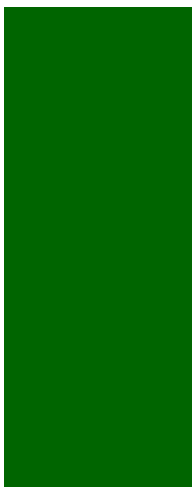


CITY OF

Urbana,
Illinois



Comprehensive Annual Financial Report

For the Year Ended June 30, 2007

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2007

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City of Urbana
400 South Vine Street
Urbana, IL 61801

December 22, 2007

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, 2007.

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, 2007. 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 37,090 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 4.4%, property values to average 8.5% annual growth and per-capita income to average 4.3% annual growth over the last five years.

This economic growth is expected to continue at a slightly slower rate over the next three 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 improved the last three years; however, the amount received over the entire 7 year period is still below inflationary levels. It is anticipated that the state income tax revenue will be reflective of approximate inflationary increases in the future.

In addition, in 2004 and 2005, the City lost considerable sales tax from the closing of a major retail store. However, in 2006, Walmart opened a new store in Urbana and a major automobile dealer relocated and expanded. The sales tax from these new establishments has replaced previously lost taxes. The City has announced the opening of two additional retail stores over the next 3 years. The sales tax from these stores should improve the revenue returns although because of capital improvements costs related to these projects, the sales tax may not be realized immediately.

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 2007 (same in 2006). The City is contributing 9.96% of salaries in calendar year 2007 (9.65% in 2006). At December 31, 2006, the IMRF retirement plan was 92% funded as a percentage of covered salary (91% funded at December 31, 2005). 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 2007 (51% in 2006). The unfunded actuarial accrued liability at June 30, 2006, was 365% of covered salaries, (363% at June 30, 2005). 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 37% of salaries in 2007 (40% in 2006). The unfunded actuarial accrued liability at June 30, 2006, was 198% of covered salaries, down from 208% in 2006. 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 and experienced 2 very good years in 2006 and 2007. As these better years begin to replace 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, 2007 was \$83,807,682 (\$73,264,060 in 2006). The average yield of investments and deposits was 4.7% in 2007 (3.8% in 2006) 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 \$7,145,572 on its investments in 2007 (9.1%), as compared to a gain of \$2,489,364 in 2006 (3.4%). 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 various cost center or departments of the General Fund.

Major Initiatives.

Significant initiatives for the City in the current year are:

- a) Monitor the Five Points West development project, which is 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) Monitor the development of a major retail store and retail sales mall on the city's southeast side, near the intersection of Philo and Windsor Roads. This development is requiring significant capital improvement construction and is planned for completion in the fall of 2008.

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 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, 2006. This was the 19th 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.

I would like to commend the entire staff of the Finance Department for their efficient and dedicated service in helping prepare this report. I 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,



Ronald C. Eldridge
COMPTROLLER
Certified Public Accountant

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, 2006

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.



President

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2007

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

Police Chief
Mike Bily

Fire Chief
Michael Dilley

Public Works Director
William Gray

Community Development Director
Libby Tyler

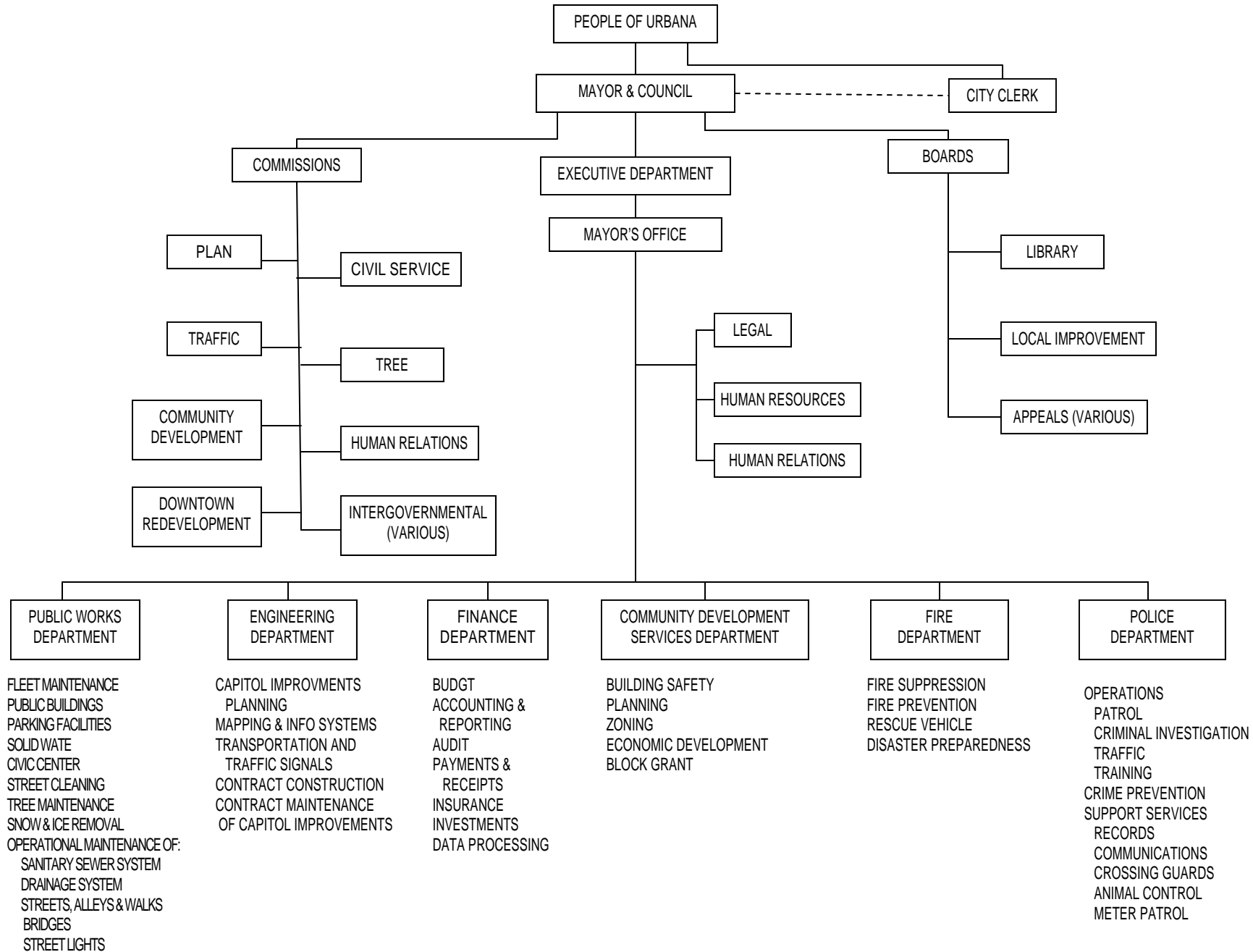
City Attorney
Ronald O'Neal, Jr.

City Comptroller
Ronald C. Eldridge

Personnel Director
Vacellia Clark

Urbana Free Library Director
Debra Lissak

CITY OF URBANA ORGANIZATION CHART STRUCTURE AND MAJOR SERVICE FUNCTIONS





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FINANCIAL SECTION





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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of and for the year ended June 30, 2007, 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, 2007 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General 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 December 12, 2007, 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 73 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 fund budgetary comparison schedules, 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 fund budgetary comparison schedules 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 Friesse & Associates, LLC

Champaign, Illinois
December 12, 2007



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Management's Discussion and Analysis

June 30, 2007

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, 2007. 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, 2007, by \$113,055,362. Of this amount \$35,194,310 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$3,730,404 (3.4%) during the year.
- At June 30, 2007, the governmental funds reported combined fund balances of \$30,519,532, of which \$30,153,585 was unreserved and is available for spending at the City's discretion.
- Governmental fund balances increased \$186,256 (0.6%) during the year.
- The City's long-term debt decreased \$13,443 due to debt principal retirements of \$132,018 and a net increase in accumulated compensated employee absences of \$118,575.

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, 2007

- 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 eighteen 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, 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 combined into a single, aggregated presentation.

