-	494,450
Total Fund Balance	668,350	49,987	1,911,643	-	494,450	2,964,857	10,207,136
Total Liabilities and Fund Balance	\$ 822,307	\$ 52,608	\$ 1,947,473	\$ -	\$ 498,370	\$ 2,964,857	\$ 11,104,220

CITY OF URBANA

Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2006

(Page 1 of 2)

	Social Service Agencies	Community Development			Tax Increment Financing District 1	Tax Increment Financing District 2
		Special	Home	Block Grant		
Revenues:						
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 652,222	\$ 683,820
Intergovernmental	-	372,217	1,318,351	730,728	-	310,114
Investment Income:						
Interest	-	1,723	-	-	46,713	88,946
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	-	-	(22,892)	(51,621)
Total Net Investment Earnings	-	1,723	-	-	23,821	37,325
Licenses, Fines and Services Charges	-	295,334	85,000	83,303	-	-
Total Revenues	-	669,274	1,403,351	814,031	676,043	1,031,259
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Highways & Streets	-	-	-	-	-	-
General Government	182,197	-	-	-	-	-
Urban Redevelopment and Housing	-	403,682	1,455,037	508,127	334,938	418,170
Capital Outlay	-	-	-	283,904	324,376	17,975
Total Expenditures	182,197	403,682	1,455,037	792,031	659,314	436,145
Excess of Revenues Over (Under) Expenditures	(182,197)	265,592	(51,686)	22,000	16,729	595,114
Other Financing Sources (Uses):						
Transfers In	177,690	-	51,686	-	-	209,782
Transfers (Out)	-	-	-	(22,000)	(129,780)	-
Total Other Financing Sources (Uses)	177,690	-	51,686	(22,000)	(129,780)	209,782
Net Change in Fund Balances	(4,507)	265,592	-	-	(113,051)	804,896
Fund Balance, Beginning of Year	10,547	116,489	-	-	1,332,447	1,705,436
Fund Balance, End of Year	\$ 6,040	\$ 382,081	\$ -	\$ -	\$ 1,219,396	\$ 2,510,332

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2006

(Page 2 of 2)

	Tax Increment Financing District 4	Building Financing	Economic Development	Sales Tax Grant	Tax Stabilization	Insurance Financing	Total
Revenues:							
Property Tax	\$ 336,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,672,683
Intergovernmental	-	-	24,414	-	33,375	-	2,789,199
Investment Income:							
Interest	9,303	-	81,760	291	15,222	150,190	394,148
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(41,843)	-	(10,005)	(77,449)	(203,810)
Total Net Investment Earnings	9,303	-	39,917	291	5,217	72,741	190,338
Licenses, Fines and Service Charges	22,222	-	75,437	-	32,039	-	593,335
Total Revenues	<u>368,166</u>	<u>-</u>	<u>139,768</u>	<u>291</u>	<u>70,631</u>	<u>72,741</u>	<u>5,245,555</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	5,781	-	5,781
Highways and Streets	-	-	-	-	200,803	-	200,803
General Government	-	-	-	-	-	-	182,197
Urban Redevelopment and Housing	56,199	-	246,669	-	-	-	3,422,822
Capital Outlay	-	-	75,000	-	-	-	701,255
Total Expenditures	<u>56,199</u>	<u>-</u>	<u>321,669</u>	<u>-</u>	<u>206,584</u>	<u>-</u>	<u>4,512,858</u>
Excess of Revenues Over (Under) Expenditures	<u>311,967</u>	<u>-</u>	<u>(181,901)</u>	<u>291</u>	<u>(135,953)</u>	<u>72,741</u>	<u>732,697</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	-	106,856	-	546,014
Transfers (Out)	-	(106,668)	-	(36,015)	-	(249,176)	(543,639)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(106,668)</u>	<u>-</u>	<u>(36,015)</u>	<u>106,856</u>	<u>(249,176)</u>	<u>2,375</u>
Net Change in Fund Balances	311,967	(106,668)	(181,901)	(35,724)	(29,097)	(176,435)	735,072
Fund Balance, Beginning of Year	<u>356,383</u>	<u>156,655</u>	<u>2,093,544</u>	<u>35,724</u>	<u>523,547</u>	<u>3,141,292</u>	<u>9,472,064</u>
Fund Balance, End of Year	<u>\$ 668,350</u>	<u>\$ 49,987</u>	<u>\$ 1,911,643</u>	<u>\$ -</u>	<u>\$ 494,450</u>	<u>\$ 2,964,857</u>	<u>\$ 10,207,136</u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 184,860	\$ 184,860	\$ 182,197	\$ 2,663
Other Financing Sources:				
Transfers In	177,690	177,690	177,690	-
Net Change in Fund Balance	(7,170)	(7,170)	(4,507)	2,663
Fund Balance, Beginning of Year	10,547	10,547	10,547	-
Fund Balance, End of Year	<u>\$ 3,377</u>	<u>\$ 3,377</u>	<u>\$ 6,040</u>	<u>\$ 2,663</u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ -	\$ 66,994	\$ 18,049	\$ (48,945)
Federal Grants	426,530	426,530	354,168	(72,362)
Total Intergovernmental	426,530	493,524	372,217	(121,307)
Net Investment Earnings - Interest	2,000	2,000	1,723	(277)
Licenses, Fines and Service Charges	103,400	103,400	295,334	191,934
Total Revenues	531,930	598,924	669,274	70,350
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	24,320	24,320	19,744	4,576
Supplies	450	450	9	441
Contractual Services	562,288	629,282	383,929	245,353
Total Expenditures	587,058	654,052	403,682	250,370
Net Revenues Over (Under) Expenditures	(55,128)	(55,128)	265,592	320,720
Fund Balance, Beginning of Year	116,489	116,489	116,489	-
Fund Balance, End of Year	\$ 61,361	\$ 61,361	\$ 382,081	\$ 320,720

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 1,213,211	\$ 1,213,211	\$ 1,318,351	\$ 105,140
Licenses, Fines, and Service Charges	4	4	85,000	84,996
Total Revenues	<u>1,213,215</u>	<u>1,213,215</u>	<u>1,403,351</u>	<u>190,136</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	166,933	166,933	133,485	33,448
Supplies	6,000	6,000	3,045	2,955
Contractual Services	<u>2,286,380</u>	<u>2,286,380</u>	<u>1,318,507</u>	<u>967,873</u>
Total Expenditures	<u>2,459,313</u>	<u>2,459,313</u>	<u>1,455,037</u>	<u>1,004,276</u>
Net Revenues Over (Under) Expenditures	(1,246,098)	(1,246,098)	(51,686)	1,194,412
Other Financing Sources (Uses):				
Transfers In (Out)	<u>52,283</u>	<u>52,282</u>	<u>51,686</u>	<u>(596)</u>
Net Change in Fund Balance	(1,193,815)	(1,193,816)	-	1,193,816
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (1,193,815)</u></u>	<u><u>\$ (1,193,816)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,193,816</u></u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 1,138,788	\$ 1,138,788	\$ 730,728	\$ (408,060)
Licenses, Fines, and Service Charges	40,000	40,000	83,303	43,303
Total Revenues	<u>1,178,788</u>	<u>1,178,788</u>	<u>814,031</u>	<u>(364,757)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	176,544	176,544	168,667	7,877
Materials and Supplies	1,982	1,982	1,253	729
Contractual Services	<u>658,262</u>	<u>658,262</u>	<u>338,207</u>	<u>320,055</u>
Total Urban Redevelopment and Housing	836,788	836,788	508,127	328,661
Capital Outlay	<u>320,000</u>	<u>320,000</u>	<u>283,904</u>	<u>36,096</u>
Total Expenditures	<u>1,156,788</u>	<u>1,156,788</u>	<u>792,031</u>	<u>364,757</u>
Net Revenues Over (Under) Expenditures	22,000	22,000	22,000	-
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 685,300	\$ 685,300	\$ 652,222	\$ (33,078)
Investment Earnings:				
Interest	39,320	39,320	46,713	7,393
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(22,892)	(22,892)
Total Net Investment Earnings	39,320	39,320	23,821	(15,499)
Total Revenues	724,620	724,620	676,043	(48,577)
Expenditures:				
Current-Urban Redevelopment and Housing-Contractual Services	439,625	439,625	334,938	104,687
Capital Outlay	636,113	636,113	324,377	311,736
Total Expenditures	1,075,738	1,075,738	659,315	416,423
Net Revenues Over (Under) Expenditures	(351,118)	(351,118)	16,728	367,846
Other Financing Uses:				
Transfers (Out)	(129,791)	(129,791)	(129,780)	11
Net Change in Fund Balance	(480,909)	(480,909)	(113,052)	367,857
Fund Balance, Beginning of Year	1,332,447	1,332,447	1,332,447	-
Fund Balance, End of Year	\$ 851,538	\$ 851,538	\$ 1,219,395	\$ 367,857