Management's Discussion and Analysis

June 30, 2007

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 27-34 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 one internal service fund to account for fleet and equipment maintenance in the Central Garage Fund. Because this service predominantly benefits governmental rather than business-type functions, it have been included within governmental activities in the government-wide financial statements.
- The basic proprietary fund financial statements can be found on pages 35-38 of this report.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Urbana's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The only fiduciary funds utilized by the City of Urbana are the Firemen's and Policemen's Pension Trust Funds. The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

Management's Discussion and Analysis

June 30, 2007

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-72 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the City's I.M.R.F. employee pension obligation. Required supplementary information can be found on page 73 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 74-100 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):

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$45,514	\$43,393	\$2,499	\$2,428	\$48,013	\$45,821
Capital assets	<u>69,988</u>	<u>67,218</u>	<u>5,948</u>	<u>6,081</u>	<u>75,936</u>	<u>73,299</u>
Total assets	<u>\$115,502</u>	<u>\$110,611</u>	<u>\$8,447</u>	<u>\$8,509</u>	<u>\$123,949</u>	<u>\$119,120</u>
Long-term liabilities	1,568	1,478	923	1,026	2,491	2,504
Other liabilities	<u>8,329</u>	<u>7,201</u>	<u>74</u>	<u>90</u>	<u>8,403</u>	<u>7,291</u>
Total liabilities	<u>\$ 9,897</u>	<u>\$ 8,679</u>	<u>\$ 997</u>	<u>\$1,116</u>	<u>\$10,894</u>	<u>\$ 9,795</u>
Net assets:						
Invested in capital assets	69,988	67,218	5,025	5,055	75,013	72,273
Restricted	2,848	3,661	--	--	2,848	3,661
Unrestricted	<u>32,769</u>	<u>31,053</u>	<u>2,425</u>	<u>2,338</u>	<u>35,194</u>	<u>33,391</u>
Total net assets	<u>\$105,605</u>	<u>\$101,932</u>	<u>\$7,450</u>	<u>\$7,393</u>	<u>\$113,055</u>	<u>\$109,325</u>

Management's Discussion and Analysis

June 30, 2007

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 \$3,673,654 and \$2,770,297 of this amount was used to increase the investment in capital assets. There was an increase in net assets from business-type activities of \$56,740 and a decrease of \$29,401 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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,166	\$ 6,248	\$ 1,076	\$ 1,105	\$ 6,242	\$ 7,353
Operating Grants & Contributions	1,837	2,800	--	--	1,837	2,800
Capital Grants & Contributions	22	372	--	--	22	372
General Revenues:						
Property Tax	9,080	8,320	--	--	9,080	8,320
Utility Tax	3,832	4,120	--	--	3,832	4,120
State Sales Tax	5,033	4,085	--	--	5,033	4,085
Intergovernmental, Not Restricted to Specific Programs	5,300	4,544	--	--	5,300	4,544
Investment Income	1,712	618	136	44	1,848	662
Municipal Sales Tax	3,060	2,519	--	--	3,060	2,519
Other Taxes	1,552	1,500	--	--	1,552	1,500
Other	<u>88</u>	<u>123</u>	<u>--</u>	<u>--</u>	<u>88</u>	<u>123</u>
Total Revenues	<u>\$36,682</u>	<u>\$35,249</u>	<u>\$1,212</u>	<u>\$1,149</u>	<u>\$37,894</u>	<u>\$36,398</u>
Expenses:						
Public Safety	\$11,982	\$11,564	\$ --	\$ --	\$11,982	\$11,564
Highways & Streets	9,411	9,049	--	--	9,411	9,049
General Government	3,110	2,783	--	--	3,110	2,783
Urban Redevelopment And Housing	5,903	4,842	--	--	5,903	4,842
Library Services	3,103	2,801	--	--	3,103	2,801
Motor Vehicle Parking	<u>--</u>	<u>--</u>	<u>655</u>	<u>592</u>	<u>655</u>	<u>592</u>
Total Expenses	<u>\$33,509</u>	<u>\$31,039</u>	<u>\$ 655</u>	<u>\$ 592</u>	<u>\$34,164</u>	<u>\$31,631</u>

Management's Discussion and Analysis

June 30, 2007

	<u>Activities</u>		<u>Governmental Activities</u>		<u>Business-type Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Increase in Net Assets					
Before Transfers	\$ 3,173	\$ 4,210	\$ 557	\$ 557	\$ 3,730	\$ 4,767
Transfers In (Out)	<u>500</u>	<u>490</u>	<u>(500)</u>	<u>(490)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 3,673	\$ 4,700	\$ 57	\$ 67	3,730	4,767
Net Assets, Beg. 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>
Net Assets, End Year	<u>\$105,605</u>	<u>\$101,932</u>	<u>\$7,450</u>	<u>\$7,393</u>	<u>\$113,055</u>	<u>\$109,325</u>

- As noted, net assets from governmental activities increased \$3,673,654 (3.6% growth). This increase is lower than last year when net assets from government activities increased \$4,699,527 (4.8% growth). Total revenues increased 4.1% compared to last year and expenses increased 8.0%. Reasons for some significant revenue changes were:
 - Charges for services decreased \$1,082,112 or 17%. This decrease 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 decrease should be considered of a non-recurring nature. The amount received in 2007 returned to a more normal amount.
 - Operating and capital grant revenue decreased \$1,312,829 or 41% because in 2006, the City received an unusual amount of state grants to reimburse the City for an increased level of low-income housing assistance programs and for various public safety operating costs as well as public safety capital equipment purchases. This revenue decrease should be considered of a non-recurring nature. The amount received in 2007 returned to a more normal level.
 - Investment income increased \$1,186,946 or 177% due to unusual increases in the fair value of investments in stock equity mutual funds during 2007. This revenue increase should be considered of a non-recurring nature.
 - Municipal sales tax revenue increased \$540,697 or 22% due to the opening of a new Walmart retail store and an increase in the local sales tax rate during 2007. This revenue increase should be considered of a recurring nature.

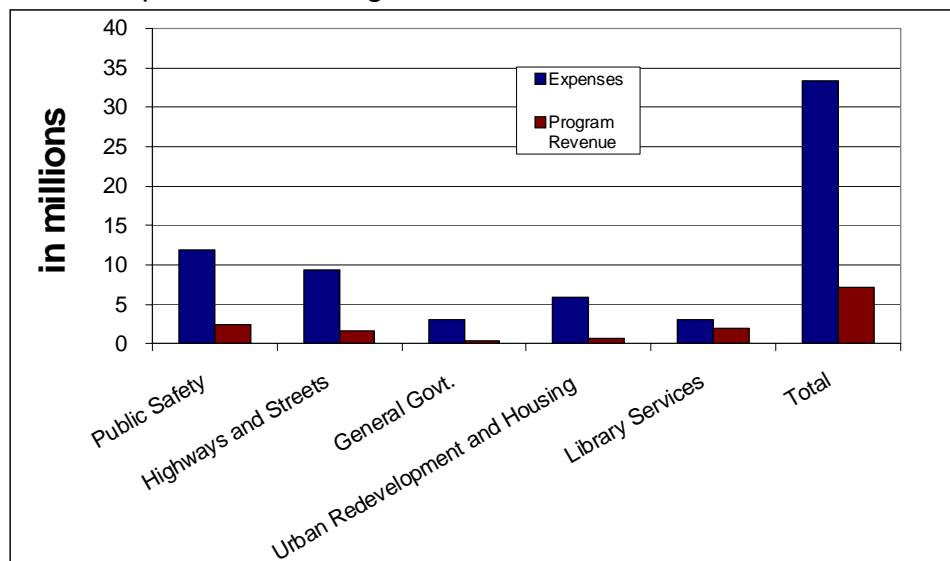
Management's Discussion and Analysis

June 30, 2007

- As noted earlier, expenses increased 8%. Significant expense changes were:
 - Urban redevelopment and housing increased \$1,060,437 or 22% due to a higher level of payments under certain economic development incentive agreements in 2007. This cost increase should be considered of a non-recurring nature.
 - General government increased \$326,351 or 12% due to the addition of 2 attorneys and certain other legal and administrative costs in 2007. This cost increase should be considered of a recurring nature.
 - Library services increased \$301,689 or 11% due to the addition of 2 library staff positions and other operating costs caused by the additional space in the library building and corresponding service levels. This cost increase should be considered of a recurring nature.
- Future cost increases are expected to be similar or slightly above inflation (5% range).

Program revenues paid for 23% of expenses in 2007, an decrease from last year's amount of 30%. The reasons for this decrease were highlighted under significant revenues changes above. The 23% in 2007 is a more normal level.