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 651,671	\$ 651,671	\$ 683,820	\$ 32,149
Intergovernmental-State Grant	332,900	332,900	310,114	(22,786)
Investment Earnings:				
Interest	37,881	37,881	88,946	51,065
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(51,621)	(51,621)
Total Net Investment Earnings	37,881	37,881	37,325	(556)
Total Revenues	<u>1,022,452</u>	<u>1,022,452</u>	<u>1,031,259</u>	<u>8,807</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	50,232	50,232	38,179	12,053
Contractual Services	690,981	690,981	379,991	310,990
Total Urban Redevelopment and Housing	741,213	741,213	418,170	323,043
Capital Outlay	665,865	665,865	17,975	647,890
Total Expenditures	<u>1,407,078</u>	<u>1,407,078</u>	<u>436,145</u>	<u>970,933</u>
Net Revenues Over (Under) Expenditures	(384,626)	(384,626)	595,114	979,740
Other Financing Sources (Uses):				
Transfers In (Out)	241,265	241,265	209,782	(31,483)
Net Change in Fund Balance	(143,361)	(143,361)	804,896	948,257
Fund Balance, Beginning of Year	<u>1,705,436</u>	<u>1,705,436</u>	<u>1,705,436</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,562,075</u>	<u>\$ 1,562,075</u>	<u>\$ 2,510,332</u>	<u>\$ 948,257</u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 278,000	\$ 278,000	\$ 336,641	\$ 58,641
Net Investment Earnings - Interest	3,040	3,040	9,303	6,263
Licenses, Fines and Service Charges	10,000	10,000	22,222	12,222
Total Revenues	291,040	291,040	368,166	77,126
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	260,239	260,239	56,199	204,040
Capital Outlay	425,000	425,000	-	425,000
Total Expenditures	685,239	685,239	56,199	629,040
Net Change in Fund Balance	(394,199)	(394,199)	311,967	706,166
Fund Balance, Beginning of Year	356,383	356,383	356,383	-
Fund Balance, End of Year	<u>\$ (37,816)</u>	<u>\$ (37,816)</u>	<u>\$ 668,350</u>	<u>\$ 706,166</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses): Transfers In (Out)	\$ (156,655)	\$ (156,655)	\$ (106,668)	\$ 49,987
Fund Balance, Beginning of Year	<u>156,655</u>	<u>156,655</u>	<u>156,655</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,987</u></u>	<u><u>\$ 49,987</u></u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 24,414	\$ (175,586)
Investment Income:				
Interest	80,000	80,000	81,760	1,760
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(41,843)	(41,843)
Total Net Investment Earnings	80,000	80,000	39,917	(40,083)
Licenses, Fines and Service Charges	55,000	55,000	75,437	20,437
Total Revenues	335,000	335,000	139,768	(195,232)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	23,715	23,715	12,943	10,772
Contractual Services	1,246,322	1,568,322	233,726	1,334,596
Total Urban Redevelopment and Housing	1,270,037	1,592,037	246,669	1,345,368
Capital Outlay	75,000	75,000	75,000	-
Total Expenditures	1,345,037	1,667,037	321,669	1,345,368
Net Revenues Over (Under) Expenditures	(1,010,037)	(1,332,037)	(181,901)	1,150,136
Other Financing Sources (Uses):				
Transfers In (Out)	(265,000)	(265,000)	-	265,000
Net Change in Fund Balance	(1,275,037)	(1,597,037)	(181,901)	1,415,136
Fund Balance, Beginning of Year	2,093,544	2,093,544	2,093,544	-
Fund Balance, End of Year	\$ 818,507	\$ 496,507	\$ 1,911,643	\$ 1,415,136

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ 260,865	\$ 260,865	\$ 291	\$ (260,574)
Other Financing Sources (Uses):				
Transfers In (Out)	(375,323)	(375,323)	(36,015)	339,308
Net Change in Fund Balance	(114,458)	(114,458)	(35,724)	78,734
Fund Balance, Beginning of Year	35,724	35,724	35,724	-
Fund Balance, End of Year	<u>\$ (78,734)</u>	<u>\$ (78,734)</u>	<u>\$ -</u>	<u>\$ 78,734</u>

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 50,500	\$ 33,375	\$ (17,125)
Investment Income:				
Interest	44,000	44,000	15,222	(28,778)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(10,005)	(10,005)
Net Investment Earnings	44,000	44,000	5,217	(38,783)
Licenses, Fines and Service Charges	-	10,000	32,039	22,039
 Total Revenues	 44,000	 104,500	 70,631	 (33,869)
Expenditures:				
Current:				
Public Safety	-	6,000	5,781	219
Highways and Streets:				
Contractual Services	53,720	293,720	200,803	92,917
Urban Redevelopment and Housing:				
Contractual Services	389,650	389,650	-	389,650
 Total Expenditures	 443,370	 689,370	 206,584	 482,786
 Net Revenues Over (Under) Expenditures	 (399,370)	 (584,870)	 (135,953)	 448,917
Other Financing Uses:				
Transfers In (Out)	389,650	389,650	106,856	(282,794)
 Net Change in Fund Balance	 (9,720)	 (195,220)	 (29,097)	 166,123
 Fund Balance, Beginning of Year	 523,547	 523,547	 523,547	 -
 Fund Balance, End of Year	 \$ 513,827	 \$ 328,327	 \$ 494,450	 \$ 166,123

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 130,000	\$ 130,000	\$ 150,190	\$ 20,190
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(77,449)	(77,449)
Total Net Investment Earnings	130,000	130,000	72,741	(57,259)
Other Financing Sources (Uses):				
Transfers In (Out)	(145,200)	(145,200)	(249,176)	(103,976)
Net Change in Fund Balance	(15,200)	(15,200)	(176,435)	(161,235)
Fund Balance, Beginning of Year	3,141,292	3,141,292	3,141,292	-
Fund Balance, End of Year	<u>\$ 3,126,092</u>	<u>\$ 3,126,092</u>	<u>\$ 2,964,857</u>	<u>\$ (161,235)</u>

Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2006

ASSETS	<u>Capital Improvement and Replacement</u>	<u>Sanitary Sewer Construction</u>	<u>Total</u>
Cash and Cash Equivalents:			
Savings	\$ 704,051	\$ 197,056	\$ 901,107
Illinois Public Treasurer's Pool	1,363	16,926	18,289
Investments	2,071,685	272,614	2,344,299
Receivables (Net of Uncollectibles):			
Due from Other Governments	28,610	-	28,610
Other Taxes	-	208,677	208,677
Due from Other Funds	25,608	-	25,608
	<u>2,831,317</u>	<u>695,273</u>	<u>3,526,590</u>
Total Assets	<u>\$ 2,831,317</u>	<u>\$ 695,273</u>	<u>\$ 3,526,590</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 150,035	\$ 30,870	\$ 180,905
Due to Other Funds	9,740	3,814	13,554
	<u>159,775</u>	<u>34,684</u>	<u>194,459</u>
Total Liabilities	<u>159,775</u>	<u>34,684</u>	<u>194,459</u>
Fund Balance:			
Unreserved, Designated for Future Capital Outlay:			
General Construction	2,671,542	-	2,671,542
Sewer Construction	-	660,589	660,589
	<u>2,671,542</u>	<u>660,589</u>	<u>3,332,131</u>
Total Fund Balance	<u>2,671,542</u>	<u>660,589</u>	<u>3,332,131</u>
Total Liabilities and Fund Balance	<u>\$ 2,831,317</u>	<u>\$ 695,273</u>	<u>\$ 3,526,590</u>

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

Fiscal Year Ended June 30, 2006

	Capital Improvement and Replacement	Sanitary Sewer Construction	Total
Revenues:			
Sewer Benefit Tax	\$ -	\$ 784,734	\$ 784,734
Intergovernmental	141,045	-	141,045
Investment Earnings:			
Interest	119,150	18,441	137,591
Net Appreciation (Depreciation) in Fair Value Investments	(58,350)	(7,678)	(66,028)
Total Net Investment Earnings	60,800	10,763	71,563
Licenses, Fines, and Service Charges	758,443	13,930	772,373
Other	1,510	-	1,510
Total Revenues	961,798	809,427	1,771,225
Expenditures:			
Current - Highways and Streets	143,152	5,703	148,855
Capital Outlay:			
Street and Light Improvements	1,277,795	-	1,277,795
Sewer Construction	259,154	561,381	820,535
Total Capital Outlay	1,536,949	561,381	2,098,330
Total Expenditures	1,680,101	567,084	2,247,185
Net of Revenues Over (Under) Expenditures	(718,303)	242,343	(475,960)
Other Financing Sources (Uses):			
Transfers In	220,616	-	220,616
Transfers (Out)	-	(448,430)	(448,430)
Total Other Financing Sources (Uses)	220,616	(448,430)	(227,814)
Net Change in Fund Balances	(497,687)	(206,087)	(703,774)
Fund Balance, Beginning of Year	3,169,229	866,676	4,035,905
Fund Balance, End of Year	\$ 2,671,542	\$ 660,589	\$ 3,332,131

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 399,000	\$ 399,000	\$ 141,045	\$ (257,955)
Investment Earnings:				
Interest	100,000	100,000	119,150	19,150
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(58,350)	(58,350)
Total Net Investment Earnings	100,000	100,000	60,800	(39,200)
Licenses, Fines, and Service Charges	2,000	523,433	758,443	235,010
Other	5,000	5,000	1,510	(3,490)
Total Revenues	506,000	1,027,433	961,798	(65,635)
Expenditures:				
Current - Highways and Streets	164,165	177,360	143,152	34,208
Capital Outlay:				
Street and Light Improvements	2,992,250	3,500,488	1,277,795	2,222,693
Sewer Construction	417,845	417,845	259,154	158,691
Total Capital Outlay	3,410,095	3,918,333	1,536,949	2,381,384
Total Expenditures	3,574,260	4,095,693	1,680,101	2,415,592
Net of Revenues Over (Under) Expenditures	(3,068,260)	(3,068,260)	(718,303)	2,349,957
Other Financing Sources (Uses):				
Transfers In	568,180	500,180	220,616	(279,564)
Net Change in Fund Balance	(2,500,080)	(2,568,080)	(497,687)	2,070,393
Fund Balance, Beginning of Year	3,169,229	3,169,229	3,169,229	-
Fund Balance, End of Year	\$ 669,149	\$ 601,149	\$ 2,671,542	\$ 2,070,393

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 855,000	\$ 855,000	\$ 784,734	\$ (70,266)
Investment Earnings:				
Interest	22,000	22,000	18,441	(3,559)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(7,678)	(7,678)
Total Net Investment Earnings	22,000	22,000	10,763	(11,237)
Licenses, Fines and Service Charges	5,000	5,000	13,930	8,930
Total Revenues	882,000	882,000	809,427	(72,573)
Expenditures:				
Current - Highways and Streets	34,093	34,093	5,703	28,390
Capital Outlay - Sewer Construction	1,032,798	1,032,798	561,381	471,417
Total Expenditures	1,066,891	1,066,891	567,084	499,807
Net of Revenues Over (Under) Expenditures	(184,891)	(184,891)	242,343	427,234
Other Financing Sources (Uses):				
Transfers (Out)	(448,430)	(448,430)	(448,430)	-
Net Change in Fund Balance	(633,321)	(633,321)	(206,087)	427,234
Fund Balance, Beginning of Year	866,676	866,676	866,676	-
Fund Balance, End of Year	\$ 233,355	\$ 233,355	\$ 660,589	\$ 427,234

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 847,770	\$ 847,770	\$ 868,715	\$ 20,945
Parking Rentals	238,830	238,830	236,357	(2,473)
Total Operating Revenues	<u>1,086,600</u>	<u>1,086,600</u>	<u>1,105,072</u>	<u>18,472</u>
Operating Expenses:				
Personnel Services	157,480	157,480	148,161	9,319
Supplies	44,110	44,908	35,734	9,174
Contractual Services	62,480	143,934	100,824	43,110
Depreciation	280,000	280,000	261,745	18,255
Total Operating Expenses	<u>544,070</u>	<u>626,322</u>	<u>546,464</u>	<u>79,858</u>
Operating Income	<u>542,530</u>	<u>460,278</u>	<u>558,608</u>	<u>98,330</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	25,000	25,000	89,452	64,452
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(45,926)	(45,926)
Total Net Investment Earnings	<u>25,000</u>	<u>25,000</u>	<u>43,526</u>	<u>18,526</u>
Interest Expense	<u>(139,900)</u>	<u>(57,648)</u>	<u>(45,118)</u>	<u>12,530</u>
Total Non-Operating Revenues (Expenses)	<u>(114,900)</u>	<u>(32,648)</u>	<u>(1,592)</u>	<u>31,056</u>
Income (Loss) Before Transfers	427,630	427,630	557,016	129,386
Transfers (Out)	<u>(504,420)</u>	<u>(504,420)</u>	<u>(489,558)</u>	<u>14,862</u>
Change in Net Assets	(76,790)	(76,790)	67,458	144,248
Net Assets, Beginning of Year	<u>7,325,878</u>	<u>7,325,878</u>	<u>7,325,878</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 7,249,088</u>	<u>\$ 7,249,088</u>	<u>\$ 7,393,336</u>	<u>\$ 144,248</u>