Expenses and Program Revenues – Governmental Activities

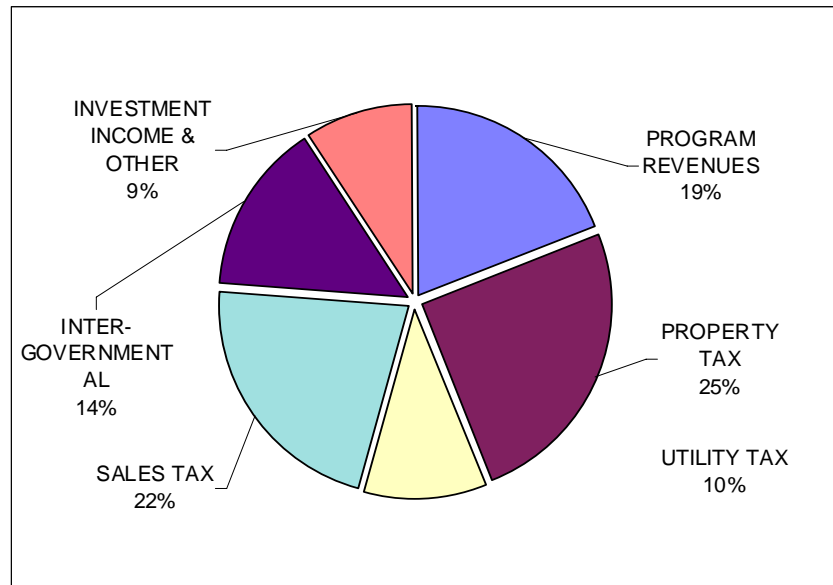


Management's Discussion and Analysis

June 30, 2007

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

Revenues by Sources – Governmental Activities



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 \$30,519,532 (99% is unreserved), an increase of \$186,256 over last year (0.6%).

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$2,334,071. Planned transfers of \$1,581,488 to various other funds mainly for certain other operating expenses meant the fund balance increased \$752,583 for the year to \$6,136,693 at June 30, 2007. Management believes this is an acceptable level of fund balance (25% of total expenditures and transfers), which is the same level as last year.

Management's Discussion and Analysis

June 30, 2007

Other Major Governmental Funds:

Vehicle and Equipment Replacement Fund. Expenditures exceeded revenues by \$576,984. Planned transfers of \$917,530 from other funds, mainly to finance equipment purchases, meant the fund balance increased \$340,546 for the year to \$4,868,063. 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.

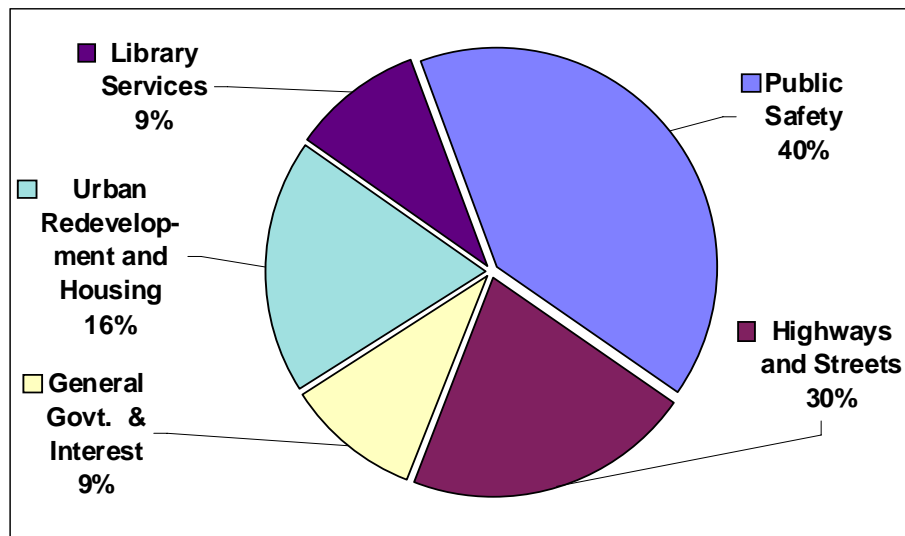
Tax Increment Financing District 3 Fund. Revenues exceeded expenditures by \$666,739 for the year to \$2,712,052, as this fund is accumulating monies to pay for possible future capital improvement projects.

Other Non-Major Governmental Funds:

During the year, expenditures exceeded revenues in other non-major governmental funds by \$2,737,957. Planned transfers of \$1,164,345 to these funds from other funds mainly for certain operating expenses meant the fund balance decreased \$1,573,612 for the year to a combined total of \$16,802,724 at June 30, 2007. Management believes this is an acceptable and normal level of fund balance.

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

Expenditures by Program – Governmental Activities



Management's Discussion and Analysis

June 30, 2007

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, 2007 were \$1,501,746 which was a decrease of \$836,951 over last year. This decrease was offset by an increase in the amount invested in capital assets in this fund last year of \$893,701.

Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (increase of \$50,260). 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, 2007, was \$75,936,232 (net of accumulated depreciation), an increase of \$2,637,528 over last year. This increase is similar to last year's increase (\$2,099,220). Infrastructure improvements can fluctuate considerably annually, depending on the cost of various projects. Improvement amounts are expected to be similar to current year amounts for the next few years, as the City completes a number of new street construction projects. Depreciation amounts for the year are similar to the previous years. Major capital asset events during the year were:

- Addition of \$5,887,430 in total capital assets
- Addition of \$4,745,881 in infrastructure, of which \$255,851 was spent in resurfacing Lierman Avenue, \$380,314 in constructing the Philo/Colorado intersection improvements, and \$858,617 in construction of the Lincoln Avenue improvements. All other individual infrastructure improvements cost less than \$200,000.
- Addition of \$237,161 in buildings and improvements, the largest item costing \$119,817 for improvements made to the parking garage.
- Addition of \$851,970 in equipment, of which \$311,922 was spent to purchase a new fire truck and \$162,721 was spent to purchase a sewer television van used in the Public Works Department. All other equipment additions cost less than \$50,000.
- Depreciation expense of \$2,984,017 was charged (\$2,009,254 was for infrastructure)

Management's Discussion and Analysis

June 30, 2007

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

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 3,551	\$ 3,499	\$3,722	\$ 3,722	\$ 7,273	\$ 7,221
Building and Improvements	14,940	15,116	1,993	2,110	16,933	17,226
Equipment	3,447	3,289	234	249	3,681	3,538
Infrastructure	<u>48,050</u>	<u>45,314</u>	<u>--</u>	<u>--</u>	<u>48,050</u>	<u>45,314</u>
Total Net Capital Assets	<u>\$69,988</u>	<u>\$67,218</u>	<u>\$5,949</u>	<u>\$ 6,081</u>	<u>\$75,937</u>	<u>\$73,299</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 \$923,102 at June 30, 2007. 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 Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Special revenue bonds	\$ --	\$ --	\$ 923	\$ 1,026	\$ 923	\$1,026
Accumulated employee Absences	1,253	1,134	--	--	1,253	1,134
Landfill post-closure Monitoring	<u>315</u>	<u>344</u>	<u>--</u>	<u>--</u>	<u>315</u>	<u>344</u>
Total	\$1,568	\$1,478	\$ 923	\$1,026	\$2,491	\$2,504

During the year, \$103,368 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$903,144 of accumulated employee absences was retired and \$1,021,719 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 7.8% last year and has averaged 7.1% 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

Management's Discussion and Analysis

June 30, 2007

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 an attorney and librarian as well as experiencing significant increases in electricity rates. 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.



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Statement of Net Assets
June 30, 2007

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,257	\$ 350	\$ 3,607
Checking	59,712	-	59,712
Savings	7,882,912	582,322	8,465,234
Illinois Public Treasurer's Pool	3,031,480	-	3,031,480
Money Market Funds	284,581	-	284,581
Investments	19,966,023	1,890,934	21,856,957
Receivables (Net of Uncollectibles)	7,227,805	3,095	7,230,900
Internal Balances	(22,172)	22,172	-
Prepaid Items	315,947	-	315,947
Inventory of Supplies, at Cost	89,935	-	89,935
Investment in Joint Venture	49,920	-	49,920
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	9,020	-	9,020
Savings	336,101	-	336,101
Illinois Public Treasurer's Pool	374,298	-	374,298
Money Market Funds	207,025	-	207,025
Investments	1,844,726	-	1,844,726
Receivables	79,994	-	79,994
Overfunded Net Pension Obligation	3,773,473	-	3,773,473
Capital Assets:			
Land	3,551,037	3,721,624	7,272,661
Other Capital Assets (Net of Accumulated Depreciation):			
Buildings and Improvements	14,940,182	1,992,719	16,932,901
Equipment	3,446,629	233,997	3,680,626
Infrastructure	48,050,044	-	48,050,044
Total Assets	<u>\$ 115,501,929</u>	<u>\$ 8,447,213</u>	<u>\$ 123,949,142</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 2,546,382	\$ 6,232	\$ 2,552,614
Accrued Interest	-	14,468	14,468
Accrued Salaries and Taxes	479,834	2,332	482,166
Unearned Revenues	5,302,529	50,993	5,353,522
Non-Current Liabilities:			
Due Within One Year	803,163	114,121	917,284
Due After More Than One Year	764,745	808,981	1,573,726
Total Liabilities	<u>9,896,653</u>	<u>997,127</u>	<u>10,893,780</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	69,987,892	5,025,238	75,013,130
Restricted for:			
Highways and Streets	2,531,879	-	2,531,879
Library Building Expansion	207,905	-	207,905
Library Materials	108,138	-	108,138
Unrestricted	<u>32,769,462</u>	<u>2,424,848</u>	<u>35,194,310</u>
Total Net Assets	<u>105,605,276</u>	<u>7,450,086</u>	<u>113,055,362</u>
Total Liabilities and Net Assets	<u>\$ 115,501,929</u>	<u>\$ 8,447,213</u>	<u>\$ 123,949,142</u>

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2007

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 11,982,032	\$ 2,315,472	\$ 32,155	\$ 10,710	\$ (9,623,695)	\$ -	\$ (9,623,695)
Highways and Streets	9,411,266	1,558,856	-	-	(7,852,410)	-	(7,852,410)
General Government	3,109,490	403,197	-	-	(2,706,293)	-	(2,706,293)
Urban Redevelopment & Housing	5,902,825	725,018	1,711,650	11,300	(3,454,857)	-	(3,454,857)
Library Services	3,103,010	163,772	93,212	-	(2,846,026)	-	(2,846,026)
Total Governmental Activities	<u>33,508,623</u>	<u>5,166,315</u>	<u>1,837,017</u>	<u>22,010</u>	<u>(26,483,281)</u>	<u>-</u>	<u>(26,483,281)</u>
Business-Type Activities:							
Motor Vehicle Parking	654,861	1,075,602	-	-	-	420,741	420,741
Total Functions/Programs	<u>\$ 34,163,484</u>	<u>\$ 6,241,917</u>	<u>\$ 1,837,017</u>	<u>\$ 22,010</u>	<u>(26,483,281)</u>	<u>420,741</u>	<u>(26,062,540)</u>
General Revenues:							
Property Tax					9,080,585	-	9,080,585
Utility Tax					3,832,221	-	3,832,221
State Sales Tax, Not Restricted to Specific Functions/Programs					5,033,496	-	5,033,496
Sewer Benefit Tax					815,709	-	815,709
Hotel/Motel Tax					735,663	-	735,663
Intergovernmental, Not Restricted to Specific Functions/Programs					5,300,113	-	5,300,113
Investment Income					1,711,780	136,396	1,848,176
Other					82,182	-	82,182
Municipal Sales Tax					3,059,764	-	3,059,764
Increase in Investment in Joint Venture					5,035	-	5,035
Transfers					500,387	(500,387)	-
Total General Revenues and Transfers					<u>30,156,935</u>	<u>(363,991)</u>	<u>29,792,944</u>
Change in Net Assets					3,673,654	56,750	3,730,404
Net Assets, Beginning of Year:					<u>101,931,622</u>	<u>7,393,336</u>	<u>109,324,958</u>
Net Assets, End of Year					<u>\$ 105,605,276</u>	<u>\$ 7,450,086</u>	<u>\$ 113,055,362</u>

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

Governmental Funds - Combined Balance Sheet

June 30, 2007

ASSETS	<u>General</u>	<u>Vehicle and Equipment Replacement</u>	<u>Tax Increment Financing District 3</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and Cash Equivalents:					
Cash on Hand	\$ 2,641	\$ -	\$ -	\$ 616	\$ 3,257
Checking	9,135	-	-	50,577	59,712
Savings	1,398,602	766,675	1,509,257	4,147,802	7,822,336
Illinois Public Treasurer's Pool	3,017,710	-	13,770	-	3,031,480
Money Market Funds	-	-	-	284,581	284,581
Investments	1,297,184	4,139,048	5,943,062	8,586,729	19,966,023
Receivables (Net of Uncollectibles)	3,762,539	1,297	570,841	2,893,128	7,227,805
Due from Other Funds	-	105,727	143,907	755,927	1,005,561
Prepaid Expenditures	287,221	-	-	28,726	315,947
Restricted Assets:					
Cash and Cash Equivalents:					
Checking	-	-	-	9,020	9,020
Savings	-	-	-	336,101	336,101
Illinois Public Treasurer's Pool	-	-	-	374,298	374,298
Money Market Funds	-	-	-	207,025	207,025
Investments	-	-	-	1,844,726	1,844,726
Receivables	-	-	-	79,994	79,994
Due from Other Funds	-	-	-	64,265	64,265
Total Assets	\$ 9,775,032	\$ 5,012,747	\$ 8,180,837	\$ 19,663,515	\$ 42,632,131
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ 1,030,118	\$ -	\$ -	\$ 123,204	\$ 1,153,322
Accounts Payable	1,524,416	144,684	-	837,962	2,507,062
Accrued Salaries and Taxes	372,733	-	700	101,991	475,424
Deferred Revenues	711,072	-	5,468,085	1,797,634	7,976,791
Total Liabilities	3,638,339	144,684	5,468,785	2,860,791	12,112,599
Fund Balance:					
Reserved for Prepaid Expenditures	287,221	-	-	28,726	315,947
Reserved for Loans Receivable	-	-	-	50,000	50,000
Unreserved, Reported In:					
General Fund	5,849,472	-	-	-	5,849,472
Special Revenue Funds	-	4,868,063	2,712,052	11,143,664	18,723,779
Capital Projects Funds	-	-	-	5,580,334	5,580,334
Total Fund Balance	6,136,693	4,868,063	2,712,052	16,802,724	30,519,532
Total Liabilities and Fund Balance	\$ 9,775,032	\$ 5,012,747	\$ 8,180,837	\$ 19,663,515	\$ 42,632,131

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

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

June 30, 2007

Total fund balances, governmental funds	\$ 30,519,532
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	69,902,140
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	6,497,655
An Internal service fund is used by management to charge the costs of certain activities such as central garage costs to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets	253,857
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(1,567,908)</u>
Net assets of governmental activities	<u><u>\$ 105,605,276</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, 2007

	General	Vehicle and Equipment Replacement	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:					
Property Tax	\$ 3,686,082	\$ -	\$ 917,091	\$ 4,226,224	\$ 8,829,397
Utility Tax	3,832,221	-	-	-	3,832,221
State Sales Tax	5,033,496	-	-	-	5,033,496
Sewer Benefit Tax	-	-	-	815,709	815,709
Hotel/Motel Tax	735,663	-	-	-	735,663
Intergovernmental	5,061,895	42,865	-	3,497,554	8,602,314
Net Investment Earnings	235,401	268,182	365,498	842,699	1,711,780
Licenses, Fines, and Service Charges	3,327,181	59,920	-	336,040	3,723,141
Other	-	29,872	-	52,310	82,182
Municipal Sales Tax	3,059,764	-	-	-	3,059,764
Total Revenues	24,971,703	400,839	1,282,589	9,770,536	36,425,667
Expenditures:					
Current:					
Public Safety	12,414,660	74,797	-	-	12,489,457
Highways and Streets	6,219,865	-	-	273,723	6,493,588
General Government	2,645,113	13,461	-	419,135	3,077,709
Urban Redevelopment and Housing	1,353,693	-	396,682	4,135,442	5,885,817
Library Services	-	-	-	2,980,439	2,980,439
Capital Outlay	4,301	889,565	219,168	4,699,754	5,812,788
Total Expenditures	22,637,632	977,823	615,850	12,508,493	36,739,798
Excess of Revenues Over (Under) Expenditures	2,334,071	(576,984)	666,739	(2,737,957)	(314,131)
Other Financing Sources (Uses):					
Transfers In	-	917,530	-	2,014,001	2,931,531
Transfers Out	(1,581,488)	-	-	(849,656)	(2,431,144)
Total Other Financing Sources (Uses)	(1,581,488)	917,530	-	1,164,345	500,387
Net Changes in Fund Balances	752,583	340,546	666,739	(1,573,612)	186,256
Fund Balance, Beginning of Year:	5,384,110	4,527,517	2,045,313	18,376,336	30,333,276
Fund Balance, End of Year	\$ 6,136,693	\$ 4,868,063	\$ 2,712,052	\$ 16,802,724	\$ 30,519,532

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

Net change in fund balance, total governmental funds	\$	186,256
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.		2,748,785
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		251,188
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.		555,838
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.		(84,891)
An Internal service fund is used by management to charge the costs of certain activities such as a central garage costs to individual funds. The net revenue (expense) of the internal service fund is reported with government activities		16,478
		16,478
Change in net assets of governmental activities	\$	3,673,654