CITY OF URBANA

Internal Service Funds
Combining Statement of Net Assets

June 30, 2006

ASSETS	Central Garage	Worker's Compensation Retained Risk	Total
	<u> </u>	<u> </u>	<u> </u>
Current Assets:			
Cash and Cash Equivalents:			
Savings	\$ 63,192	\$ 289,904	\$ 353,096
Accounts Receivable	-	58,908	58,908
Due from Other Funds	61,368	-	61,368
Inventory of Supplies, At Cost	86,797	-	86,797
	<u>211,357</u>	<u>348,812</u>	<u>560,169</u>
Total Current Assets			
Noncurrent Assets:			
Equipment	168,051	-	168,051
Less Accumulated Depreciation	(103,811)	-	(103,811)
	<u>64,240</u>	<u>-</u>	<u>64,240</u>
Total Capital Assets (Net of Accumulated Depreciation)			
Total Assets	<u>275,597</u>	<u>348,812</u>	<u>624,409</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	33,893	348,812	382,705
Accrued Salaries and Taxes	4,325	-	4,325
	<u>38,218</u>	<u>348,812</u>	<u>387,030</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets	64,240	-	64,240
Unrestricted	173,139	-	173,139
	<u>237,379</u>	<u>-</u>	<u>237,379</u>
Total Net Assets	<u>\$ 237,379</u>	<u>\$ -</u>	<u>\$ 237,379</u>

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

Fiscal Year Ended June 30, 2006

	Central Garage	Worker's Compensation Retained Risk	Total
Operating Revenues:			
Charges for Services	\$ 780,306	\$ -	\$ 780,306
Operating Expenses:			
Personnel Services	290,321	30,322	320,643
Supplies	11,409	-	11,409
Contractual Services	103,701	33,649	137,350
Equipment Parts	142,296	-	142,296
Fuel	221,840	-	221,840
Depreciation	10,326	-	10,326
Worker's Compensation Claims	-	185,205	185,205
Total Operating Expenses	779,893	249,176	1,029,069
Operating Income (Loss)	413	(249,176)	(248,763)
Transfers In	-	249,176	249,176
Change in Net Assets	413	-	413
Net Assets, Beginning of Year	236,966	-	236,966
Net Assets, End of Year	\$ 237,379	\$ -	\$ 237,379

CITY OF URBANA

Internal Service Funds
Combining Statement of Cash Flows

Fiscal Year Ended June 30, 2006

	Central Garage	Worker's Compensation Retained Risk	Total
Cash Flows from Operating Activities:			
Receipts from Users	\$ 777,775	\$ (58,908)	\$ 718,867
Payments to Employees	(289,542)	(30,322)	(319,864)
Payments to Suppliers	(480,951)	(33,649)	(514,600)
Worker's Compensations Claims	-	(72,005)	(72,005)
Net Cash Provided by (Used in) Operating Activities	7,282	(194,884)	(187,602)
Cash Flows from Non-Capital Financing Activities:			
Transfers In	-	249,176	249,176
Cash Flows from Capital and Related Financing Activities:			
Purchase of Equipment	(2,045)	-	(2,045)
Increase in Cash and Cash Equivalents	5,237	54,292	59,529
Beginning Cash and Cash Equivalents	57,955	235,612	293,567
Ending Cash and Cash Equivalents	\$ 63,192	\$ 289,904	\$ 353,096
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Net Income (Loss)	\$ 413	\$ (249,176)	\$ (248,763)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	10,327	-	10,327
(Increase) in Accounts Receivable	-	(58,908)	(58,908)
(Increase) in Due from Other Funds	(2,530)	-	(2,530)
(Increase) in Inventory of Supplies	(17,553)	-	(17,553)
(Decrease) Increase in Accrued Salaries and Benefits	15,847	113,200	129,047
Increase in Accrued Salaries and Benefits	778	-	778
Net Cash Provided by (Used in) Operating Activities	\$ 7,282	\$ (194,884)	\$ (187,602)

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 751,410	\$ 751,410	\$ 780,306	\$ 28,896
Operating Expenses:				
Personnel Services	290,810	290,810	290,320	490
Supplies	18,270	18,270	11,409	6,861
Contractual Services	142,030	109,130	103,701	5,429
Equipment Parts	147,000	146,060	142,296	3,764
Fuel	175,000	221,840	221,840	-
Depreciation	23,400	10,400	10,327	73
Total Operating Expenses	796,510	796,510	779,893	16,617
Change in Net Assets	(45,100)	(45,100)	413	45,513
Net Assets, Beginning of Year	236,966	236,966	236,966	-
Net Assets, End of Year	\$ 191,866	\$ 191,866	\$ 237,379	\$ 45,513

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

Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 180,930	\$ 180,930	\$ -	\$ (180,930)
Operating Expenses:				
Personnel Services	103,888	103,888	30,322	73,566
Contractual Services	40,987	40,987	33,649	7,338
Worker's Compensation Claims	319,306	319,306	185,205	134,101
Total Operating Expenses	464,181	464,181	249,176	215,005
Operating Income (Loss)	(283,251)	(283,251)	(249,176)	34,075
Transfers In	-	-	249,176	249,176
Change in Net Assets	(283,251)	(283,251)	-	283,251
Net Assets, Beginning of Year	-	-	-	-
Net Assets, End of Year	<u>\$ (283,251)</u>	<u>\$ (283,251)</u>	<u>\$ -</u>	<u>\$ 283,251</u>

CITY OF URBANA

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

June 30, 2006

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ -	\$ 1,637	\$ 1,637
Savings	541,724	875,180	1,416,904
Money Market Funds	40,726	221,436	262,162
Total Cash and Cash Equivalents	<u>582,450</u>	<u>1,098,253</u>	<u>1,680,703</u>
Investments, at Fair Value:			
U.S. Government Securities	10,809,546	8,085,122	18,894,668
Certificates of Deposit	1,613,275	-	1,613,275
Mutual Funds	11,451,194	8,392,015	19,843,209
Total Investments	<u>23,874,015</u>	<u>16,477,137</u>	<u>40,351,152</u>
Receivables (Net of Uncollectibles)			
Property Tax	457,877	645,694	1,103,571
Accrued Interest	28,185	101,916	130,101
Total Assets	<u>24,942,527</u>	<u>18,323,000</u>	<u>43,265,527</u>
 LIABILITIES			
Accounts Payable	5,014	17,162	22,176
Accrued Salaries and Taxes	-	9,636	9,636
Total Liabilities	<u>5,014</u>	<u>26,798</u>	<u>31,812</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 24,937,513</u>	<u>\$ 18,296,202</u>	<u>\$ 43,233,715</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2006

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	\$ 1,032,024	\$ 1,403,958	\$ 2,435,982
Employee Contributions	284,971	367,135	652,106
Total Contributions	<u>1,316,995</u>	<u>1,771,093</u>	<u>3,088,088</u>
Investment Income:			
Interest and Dividends	978,881	546,098	1,524,979
Net Increase (Decrease) in Fair Value of Investments	<u>192,825</u>	<u>189,936</u>	<u>382,761</u>
Total Investment Income	<u>1,171,706</u>	<u>736,034</u>	<u>1,907,740</u>
Less Investment Expense	<u>(5,503)</u>	<u>(74,105)</u>	<u>(79,608)</u>
Net Investment Income	<u>1,166,203</u>	<u>661,929</u>	<u>1,828,132</u>
Total Additions	<u>2,483,198</u>	<u>2,433,022</u>	<u>4,916,220</u>
Deductions:			
Benefits	1,367,387	1,292,292	2,659,679
Administrative Costs	<u>13,942</u>	<u>21,036</u>	<u>34,978</u>
Total Deductions	<u>1,381,329</u>	<u>1,313,328</u>	<u>2,694,657</u>
Change in Net Assets	1,101,869	1,119,694	2,221,563
Net Assets, Beginning of Year	<u>23,835,644</u>	<u>17,176,508</u>	<u>41,012,152</u>
Net Assets, End of Year	<u><u>\$ 24,937,513</u></u>	<u><u>\$ 18,296,202</u></u>	<u><u>\$ 43,233,715</u></u>

CITY OF URBANA

Net Assets by Component
Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:										
Invested in capital assets, net of related debt					\$45,808	\$49,138	\$55,985	\$62,292	\$64,917	\$67,218
Restricted	INFORMATION BEFORE 2001 IS NOT AVAILABLE				3,552	4,192	5,270	3,430	3,376	3,661
Unrestricted					<u>25,113</u>	<u>27,255</u>	<u>25,975</u>	<u>28,640</u>	<u>28,939</u>	<u>31,053</u>
Total governmental activities, net assets					<u>\$74,473</u>	<u>\$80,585</u>	<u>\$87,051</u>	<u>\$94,363</u>	<u>\$97,232</u>	<u>\$101,932</u>
Business-type activities:										
Invested in capital assets, net of related debt					\$3,615	\$4,139	\$4,624	\$4,940	\$5,160	\$5,055
Unrestricted					<u>1,770</u>	<u>1,841</u>	<u>1,785</u>	<u>1,869</u>	<u>2,166</u>	<u>2,338</u>
Total business-type Activities, net assets					<u>\$5,385</u>	<u>\$5,980</u>	<u>\$6,409</u>	<u>\$6,809</u>	<u>\$7,326</u>	<u>\$7,393</u>
Primary government:										
Invested in capital assets, net of related debt					\$49,424	\$53,277	\$60,609	\$67,232	\$70,077	\$72,272
Restricted					3,552	4,192	5,270	3,430	3,376	3,661
Unrestricted					<u>26,882</u>	<u>29,096</u>	<u>27,580</u>	<u>30,510</u>	<u>31,105</u>	<u>33,392</u>
Total primary Government, net assets					<u>\$79,858</u>	<u>\$86,565</u>	<u>\$93,460</u>	<u>\$101,172</u>	<u>\$104,558</u>	<u>\$109,325</u>

CITY OF URBANA

Changes in Net Assets
Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

(Page 1 of 2)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses:										
Governmental activities:										
Public Safety					\$9,345	\$9,840	\$10,120	\$10,387	\$10,838	\$11,563
Highways and Streets					7,910	6,955	7,354	7,554	9,773	9,049
General Government					1,999	2,091	2,234	2,338	2,475	2,783
Urban Redevelopment and Housing					INFORMATION BEFORE 2001 IS NOT AVAILABLE					
Interest on Long-term Debt					39	26	4	--	--	--
Library Services					<u>2,360</u>	<u>2,404</u>	<u>2,326</u>	<u>2,461</u>	<u>2,666</u>	<u>2,801</u>
Total governmental activities, expenses					25,232	24,565	\$25,451	\$26,581	\$30,143	\$31,038
Business-type activities:										
Motor Vehicle Parking					<u>583</u>	<u>580</u>	<u>628</u>	<u>606</u>	<u>631</u>	<u>592</u>
Total Primary Government Expenses					<u>\$25,815</u>	<u>\$25,145</u>	<u>\$26,079</u>	<u>\$27,186</u>	<u>\$30,774</u>	<u>\$31,630</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Public Safety					\$2,578	\$2,348	\$2,215	\$2,416	\$2,229	\$2,653
Highways and Streets					995	1,467	1,424	1,614	1,543	1,704
Other Activities					811	690	1,076	1,218	1,443	1,891
Operating Grants					2,281	2,284	1,364	2,012	2,345	2,800
Capital Grants					<u>1,019</u>	<u>6</u>	<u>471</u>	<u>450</u>	<u>9</u>	<u>372</u>
Total Governmental Activities Program Revenues					7,684	6,795	6,550	7,710	7,568	9,420
Business-type Activities:										
Charges for Services:					<u>890</u>	<u>962</u>	<u>1,104</u>	<u>1,038</u>	<u>1,121</u>	<u>1,105</u>
Motor Vehicle Parking										
Total Primary Government Program Revenues					<u>\$8,574</u>	<u>\$7,757</u>	<u>\$7,653</u>	<u>\$8,748</u>	<u>\$8,689</u>	<u>\$10,525</u>

CITY OF URBANA

Changes in Net Assets
Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

(Page 2 of 2)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense) Revenue:										
Governmental Activities					\$(17,549)	\$(17,769)	\$(18,901)	\$(18,870)	\$(22,575)	\$(21,618)
Business-type Activities					<u>307</u>	<u>382</u>	<u>476</u>	<u>432</u>	<u>490</u>	<u>513</u>
Total Primary Government Net (Expense) Revenue					<u>\$(17,242)</u>	<u>\$(17,388)</u>	<u>\$(18,425)</u>	<u>\$(18,438)</u>	<u>\$(22,084)</u>	<u>\$(21,105)</u>
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Tax					\$6,194	\$6,259	\$6,816	\$7,191	\$7,809	\$8,320
Utility Tax					3,675	3,392	3,859	3,861	3,922	4,120
State Sales Tax					3,451	3,545	3,383	3,511	3,684	4,085
Other Taxes					3,384	3,385	3,529	3,602	3,765	4,019
Intergovernmental					4,615	5,824	5,901	5,558	5,104	4,544
Investment Income					1,632	933	1,305	162	959	618
Other					593	713	506	481	157	122
Transfers					<u>(133)</u>	<u>(169)</u>	<u>70</u>	<u>39</u>	<u>43</u>	<u>490</u>
Total Governmental Activities					<u>23,411</u>	<u>23,881</u>	<u>25,368</u>	<u>24,407</u>	<u>25,444</u>	<u>26,318</u>
Business-type Activities										
Investment Income					93	44	23	7	70	44
Transfers					<u>133</u>	<u>169</u>	<u>(70)</u>	<u>(39)</u>	<u>(43)</u>	<u>(490)</u>
Total Business-type Activities					<u>226</u>	<u>213</u>	<u>(47)</u>	<u>(32)</u>	<u>27</u>	<u>(446)</u>
Total Primary Government					<u>\$23,637</u>	<u>\$24,094</u>	<u>\$25,321</u>	<u>\$24,375</u>	<u>\$25,470</u>	<u>\$25,872</u>
Change in Net Assets:										
Governmental Activities					\$5,862	\$6,112	\$6,466	\$5,537	\$2,867	\$4,700
Business-type Activities					<u>533</u>	<u>594</u>	<u>429</u>	<u>400</u>	<u>517</u>	<u>67</u>
Total Primary Government					<u>\$6,395</u>	<u>\$6,707</u>	<u>\$6,895</u>	<u>\$5,937</u>	<u>\$3,386</u>	<u>\$4,767</u>