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 3,899,440	\$ 3,899,440	\$ 3,686,082	\$ (213,358)
Utility Tax	4,008,410	4,008,410	3,832,221	(176,189)
State Sales Tax	4,510,170	4,510,170	5,033,496	523,326
Hotel/Motel Tax	707,000	707,000	735,663	28,663
Intergovernmental	4,586,670	4,586,670	5,061,895	475,225
Net Investment Earnings:				
Interest	116,400	116,400	162,228	45,828
Net Increase (Decrease) in Fair Value of Investments	-	-	73,173	73,173
Subtotal, Net Investment Earnings	116,400	116,400	235,401	119,001
Licenses, Fines, and Service Charges	3,440,838	3,444,438	3,327,181	(117,257)
Municipal Sales Tax	2,797,630	2,797,630	3,059,764	262,134
Total Revenues	<u>\$ 24,066,558</u>	<u>\$ 24,070,158</u>	<u>\$ 24,971,703</u>	<u>\$ 901,545</u>
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 6,162,770	\$ 6,162,770	\$ 5,977,142	\$ 185,628
Materials & Supplies	48,530	48,530	32,378	16,152
Other Services & Charges	927,721	927,721	885,776	41,945
Total Police	<u>7,139,021</u>	<u>7,139,021</u>	<u>6,895,296</u>	<u>243,725</u>
Fire:				
Personnel Services	5,207,220	5,207,220	4,971,879	235,341
Materials & Supplies	64,870	64,870	63,632	1,238
Other Services & Charges	479,717	479,717	483,853	(4,136)
Total Fire	<u>5,751,807</u>	<u>5,751,807</u>	<u>5,519,364</u>	<u>232,443</u>
Total Public Safety	<u>12,890,828</u>	<u>12,890,828</u>	<u>12,414,660</u>	<u>476,168</u>
Highways and Streets:				
Personnel Services	3,942,670	3,955,530	3,887,456	68,074
Materials & Supplies	516,950	540,990	473,652	67,338
Other Services & Charges	1,869,394	1,868,994	1,858,757	10,237
Total Highways and Streets	<u>6,329,014</u>	<u>6,365,514</u>	<u>6,219,865</u>	<u>145,649</u>

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 905,490	\$ 907,470	\$ 873,786	\$ 33,684
Materials & Supplies	19,680	20,680	19,691	989
Other Services & Charges	305,813	305,813	240,109	65,704
Total Executive	<u>1,230,983</u>	<u>1,233,963</u>	<u>1,133,586</u>	<u>100,377</u>
Finance:				
Personnel Services	1,091,170	1,113,170	1,069,372	43,798
Materials & Supplies	54,750	55,750	41,388	14,362
Other Services & Charges	232,578	214,878	179,988	34,890
Total Finance	<u>1,378,498</u>	<u>1,383,798</u>	<u>1,290,748</u>	<u>93,050</u>
City Clerk:				
Personnel Services	161,290	161,290	157,898	3,392
Materials & Supplies	2,580	2,580	1,897	683
Other Services & Charges	25,884	25,884	23,861	2,023
Total City Clerk	<u>189,754</u>	<u>189,754</u>	<u>183,656</u>	<u>6,098</u>
Legislative:				
Personnel Services	35,000	35,000	35,000	-
Materials & Supplies	750	750	308	442
Other Services & Charges	9,300	9,300	1,815	7,485
Total Legislative	<u>45,050</u>	<u>45,050</u>	<u>37,123</u>	<u>7,927</u>
Total General Government	<u>2,844,285</u>	<u>2,852,565</u>	<u>2,645,113</u>	<u>207,452</u>
Urban Redevelopment and Housing:				
Personnel Services	1,041,488	1,046,968	979,377	67,591
Materials & Supplies	17,180	17,180	11,622	5,558
Other Services & Charges	554,822	554,822	362,694	192,128
Total Urban Redevelopment and Housing	<u>1,613,490</u>	<u>1,618,970</u>	<u>1,353,693</u>	<u>265,277</u>
Total Current Expenditures	<u>23,677,617</u>	<u>23,727,877</u>	<u>22,633,331</u>	<u>1,094,546</u>
Capital Outlay	<u>426,010</u>	<u>426,010</u>	<u>4,301</u>	<u>421,709</u>
Total Expenditures	<u>\$ 24,103,627</u>	<u>\$ 24,153,887</u>	<u>\$ 22,637,632</u>	<u>\$ 1,516,255</u>

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

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

Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 17,710	\$ 17,710	\$ 42,865	\$ 25,155
Investment Earnings:				
Interest	140,000	140,000	241,506	101,506
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	26,676	26,676
Total Net Investment Earnings	140,000	140,000	268,182	128,182
Licenses, Fines and Service Charges	35,750	41,682	59,920	18,238
Other	20,000	20,000	29,872	9,872
Total Revenues	213,460	219,392	400,839	181,447
Expenditures:				
Current:				
Public Safety:				
Materials and Supplies	53,923	53,923	14,082	39,841
Contractual Services	64,354	64,354	60,715	3,639
Total Public Safety	118,277	118,277	74,797	43,480
General Government:				
Contractual Services	46,500	46,500	13,461	33,039
Total Current Expenditures	164,777	164,777	88,258	76,519
Capital Outlay	2,283,651	2,338,535	889,565	1,448,970
Total Expenditures	2,448,428	2,503,312	977,823	1,525,489
Net Revenues Over (Under) Expenditures	(2,234,968)	(2,283,920)	(576,984)	1,706,936
Other Financing Sources (Uses):				
Transfers In	1,007,420	1,007,420	917,530	(89,890)
Net Change in Fund Balance	(1,227,548)	(1,276,500)	340,546	1,617,046
Fund Balance, Beginning of Year	4,527,517	4,527,517	4,527,517	-
Fund Balance, End of Year	\$ 3,299,969	\$ 3,251,017	\$ 4,868,063	\$ 1,617,046

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 868,600	\$ 868,600	\$ 917,091	\$ 48,491
Investment Earnings:				
Interest	65,000	65,000	329,295	264,295
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	36,203	36,203
Total Net Investment Earnings	65,000	65,000	365,498	300,498
Total Revenues	933,600	933,600	1,282,589	348,989
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	47,360	47,360	47,231	129
Contractual Services	667,926	767,926	349,451	418,475
Total Urban Redevelopment and Housing	715,286	815,286	396,682	418,604
Capital Outlay	1,105,893	1,005,893	219,168	786,725
Total Expenditures	1,821,179	1,821,179	615,850	1,205,329
Net Change in Fund Balance	(887,579)	(887,579)	666,739	1,554,318
Fund Balance, Beginning of Year:	2,045,313	2,045,313	2,045,313	-
Fund Balance, End of Year	\$ 1,157,734	\$ 1,157,734	\$ 2,712,052	\$ 1,554,318

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

Proprietary Funds
Statement of Net Assets
June 30, 2007

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 350	\$ 350	\$ -
Savings	582,322	731,890	60,576
Illinois Public Treasurer's Pool	-	52,888	-
Total Cash and Cash Equivalents	<u>582,672</u>	<u>785,128</u>	<u>60,576</u>
Investments (At Fair Value)	1,890,934	1,630,564	-
Receivables (Net of Uncollectibles):			
Accounts	3,095	16,023	-
Due from Other Funds	22,172	-	61,324
Inventory of Supplies	-	-	89,935
Total Current Assets	<u>2,498,873</u>	<u>2,431,715</u>	<u>211,835</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	6,218,512	6,095,161	-
Equipment	520,391	510,616	197,477
Less Accumulated Depreciation	<u>(4,512,187)</u>	<u>(4,246,292)</u>	<u>(111,725)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,948,340</u>	<u>6,081,109</u>	<u>85,752</u>
Total Assets	<u>8,447,213</u>	<u>8,512,824</u>	<u>297,587</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	3,307	-
Accounts Payable	6,232	2,413	39,320
Accrued Interest	14,468	15,646	-
Accrued Salaries and Taxes	2,332	2,941	4,410
Deferred Revenue	50,993	68,711	-
General Obligation Bonds-Current	114,121	103,526	-
Total Current Liabilities	<u>188,146</u>	<u>196,544</u>	<u>43,730</u>
Non-Current Liabilities:			
General Obligation Bonds	808,981	1,024,847	-
Total Liabilities	<u>997,127</u>	<u>1,221,391</u>	<u>43,730</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,948,340	5,054,639	85,752
Unrestricted	<u>1,501,746</u>	<u>2,338,697</u>	<u>168,105</u>
Total Net Assets	<u>\$ 7,450,086</u>	<u>\$ 7,393,336</u>	<u>\$ 253,857</u>

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 811,642	\$ 868,715	\$ -
Parking Rentals	263,960	236,357	-
Charges for Services	-	-	885,073
Total Operating Revenues	<u>1,075,602</u>	<u>1,105,072</u>	<u>885,073</u>
Operating Expenses:			
Personnel Services	153,831	148,161	299,751
Supplies	40,619	35,734	17,674
Contractual Services	153,868	100,824	102,144
Equipment Parts	-	-	197,903
Fuel	-	-	240,767
Depreciation	265,895	261,745	10,356
Total Operating Expenses	<u>614,213</u>	<u>546,464</u>	<u>868,595</u>
Operating Income (Loss)	<u>461,389</u>	<u>558,608</u>	<u>16,478</u>
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	136,396	43,526	-
Interest Expense	(40,648)	(45,118)	-
Total Non Operating Revenues (Expenses)	<u>95,748</u>	<u>(1,592)</u>	<u>-</u>
Income (Loss) Before Transfers	557,137	557,016	16,478
Transfers (Out)	<u>(500,387)</u>	<u>(489,558)</u>	<u>-</u>
Change in Net Assets	56,750	67,458	16,478
Net Assets, Beginning of Year	<u>7,393,336</u>	<u>7,325,878</u>	<u>237,379</u>
Net Assets, End of Year	<u>\$ 7,450,086</u>	<u>\$ 7,393,336</u>	<u>\$ 253,857</u>