INFORMATION BEFORE 2001 IS
NOT AVAILABLE

CITY OF URBANA

Fund Balances of Governmental Funds
Last Ten Fiscal Years(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund:										
Reserved	\$ 157	\$ 195	\$196	\$233	\$226	\$286	\$264	\$290	\$284	\$282
Unreserved	<u>3,444</u>	<u>3,839</u>	<u>4,173</u>	<u>5,108</u>	<u>5,546</u>	<u>3,977</u>	<u>4,068</u>	<u>3,995</u>	<u>4,478</u>	<u>5,102</u>
Total, General Fund	<u>\$ 3,601</u>	<u>\$ 4,034</u>	<u>\$ 4,034</u>	<u>\$ 5,341</u>	<u>\$ 5,771</u>	<u>\$ 4,263</u>	<u>\$ 4,332</u>	<u>\$ 4,285</u>	<u>\$ 4,761</u>	<u>\$ 5,384</u>
All Other Governmental Funds:										
Reserved, Reported in Special Revenue Funds	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ -	\$ 186	\$ 351	\$ 384
Unreserved, Reported in:										
Special Revenue Funds	14,808	12,407	14,037	16,209	19,695	23,365	22,773	21,856	19,371	21,233
Capital Project Funds	<u>2,952</u>	<u>3,193</u>	<u>2,590</u>	<u>1,939</u>	<u>2,559</u>	<u>2,627</u>	<u>2,604</u>	<u>3,181</u>	<u>4,036</u>	<u>3,332</u>
Total All Other Governmental Funds	<u>\$17,760</u>	<u>\$15,600</u>	<u>\$17,027</u>	<u>\$18,148</u>	<u>\$22,254</u>	<u>\$24,469</u>	<u>\$25,377</u>	<u>\$25,223</u>	<u>\$23,758</u>	<u>\$24,949</u>

CITY OF URBANA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

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	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:										
Property Tax	\$ 4,872	\$ 5,008	\$ 5,527	\$ 5,881	\$ 6,081	\$ 6,305	\$6,674	\$7,557	\$7,695	\$8,187
Utility Tax	2,742	2,804	3,093	3,296	3,675	3,392	3,859	3,861	3,922	4,120
State Sales Tax	2,948	3,086	3,181	3,487	3,451	3,545	3,383	3,511	3,684	4,084
Other Taxes	2,850	2,823	2,947	3,105	3,384	3,385	3,529	3,602	3,765	4,019
Intergovernmental	5,131	5,632	7,832	7,984	9,014	9,292	8,951	9,411	8,781	9,140
Investment Income	1,111	1,161	793	1,069	1,632	933	1,297	155	959	618
Licenses, Fines and Service Charges	2,270	2,909	3,425	3,011	3,379	3,360	3,499	3,858	3,891	4,824
Other	<u>79</u>	<u>126</u>	<u>7</u>	<u>7</u>	<u>495</u>	<u>673</u>	<u>489</u>	<u>485</u>	<u>154</u>	<u>127</u>
Total Revenues	<u>22,002</u>	<u>23,549</u>	<u>26,803</u>	<u>27,840</u>	<u>31,110</u>	<u>30,885</u>	<u>31,680</u>	<u>32,439</u>	<u>32,851</u>	<u>35,119</u>
Expenditures:										
Public Safety	6,668	7,218	7,988	8,539	9,049	9,528	9,918	10,552	11,141	11,938
Highways and Streets	3,861	3,969	4,146	4,419	4,487	4,659	5,052	5,236	5,676	6,126
General Government	1,674	1,652	1,787	1,845	1,928	2,016	2,195	2,261	2,400	2,685
Urban Redevelopment and Housing	2,806	2,977	2,721	3,383	3,566	3,237	3,402	3,822	4,383	4,806
Library Services	1,814	1,908	2,018	2,097	2,258	2,359	2,274	2,383	2,533	2,696
Debt Service	256	254	255	260	257	256	482	--	--	--
Capital Projects	<u>5,767</u>	<u>6,953</u>	<u>6,326</u>	<u>4,661</u>	<u>4,897</u>	<u>6,358</u>	<u>8,974</u>	<u>8,964</u>	<u>6,931</u>	<u>5,294</u>
Total Expenditures	<u>22,845</u>	<u>24,932</u>	<u>25,241</u>	<u>25,203</u>	<u>26,442</u>	<u>28,412</u>	<u>32,298</u>	<u>33,217</u>	<u>33,065</u>	<u>33,545</u>

CITY OF URBANA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years(modified accrual basis of accounting)
(amounts expressed in thousands)

Page 2 of 2

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Excess of Revenues Over (Under) Expenses	(843)	(1,383)	1,562	2,637	4,668	2,473	(618)	(778)	(214)	1,574
Other Financing Sources (Uses): Transfers in (out)	<u>897</u>	<u>(226)</u>	<u>(201)</u>	<u>(144)</u>	<u>(133)</u>	<u>(242)</u>	<u>72</u>	<u>(78)</u>	<u>(120)</u>	<u>241</u>
Net Changes in Fund Balance	<u>\$54</u>	<u>\$(1,609)</u>	<u>\$1,362</u>	<u>\$2,494</u>	<u>\$4,536</u>	<u>\$2,231</u>	<u>\$(547)</u>	<u>\$(856)</u>	<u>\$(334)</u>	<u>\$1,815</u>
Debt Service as a % Of Non-capital Expenditures	<u>1.5%</u>	<u>1.4%</u>	<u>1.3%</u>	<u>1.3%</u>	<u>1.2%</u>	<u>1.2%</u>	<u>2.1%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

CITY OF URBANA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property		Total Taxable Assessed Value	Total Direct Tax Rate	Actual Value	Assessed
	Residential Property	Commercial Property				Value as % Actual Value
2006	\$272,438,176	\$196,612,417	\$469,050,593	\$0.013120	\$1,407,151,779	33%
2005	\$251,591,356	\$176,215,955	\$427,807,311	\$0.013120	\$1,283,421,933	33%
2004	\$228,417,723	\$154,153,753	\$382,571,476	\$0.013120	\$1,147,714,428	33%
2003	\$209,667,923	\$143,906,739	\$353,574,662	\$0.013178	\$1,060,723,986	33%
2002	\$196,154,448	\$139,556,948	\$335,711,396	\$0.013314	\$1,007,134,188	33%
2001	\$189,411,143	\$134,978,711	\$324,389,854	\$0.013725	\$973,169,562	33%
2000	\$179,669,714	\$129,683,993	\$309,353,707	\$0.013905	\$928,061,121	33%
1999	\$166,205,464	\$161,002,165	\$282,207,629	\$0.014656	\$846,622,887	33%
1998	\$158,111,054	\$110,041,765	\$268,152,819	\$0.014832	\$804,458,457	33%
1997	\$151,414,754	\$102,967,203	\$254,381,957	\$0.014159	\$763,145,871	33%

Source: Champaign County Clerk

Notes: State law prescribes an assessment ration of 33% of actual value

CITY OF URBANA

Property Tax Rates - Direct and Overlapping Government

Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
City of Urbana:										
Library	.4787	.4950	.5262	.5474	.5433	.5235	.5251	.5482	.5448	.5443
General	.3326	.3269	.2941	.2954	.3429	.4302	.4387	.4879	.2045	.1698
Police Pension	.2913	.2851	.2909	.2933	.3040	.2860	.2953	.3008	.3152	.2557
Fire Pension	.2094	.2050	.2008	.1817	.1412	.1328	.1314	.1287	.1172	.1283
Subtotal, City	1.3120	1.3120	1.3120	1.3178	1.3314	1.3725	1.3905	1.4656	1.4832	1.4159
School District	4.3178	4.4758	4.5961	4.6701	4.7448	4.7245	4.7839	4.8976	4.8978	5.0026
Champaign County	.7801	.7981	.7048	.7117	.6200	.6201	.6425	.6768	.6904	.6773
Park District	.7218	.7463	.7534	.7767	.7939	.7960	.8122	.8456	.8687	.8957
Parkland College	.4776	.4847	.4838	.4652	.4556	.4469	.4659	.4692	.4602	.4622
Mass Transit	.2623	.2677	.2695	.2728	.2772	.2764	.2813	.2839	.2854	.2868
Cunningham Town	.1932	.1988	.2017	.2048	.2051	.1547	.2265	.2372	.2464	.2490
Public Health	.1087	.1126	.1135	.1152	.1172	.1170	.1206	.1300	.1438	.1596
Forest Preserve	.0818	.0839	.0840	.0850	.0859	.0855	.0885	.0922	.0959	.0977
Total	8.2553	8.4799	8.5188	8.6193	8.6311	8.5936	8.8119	9.0981	9.1718	9.2468

Source: Champaign County Clerk

Notes: Tax Rates per \$100 Assessed Valuation

CITY OF URBANA
Principal Property Taxpayers
June 30, 2006

Name of Company	2006			1997		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Carle Foundation (Health Care)	\$39,195,180	1	8.4%	\$11,732,180	1	4.6%
Provena Covenant (Health Care)	14,323,000	2	3.1%	1,269,130	-	-
Campus Property Management (Residential Housing)	10,044,600	3	2.1%	0	-	-
Lincoln Blvd. (Melrose) Association (Residential Housing)	6,476,720	4	1.4%	0	-	-
Town and Country Apartments (Residential Housing)	6,100,850	5	1.3%	5,504,390	2	2.1%
Walmart (Retail Sales)	4,510,020	6	1.0%	0	-	-
Clark Lindsey Village (Residential Retirement)	4,494,040	7	1.0%	3,068,690	4	1.2%
J. M. Jones Company (Food Service)	4,191,170	8	0.9%	4,853,120	3	1.9%
Flex-N-Gate (Manufacturing)	3,906,280	9	0.8%	889,800	-	-
C-U Partners, Holiday Inn (Hotel)	3,702,290	10	0.8%	1,519,920	8	0.6%
Lincoln Square (Retail Sales)	-	-	-	2,111,790	5	0.8%
Busey Bank (Banking)	-	-	-	2,000,390	6	0.8%
First Busey Corporation (Banking)	-	-	-	1,613,710	7	0.6%
Hampton Inn (Hotel)	-	-	-	1,365,940	9	0.5%
Solo Cup (Manufacturing)	-	-	-	1,289,130	10	0.5%
Totals	<u>\$96,944,150</u>		<u>20.7%</u>	<u>\$35,059,260</u>		<u>13.6%</u>

Source: Champaign County Clerk

Note: The increase in percent in 2004 was due to a change in methods of calculating assessments resulting in the addition of previously exempt property being added to the assessed value of the Carle and Provena hospitals.

CITY OF URBANA
Property Tax Levies and Collection
Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Tax Levy for Fiscal Year</u>	<u>Collected in Fiscal Year</u>		<u>Collected in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% Levy</u>		<u>Amount</u>	<u>% Levy</u>
2006	\$6,153,944	\$3,197,666	52%	\$0	\$3,197,666	52%
2005	\$5,612,832	\$2,904,711	52%	\$2,692,410	\$5,597,121	100%
2004	\$5,019,338	\$2,538,384	51%	\$2,470,618	\$5,009,002	100%
2003	\$4,659,407	\$2,453,220	53%	\$2,112,980	\$4,566,200	98%
2002	\$4,469,662	\$2,221,005	50%	\$2,219,486	\$4,440,491	99%
2001	\$4,452,251	\$2,117,901	48%	\$2,291,249	\$4,409,150	99%
2000	\$4,301,563	\$2,075,891	48%	\$2,225,488	\$4,301,379	100%
1999	\$4,136,200	\$2,033,694	49%	\$2,098,225	\$4,131,919	100%
1998	\$3,977,243	\$1,966,082	49%	\$1,955,703	\$3,921,785	99%
1997	\$3,601,794	\$1,758,577	49%	\$1,843,217	\$3,601,794	100%

Source: Champaign County Clerk

Note: Does not include Special Service Area or Tax Increment.

CITY OF URBANA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities</u>		Business-Type Activities <u>Parking Bonds</u>	Total <u>Primary Govt</u>	% of Personal <u>Income</u>	Per <u>Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>				
2006	\$0	\$0	\$1,026,470	\$1,026,470	0.10%	\$28.05
2005	\$0	\$0	\$1,122,669	\$1,122,669	0.11%	\$30.71
2004	\$0	\$0	\$1,414,712	\$1,414,712	0.14%	\$38.74
2003	\$0	\$0	\$1,686,295	\$1,686,295	0.17%	\$46.23
2002	\$470,095	\$0	\$2,217,240	\$2,687,335	0.29%	\$73.76
2001	\$692,400	\$0	\$2,482,600	\$3,175,000	0.35%	\$87.24
2000	\$904,175	\$0	\$2,900,825	\$3,805,000	0.43%	\$104.69
1999	\$1,108,185	\$0	\$3,301,815	\$4,410,000	0.52%	\$121.34
1998	\$1,296,665	\$1,330	\$3,683,335	\$4,981,330	0.63%	\$137.06
1997	\$1,483,252	\$8,637	\$4,050,385	\$5,542,274	0.75%	\$152.49

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics on page 122 for personal income and Population income.

CITY OF URBANA
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amount Available in Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>% of Estimated Actual Taxable Property Value</u>	<u>Per Capita</u>
2006	\$ --	\$ --	\$ --	0%	\$0.00
2005	--	--	--	0%	0.00
2004	--	--	--	0%	0.00
2003	--	--	--	0%	0.00
2002	470,095	--	470,095	.05%	12.90
2001	692,400	--	692,400	.07%	
2000	904,175	--	904,175	.10%	
1999	1,108,185	--	1,108,185	.12%	30.49
1998	1,296,665	--	1,296,665	.16%	35.72
1997	1,483,252	--	1,483,252	.19%	40.81

Notes: Revenue and special assessment debt not included. Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Population data can be found in the Schedule of Demographic and Economic Statistics on page 122. Information on taxable value can be found in the Schedule on page 113.

CITY OF URBANA

Direct and Overlapping Governmental Activities Debt

June 30, 2006

<u>Governmental Unit</u>	<u>Principal Debt City of Urbana</u>	<u>Percentage Applicable to City of Urbana</u>	<u>(1) Amount Applicable to City of Urbana</u>
Debt Repaid With Property Tax:			
School District #116	\$29,487,430	83.6%	\$24,651,491
Champaign County	50,527,501	16.7%	8,438,093
Forest Preserve	194,000	16.5%	32,010
Urbana Park District	<u>1,165,000</u>	98.4%	<u>1,146,360</u>
Subtotal, Overlapping Debt			34,267,954
City of Urbana Direct Debt			<u>0</u>
Total Direct and Overlapping Debt			<u>\$34,267,954</u>

Source: Assessed value provided by Champaign County Clerk. Debt outstanding information provided by each individual government unit.

Notes: Overlapping governments are those that coincide, at least in part, with the boundaries of the City of Urbana. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City of Urbana. This estimate produces a schedule that recognizes that, when considering the City of Urbana's ability to issue and repay long-term debt, the entire debt burden borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Computed by dividing Urbana's assessed value by the assessed value of the overlapping government and multiplying this rate by the overlapping government's 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

Computation of 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.