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

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2007

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
Cash Flows from Operating Activities:			
Receipts from Users	\$ 1,048,640	\$ 1,122,197	\$ 885,117
Payments to Employees	(154,440)	(147,111)	(299,667)
Payments to Suppliers	(193,976)	(145,849)	(556,198)
Net Cash Provided by (Used in) Operating Activities	<u>700,224</u>	<u>829,237</u>	<u>29,252</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	<u>(500,387)</u>	<u>(489,558)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Buildings and Improvements	(123,350)	(32,647)	-
Purchase of Equipment	(9,775)	(27,767)	(31,868)
Payment of Interest on Debt	(41,826)	(43,625)	-
Payment of Debt Principal	(103,368)	(96,199)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(278,319)</u>	<u>(200,238)</u>	<u>(31,868)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(260,370)	(64,099)	-
Investment Income	136,396	43,526	-
Net Cash Provided by (Used in) Investing Activities	<u>(123,974)</u>	<u>(20,573)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	(202,456)	118,868	(2,616)
Beginning Cash and Cash Equivalents	<u>785,128</u>	<u>666,260</u>	<u>63,192</u>
Ending Cash and Cash Equivalents	<u>\$ 582,672</u>	<u>\$ 785,128</u>	<u>\$ 60,576</u>

(Continued)

CITY OF URBANA

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2007

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 461,389	\$ 558,608	\$ 16,478
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	265,895	261,745	10,356
Decrease (Increase) in Accounts Receivable	12,928	(7,904)	-
Decrease (Increase) in Due from Other Funds	(22,172)	4,390	43
(Increase) in Inventory of Supplies	-	-	(3,137)
Increase (Decrease) in Due to Other Funds	(3,307)	3,307	-
Increase (Decrease) in Accounts Payable	3,819	(12,598)	5,427
Increase (Decrease) in Accrued Salaries and Taxes	(609)	1,050	85
Increase (Decrease) in Deferred Revenues	(17,719)	20,639	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 700,224</u>	<u>\$ 829,237</u>	<u>\$ 29,252</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, 2007

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 2,000
Savings	1,392,245
Money Market Funds	238,370
Total Cash and Cash Equivalents	1,632,615
Investments (at Fair Value):	
U.S. Government Securities	20,417,041
Certificates of Deposit	1,612,456
Mutual Funds	23,747,168
Total Investments	45,776,665
Receivables (Net of Uncollectibles):	
Property Tax	1,152,161
Accrued Interest	159,565
Total Assets	48,721,006

LIABILITIES

Accounts Payable	18,967
Accrued Salaries and Taxes	10,765
Total Liabilities	29,732

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 48,691,274
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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, 2007

Additions:

Employer Contributions	\$ 2,494,942
Employee Contributions	570,848
Total Contributions	<u>3,065,790</u>
Investment Income:	
Interest and Dividends	2,027,665
Net Increase (Decrease) in Fair Value of Investments	<u>3,269,731</u>
Total Investment Income	5,297,396
Less Investment Expense	<u>(86,679)</u>
Net Investment Income	<u>5,210,717</u>
Total Additions	<u>8,276,507</u>

Deductions:

Benefits	2,791,907
Administrative Costs	<u>27,041</u>
Total Deductions	<u>2,818,948</u>
Change in Net Assets	5,457,559
Net Assets Beginning of Year	<u>43,233,715</u>
Net Assets, End of Year	<u><u>\$ 48,691,274</u></u>

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

Notes to Financial Statements

June 30, 2007

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, 2007

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.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with the proprietary funds' principal operations. The principal operating revenues of the Motor Vehicle Parking System enterprise fund and the government's internal service fund is charges to customers for services. Operating expenses for the enterprise fund and internal service fund includes 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.

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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.

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.

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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.

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.

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

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

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

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

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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.

- 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. The only internal service fund used by the City is the Central Garage Fund, which is used to account for vehicle maintenance costs provided to other departments, on a cost-reimbursement basis.
- 6) Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The City maintains two pension trust fiduciary funds:

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

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

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

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

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

1) Deposits and Investments – The City considers cash on hand, checking, savings, the Illinois Public Treasurer's Pool, money market accounts, and investments with original maturity of three months or less from the date of acquisition to be cash and cash equivalents. At June 30, 2007, 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

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the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

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

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

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

2) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available 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

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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 (\$89,935), 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.

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.

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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, 2007.

7) Long-Term Obligations:

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

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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	\$2,674,262
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	49,920
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>3,773,473</u>
Total	<u>\$6,497,655</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	\$1,252,758
Future landfill monitoring	<u>315,150</u>
Total	<u>\$1,567,908</u>

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

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

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:

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Capital outlays	\$5,732,792
Depreciation	<u>(2,984,007)</u>
Total	<u>\$2,748,785</u>

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was decreased by the increase in the investment in the joint venture, which is shown as an asset.	\$ 5,035
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	<u>(118,576)</u>
Total	<u>\$ (84,891)</u>

Note 3 – Stewardship, Compliance, and Accountability:

A. Budgetary Information – The Mayor and Budget Officer (Chief Administrative Officer acts as the Budget Officer) submit an operating budget to the City Council on approximately May 1 of each year for the fiscal year beginning on July 1 of that year. Public hearings and study sessions are conducted to obtain taxpayer comment. Prior to July 1, the budget ordinance is legally adopted. The Chief Administrative Officer is authorized to transfer budget amounts within 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 \$537,839 for all funds. Significant budget changes that were approved were:

- a. to add \$47,480 for the purchase of thermal fire cameras. The additional amounts will be paid from accumulated fund balance in the Vehicle and Equipment Replacement Fund.
- b. to add \$85,000 for the improvements of street signals. This cost will be paid by a grant from the State of Illinois.

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- c. to add \$78,000 for the purchase of vehicle repair parts in the Central Garage Internal Service Fund. The additional amounts will be paid by increased service charges to various departments in the General Fund .
- d. To add \$161,344 for additional legal contractual costs incurred. The additional amount will be paid from accumulated fund balance in the Tax Stabilization Special Revenue Fund.
- e. To add \$43,000 for outside consulting costs in reviewing service levels provided the public by the local water company. The additional amounts will be paid from accumulated fund balance in the Economic Development Special Revenue Fund.
- f. to add \$63,971 for termination benefits paid to an employee leaving employment with the City. 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, 2007, the City of Urbana had the following investments:

	<u>Fair Value</u>	<u>Weighted Avg. Maturity (Yr.)</u>
Fixed Income or Interest Bearing:		
U.S. Government and Primary Obligation Agencies	\$17,505,223	
U.S. Government Implied Obligation Agencies	<u>21,386,677</u>	
Subtotal, U.S. Government and It's Agencies	38,891,900	4.9
Certificates of Deposit	<u>4,557,734</u>	0.8
Subtotal Fixed Income or Interest Bearing	43,449,634	
Stock Equity Mutual Funds	23,747,168	n/a
Illinois Metropolitan Investment Trust Fund	<u>2,281,546</u>	n/a
Total Investments	<u>\$69,478,348</u>	

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Interest rate risk: In accordance with its 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 55%) and the 6-10 year maturity cycle (actual 26%) than the goal and underweighted in the 16-20 year cycle (actual 2%) 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, 2007, the investment in U.S. government and agencies is slightly below the policy minimum; the investment in stock equity mutual funds is 7% higher than the policy maximum (52% vs. 45%); and the investment in certificates of deposit is within policy minimum and maximum levels. The % of the portfolio in the mutual funds has exceeded the policy maximum mainly due to increases in the market value of the mutual funds during the year. This increase in the market value has also caused the investment in U.S. government and agencies to drop below the minimum. It is the intention of management of the Fund to sell a portion of the stock equity mutual funds and reinvest these proceeds in U.S. Government and Agency investments, such that the value of the stock equity mutual funds and the investments in U.S. government and agencies will be within policy minimums and maximums.

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, 2007, the portfolio

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had an average weighted maturity of 5.2 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, 2007, the fund's investments types are within the stated minimum and maximum levels. At June 30, 2007, the fund was understated in U.S. Government and Govt. Agencies and overstated in stock mutual funds and cash and cash equivalents as compared to the desired level. The % of the portfolio in the mutual funds has exceeded the policy goal mainly due to increases in the market value of the mutual funds during the year. It is the intention of the management of the Fund to sell a portion of the stock equity mutual funds and reinvest these monies in U.S. Government and Agency investments, such that the value of the stock equity mutual funds will be approximately equal to the policy goals.

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

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

The City believes that its investments in the Illinois Metropolitan Investment Trust Fund (\$2,281,546) 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

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Treasurer's Pool (\$3,045,779) 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 Pooors. At June 30, 2007, the City had \$729,976 invested in money market accounts (\$207,025 in a money market account rated AAA by Standard and Pooors). The remaining balance of money market accounts (\$522,951) 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, 2007, 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 (except for investments in U.S. Government and its credit-guaranteed obligations):

	Primary <u>Govt.</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Federal Financing Corp.	10%	-	9%	7%
Federal Home Loan Mortgage Corp.	24%	9%	-	12%
Federal National Mortgage Association	9%	-	9%	7%
Federal Home Loan Bank	8%	-	-	-

At June 30, 2007, more than 5% of net assets of the City's primary government, the Police Pension Fund and the Fire Pension Fund were in the securities of the following issuers (except for investments in U.S. Government and its credit-guaranteed obligations):

	Primary <u>Govt.</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Federal Financing Corp.	-	-	9%	-
Federal Home Loan Mortgage Corp.	5%	8%	-	5%
Federal National Mortgage Association	-	-	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.

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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, 2007, the amount of \$25,543 was not insured or covered by collateral. The City does not believe the credit risk for this uninsured amount is significant in that the amount is small.

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, 2007, and for the year then ended, is as follows:

Total Assets	\$140,750
Total Liabilities	<u>10,069</u>
Total Fund Equity	<u>\$130,681</u>
Total Revenues	\$ 46,511
Total Expenses	<u>33,329</u>
Net Income	<u>\$ 13,182</u>

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June 30, 2007

C. Capital Assets:

1) A summary of changes in capital assets follows:

	Balance <u>06/30/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/07</u>
Governmental Activities:				
Land (not being depreciated)	\$ 3,498,619	\$ 52,418	\$ --	\$ 3,551,037
Capital assets being Depreciated:				
Buildings and Improvements	18,376,789	113,810	--	18,490,599
Accum. Depn.	<u>(3,260,423)</u>	<u>(289,994)</u>	<u>--</u>	<u>(3,550,417)</u>
Buildings and Improvements Net	<u>15,116,366</u>	<u>(176,184)</u>	<u>--</u>	<u>14,940,182</u>
Equipment	8,639,942	842,195	(461,042)	9,021,095
Accum. Depn.	<u>(5,350,749)</u>	<u>(684,759)</u>	<u>461,042</u>	<u>(5,574,466)</u>
Equipment Net	<u>3,289,193</u>	<u>157,436</u>	<u>--</u>	<u>3,446,629</u>
Infrastructure	63,619,141	4,745,881	--	68,365,022
Accum. Depn.	<u>(18,305,724)</u>	<u>(2,009,254)</u>	<u>--</u>	<u>(20,314,978)</u>
Infrastructure Net	<u>45,313,417</u>	<u>2,736,627</u>	<u>--</u>	<u>48,050,044</u>
Total, Governmental Activities, Net Capital Assets	<u>\$67,217,595</u>	<u>\$2,770,297</u>	<u>\$ --</u>	<u>\$69,987,892</u>
Business-type Activities:				
Land (not being depreciated)	\$ 3,721,624	\$ --	\$ --	\$ 3,721,624
Capital assets being Depreciated:				
Buildings and Improvements	6,095,161	123,351		6,218,512
Accum. Depn.	<u>(3,984,861)</u>	<u>(240,932)</u>	<u>--</u>	<u>(4,225,793)</u>
Buildings and Improvements Net	<u>2,110,300</u>	<u>(117,581)</u>	<u>--</u>	<u>1,992,719</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/07</u>
Equipment	510,616	9,775		520,391
Accum. Deprn.	<u>(261,431)</u>	<u>(24,963)</u>	--	<u>(286,394)</u>
Equipment Net	<u>249,185</u>	<u>(15,188)</u>	--	<u>233,997</u>
Total, Business-type Activities, Net Capital Assets	<u>\$6,081,109</u>	<u>\$ (132,769)</u>	<u>\$ --</u>	<u>\$5,948,340</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 389,328
Highways and Streets	2,353,305
General Government	62,863
Urban Redevelopment and Housing	22,835
Library	<u>155,676</u>
Total Depreciation Expense, Governmental Activities	<u>\$2,984,007</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, 2007, 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 \$1,252,758 were accrued at June 30, 2007. During the year, \$903,144 was retired and \$1,021,719 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, 2007, \$315,150 remains outstanding to be paid over the next 11 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.

Notes to Financial Statements

June 30, 2007

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, 2007, 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 6 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>
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>5,671</u>
		<u>\$ 780,000</u>	<u>\$ 99,426</u>

During the year, \$95,000 principal was paid and \$27,360 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 10 years as listed below. Debt service on this issue is being paid by the Motor Vehicle Parking Fund.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
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>\$ 143,102</u>	<u>\$ 81,427</u>

CITY OF URBANA

Notes to Financial Statements

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During the year, \$8,368 of principal was paid and \$13,287 interest was expensed.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2007, including interest of \$180,853 are as follows:

<u>Year Ended</u>	<u>Amount</u>
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>\$1,103,955</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2007:

	<u>Payable 6/30/06</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts Payable 6/30/07</u>	<u>Due Within One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$1,134,183</u>	<u>\$ 903,144</u>	<u>\$1,021,719</u>	<u>\$1,252,758</u>	<u>\$774,513</u>
Landfill Post-closure Monitoring	<u>\$ 343,800</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 315,150</u>	<u>\$ 28,650</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$ 875,000	\$ 95,000	\$ --	\$ 780,000	\$ 105,000
2002 Tepper Note	<u>151,470</u>	<u>8,368</u>	<u>--</u>	<u>143,102</u>	<u>9,121</u>
Total	<u>\$1,026,470</u>	<u>\$ 103,368</u>	<u>\$ --</u>	<u>\$ 923,102</u>	<u>\$ 114,121</u>

Notes to Financial Statements

June 30, 2007

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 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 public financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the I.M.R.F., 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 2006 was 9.65% and for 2007 is 9.96% of payroll. The employer contribution is established and may be amended by the I.M.R.F. Board of Trustees. For December 31, 2006, the City of Urbana's annual pension cost of \$766,964 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) 3% per year cost-of-living adjustments. The actuarial value of I.M.R.F. assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 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, 2006 was 26 years.

Trend Information

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$766,964	100%	\$0
12/31/05	\$698,636	100%	\$0
12/31/04	\$472,484	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

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

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

2. Police Pension Fund:

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

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

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

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

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

Annual Required Contribution	\$ 1,143,288
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	1,143,288
Contributions Made	<u>1,514,188</u>
Increase (Decrease) in Net Pension Obligation	(370,900)
Net Pension Obligation, Beginning of Year	<u>(2,470,019)</u>
Net Pension Obligation, End of Year	<u><u>\$(2,840,919)</u></u>

Notes to Financial Statements

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The annual required contribution for the current year was determined as part of the June 30, 2006, 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 31 year closed period. The negative net pension obligation of \$2,840,919 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, 2004	\$ 950,335	132.4%	(\$2,114,182)
June 30, 2005	\$1,048,121	133.9%	(\$2,470,019)
June 30, 2006	\$1,143,288	132.4%	(\$2,840,919)

Actuarial Value Date	6/30/04	6/30/05	6/30/06
Actuarial Value of Plan Assets	\$16,233,523	\$16,832,623	\$17,770,352
Actuarial Accrued Liability (Entry Age Normal Cost) Unfunded (Overfunded)	\$25,002,453	\$26,849,061	\$28,563,558
Actuarial Accrued Liability	\$ 8,768,930	\$10,016,438	\$10,793,206
Funded Ratio	64.9%	62.7%	62.2%
Covered Payroll	\$ 2,634,013	\$2,760,252	\$2,954,205
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	332.9%	362.9%	365.4%

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

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.

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	\$ 795,816
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	795,816
Contributions Made	<u>980,754</u>
Increase (decrease) in Net Pension Obligation	(184,938)
Net Pension Obligation, Beginning of Year	<u>(747,616)</u>
Net Pension Obligation, End of Year	<u><u>\$(932,554)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2006, 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 39 year closed period. The negative net pension obligation of \$932,554 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.