CITY OF URBANA

Schedule of Revenue Supported Bond Coverage

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Revenue (1)</u>	<u>Expense (2)</u>	<u>Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (3)</u>
2006	\$1,148,598	\$774,277	\$374,321	\$ 96,199	\$ 43,625	\$139,824	2.68
2005	1,190,671	339,681	850,990	292,043	90,020	382,063	2.22
2004	1,045,646	304,358	741,288	271,583	95,895	367,478	2.01
2003	1,126,492	346,731	779,761	530,945	116,657	647,602	1.20
2002	1,174,626	219,897	954,729	442,695	132,507	575,202	1.66
2001	1,116,435	225,442	890,993	418,225	152,889	571,114	1.56
2000	1,031,628	224,979	806,649	400,990	168,357	569,347	1.42
1999	996,292	248,918	747,374	381,520	191,843	573,363	1.30
1998	1,040,419	262,312	778,107	367,050	217,935	584,985	1.33
1997	1,072,670	281,443	791,227	354,815	243,306	598,121	1.32

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. (1) Revenues include 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. The only outstanding revenue bonds during this time were Parking Revenue Bonds issued in 1977, Downtown Parking Revenue Bonds, issued in 1981, which were refunded early by the 1985 Parking Bonds, which in turn were refunded by the 1994 Parking Bonds, which were refunded by the 2005 Parking Bonds.

CITY OF URBANA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	(1) <u>Population</u>	(2) Personal Income expressed in <u>thousands</u>	(2) <u>Per Capita Income</u>	(1) <u>Median Age</u>	(1) <u>Education Level in Years of Formal Schooling</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Rate</u>
2006	36,590	\$981,014	\$26,811	24.6	13.1	4,303	4.1%
2005	36,555	987,204	27,006	24.6	13.1	4,369	4.8%
2004	36,515	977,214	26,762	24.6	13.1	4,414	5.4%
2003	36,475	975,196	26,736	24.6	13.1	4,574	3.6%
2002	36,435	922,935	25,331	24.6	13.1	4,583	3.1%
2001	36,395	918,355	25,233	24.6	13.1	4,663	2.5%
2000	36,344	893,699	24,590	25.5	13.0	4,724	2.5%
1999	36,344	846,016	23,278	25.5	12.9	4,772	2.7%
1998	36,344	787,793	21,676	25.5	12.8	4,591	2.8%
1997	36,344	740,545	20,376	25.5	12.8	4,722	2.5%

Data Sources: (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

Note: Personal income is a total for the year. Median age and education level are based on information gathered from the last quarter of the calendar year. School enrollment is from the start of the school year. Unemployment rate information is for the last quarter of the fiscal year.

CITY OF URBANA

Principal Employers

Current Year

<u>Rank</u>	<u>Employer</u>	<u>Description</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1.	University of Illinois	Education	20,571	20.5%
2.	Carle Clinic	Health Care	2,918	2.9%
3.	Carle Hospital	Health Care	2,750	2.7%
4.	Provena Hospital	Health Care	1,200	1.2%
5.	Champaign County	Government	800	0.8%
6.	Urbana School District	Education	730	0.7%
7.	Solo Cup	Paper Cup Manufacturing	700	0.7%
8.	Super Valu	Food Distribution	625	0.6%
9.	Tri-Star Marketing	Auto Gas Distributor	500	0.5%
10.	Flex-N-Gate	Auto Parts Manufacturing	480	0.5%
	Total		31,274	31.1%

Source: Compiled from information provided by the Illinois Dept. of Commerce and Economic Opportunity and the Champaign County Economic Development Corporation.

Notes: Total employment % is calculated based on total employment for Champaign County, as total employment for the City of Urbana is not ascertainable. Information for nine years ago is not shown as this information is also not ascertainable.

CITY OF URBANA

Number of City Employees by Function (Full-time Equivalents)

Last Ten Fiscal Years

Function:	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety:										
Police Safety	67	68	69	70	70	71	72	72	72	75
Fire Safety	43	59	59	59	59	59	59	59	59	59
Highways and Streets:										
Maintenance	63	63	63	65	65	66	67	67	67	67
Engineering	9	9	9	10	10	10	10	10	10	12
General Government	31	32	33	33	33	33	34	34	34	34
Urban Redevelopment And Housing	21	21	22	22	22	22	23	23	23	23
Library Services	<u>43</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>44</u>	<u>44</u>	<u>44</u>	<u>45</u>
Total	277	295	298	302	302	304	309	309	309	315

Source: City Finance Department.

Note: In 1998, the City assumed firefighting services for the University of Illinois which added 16 positions in Fire Safety, paid by revenues from a contract with the University.

CITY OF URBANA

Operating Indicators, by Function

(Page 1 of 2)

Last Ten Fiscal Years

Function:	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety:										
Police Safety:										
Arrests	5,624	4,532	4,614	4,835	5,592	5,793	5,986	6,750	6,730	7,509
Service Calls	22,661	20,775	20,134	20,617	20,506	22,205	21,470	22,737	22,916	19,681
Reports Written	7,457	7,010	6,569	7,001	7,747	7,761	7,505	8,014	8,209	7,649
Parking Tickets Issued	83,476	87,553	94,251	93,574	97,376	87,475	67,212	58,354	53,640	55,451
Fire Safety:										
Response Calls	43	59	59	59	59	59	59	59	59	59
Inspections	1,156	1,105	1,226	1,233	1,248	1,224	1,014	1,206	1,061	1,277
Highways and Streets:										
Miles St. Resurfaced	63	63	63	65	65	66	67	67	67	67
Recycled Tons Waste Collected:										
Household	13.6	13.6	13.7	13.7	13.8	14.2	14.3	14.3	14.4	14.7
Landscape	8.6	8.9	9.6	9.1	8.7	12.0	11.8	10.3	11.0	12.4

CITY OF URBANA

Operating Indicators, by Function

(Page 2 of 2)

Last Ten Fiscal Years

General Government:

Licenses/Permits Processed	1,018	2,130	1,385	1,263	1,138	1,526	2,919	2,528	2,641	2,645
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Urban Redevelopment
And Housing:

Permits Issued	1,647	1,669	1,432	1,634	1,448	1,744	2,326	2,457	2,439	2,121
Zoning/Planning Cases Admin.	(information not available before 1999)			15	20	30	20	21	22	27

Library Services:

Items Circulated (in thousands)	766	775	746	765	756	797	753	661	777	836
Reference Questions Answered (in thousands)	98	104	109	126	130	134	130	95	105	125
Persons Attending Library Programs (in thousands)	21	22	23	28	27	30	25	24	25	30

Source: Various city departments.

CITY OF URBANA

Capital Asset Statistics, by Function

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public Safety:										
Police Safety:										
Number Stations	1	1	1	1	1	1	1	1	1	1
Number Patrol Units	21	23	23	22	23	23	23	24	25	25
Fire Safety:										
Number Stations	3	3	4	4	4	4	4	4	4	4
Response Vehicles	6	6	8	8	8	8	8	8	8	8
Highways and Streets:										
Area City Sq. Miles	9.1	9.3	9.9	10.2	10.2	10.5	11.4	11.5	11.5	11.6
Miles Streets	114.5	116.7	119.7	122.8	122.8	124.5	126.7	127.8	128.3	130.4
Miles Sewers	174.1	174.1	175.5	183.6	183.6	184.2	185.0	199.7	201.8	227.2
Street Lights	3,547	3,547	3,597	3,738	3,738	3,738	3,767	3,767	3,469	3,469
Library Services:										
Sq. Feet Library Building	25,000	25,000	25,000	25,000	25,000	25,000	25,000	27,000	52,000	52,000

Source: Various city departments.

Note: No capital asset indicators are available for the general government function.