Notes to Financial Statements

June 30, 2007

Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2004	\$743,511	124.7%	\$(516,012)
June 30, 2005	\$800,420	128.9%	\$(747,616)
June 30, 2006	\$795,816	123.3%	\$(932,554)

Actuarial Value Date	6/30/04	6/30/05	6/30/06
Actuarial Value of Plan Assets	\$21,981,512	\$22,450,509	\$23,641,009
Actuarial Accrued Liability (Entry Age Normal Cost)	\$26,323,551	\$27,747,673	\$28,901,672
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 4,342,039	\$5,297,164	\$5,260,663
Funded Ratio	83.5%	80.9%	81.8%
Covered Payroll	\$ 2,449,278	\$2,552,316	\$2,652,704
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	177.3%	207.5%	198.3%

H. Legal Debt Margin:

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

I. Other Bonding:

The City has issued certain amounts of industrial revenue, home mortgage revenue, and commercial development bonds. The City of Urbana issued these bonds and the proceeds were used by private individuals or entities. The interest revenue received on the bonds is tax free, thus allowing the bonds to be sold at a lower than normal market interest rate. The City issued the bonds since the proceeds were used for a purpose, which benefited the general public. These bonds are all secured by the private enterprises or individuals utilizing these bonds and do not constitute an indebtedness, liability, or moral or legal obligation of the City of Urbana. The outstanding amount of these bonds at June 30, 2007 is not readily ascertainable.

J. Receivables:

At June 30, 2007 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):

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

	<u>General</u>	<u>Veh. & Eq. Replacement</u>	<u>Tax Incr. Financing Dist. 3</u>
Unrestricted:			
Property Tax	\$ 674,782	\$ --	\$ 570,841
Accounts	174,605	--	--
Accrued Interest	--	--	--
Notes (due beyond 1 year)	--	--	--
Due from Other Governments:			
State:			
Income Tax	308,779	--	--
Sales Tax	1,880,658	--	--
Corp. Personal Repl. Tax	75,934	--	--
Telecomm. Tax	301,600	--	--
Grants	7,053	1,297	--
Service Charges	--	--	--
Federal, Grants	--	--	--
Other, Service Charges	--	--	--
Other Taxes:			
Utility Tax	202,781	--	--
Hotel/Motel Tax	66,842	--	--
Local Sales Tax	24,918	--	--
Off Track Betting Tax	16,280	--	--
San. Sewer Tax	--	--	--
Recycling Tax	<u>28,307</u>	<u>--</u>	<u>--</u>
Total	<u>\$3,762,539</u>	<u>\$ 1,297</u>	<u>\$ 570,841</u>
Restricted:			
Accrued Interest	\$ --	\$ --	\$ --
Due from Other Govt. - State Motor Fuel Tax	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
		<u>Other Government.</u>	<u>Government Total</u>
Unrestricted (cont'd):			
Property Tax		\$2,212,025	\$3,457,648
Accounts		1,266	175,871
Accrued Interest		100,876	100,876
Notes		50,000	50,000

Notes to Financial Statements

June 30, 2007

	<u>Other Government.</u>	<u>Government Total</u>
Due from Other Governments:		
State:		
Income Tax	--	308,779
Sales Tax	--	1,880,658
Corp Personal Repl Tax	16,243	92,177
Grants	23,571	31,921
Service Charges	1,815	1,815
Federal, Grants	42,767	42,767
Other, Service Charges	254,367	254,367
Other Taxes:		
Utility Tax	--	202,781
Hotel/Motel Tax	--	66,842
Local Sales Tax	--	24,918
Off Track Betting Tax	--	16,280
San. Sewer Tax	190,198	90,198
Recycling Tax	--	28,307
Total	<u>\$2,893,128</u>	<u>\$7,227,805</u>
Restricted:		
Accrued Interest	\$ 880	\$ 880
Due from Other Govt. - State Motor Fuel Tax	<u>79,114</u>	<u>79,114</u>
Total	<u>\$ 79,994</u>	<u>\$ 79,994</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	\$ --	\$1,030,118
Vehicle & Equipment Replacement	105,727	--
Tax Increment Financing District 3	143,907	--
Other Govt. Funds, Non-Restricted	755,927	123,204
Other Govt. Funds, Restricted	64,265	--
Internal Service Funds:		
Central Garage	<u>61,324</u>	<u>--</u>
Total, Governmental Activities	\$1,131,150	\$1,153,322

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Notes to Financial Statements

June 30, 2007

	<u>Due From</u>	<u>Due To</u>
Business-type Activities:		
Motor Vehicle Parking	<u>22,172</u>	<u>--</u>
Total	<u>\$1,153,322</u>	<u>\$1,153,322</u>

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

A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$1,581,488
Veh. & Eq. Replacement	917,530	--
Other Govt. Funds	<u>1,164,345</u>	<u>--</u>
Total, Govt. Activities	<u>\$2,081,875</u>	<u>\$1,581,488</u>
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>500,387</u>
Total	<u>\$2,081,875</u>	<u>\$2,081,875</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:

- \$501,950 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.
- \$880,530 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$461,500 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$379,100 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$129,360 from the Capital Improvement and Replacement Capital Projects Fund to the General Fund as reimbursement for certain street maintenance costs.
- \$102,768 from the Tax Increment Financing District 1 Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund to reimburse for debt service payments.
- \$191,950 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$192,690 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.
- \$633,516 from the General Fund to the Tax Stabilization Special Revenue Fund as a planned transfer for future savings.
- \$270,207 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.

Notes to Financial Statements

June 30, 2007

- \$200,000 from the Economic Development Special Revenue Fund to the Capital Improvement and Replacement Capital Projects Fund for future capital improvements.

L. Reserve of Fund Balance:

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

1. The Firemen's and Policemen's Pension Trust Funds are single-employer, defined benefit pension plans to provide retirement, death, and disability benefits to firemen, policemen, and their dependents. As required by law, fund balance is restricted by being held in trust for employee benefits.

2. Other Fund Reserves – There are other reserves of fund balance for prepaid expenditures and loans receivable, as explained in previous footnotes, according to generally accepted accounting principles.

Note 5 – Other Information:

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

The City is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, and natural disasters. The City has purchased commercial insurance for these risks. There have been no significant reductions in coverage from the prior year. No settlements have exceeded insurance coverage in each of the past three years.

The City is also exposed to risk of loss from job-related injuries to employees. To cover this risk, the City, in 1994, established a limited risk management and retention program. Charges for premiums and claims are paid from the General Fund. 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, 2007. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2007. 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>2007</u>	<u>2006</u>
Unpaid Claims, Beginning of Year	\$ 348,492	\$ 235,612
Incurred Claims	125,370	366,485
Claim Payments	<u>(253,341)</u>	<u>(253,605)</u>
Unpaid Claims, End of Year	<u>\$ 220,521</u>	<u>\$ 348,492</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

B. Deferred Compensation Plan:

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

C. Related Party Transactions:

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

The City of Urbana made payments to the City of Champaign under an agreement that provided police and fire dispatching services to Urbana. These payments totaled \$299,432 in 2007, 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 \$1,332,196 in 2007, 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 2007, the City spent \$109,703 on these improvements. Because the costs of these improvements relate to a landfill that has already been closed, these

Notes to Financial Statements

June 30, 2007

amounts were expensed in the government-wide financial statements. At this time, management believes that any future costs will be in the nature of normal maintenance and insignificant in amounts .

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 \$7,981,000 to be paid in varying annual payments over the next 15 years.

E. Construction Commitments:

At June 30, 2007, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Crystal Lake Sewer Impr.	Sanitary Sewer Const.	\$100,000
Bradley Ave. Sewer Impr.	Capital Improvement	175,000
2007 Street Resurfacing	Motor Fuel Tax	1,134,000
2007 Sewer Lining.	Sanitary Sewer Const.	400,000
E. Urbana Sewer Interceptor	Sanitary Sewer Const.	320,000
Philo Road Impr.	Motor Fuel Tax	302,032
Philo Road Impr.	Capital Improvement	1,774,166
Fire Substation Signals	Capital Improvement	63,000
Lierman Ave. Impr.	Motor Fuel Tax	<u>511,702</u>
		<u>\$4,779,900</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, 2007, 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2007

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, 2007, 29 retirees were enrolled in the City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was \$153,145 for the year ended June 30, 2007.

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.

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.

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
12/31/06	\$ 21,879,184	\$ 23,724,455	\$ 1,845,271	92.22%	\$ 7,946,398	23.22%
12/31/05	\$ 19,986,548	\$ 21,904,801	\$ 1,918,253	91.24%	\$ 7,528,403	25.48%
12/31/04	\$ 18,414,230	\$ 19,613,822	\$ 1,199,592	93.88%	\$ 7,041,490	17.04%
12/31/03	\$ 18,240,768	\$ 18,930,628	\$ 689,860	96.36%	\$ 7,043,603	9.79%
12/31/02	\$ 18,345,131	\$ 16,953,498	\$ (1,391,633)	108.21%	\$ 6,433,417	(21.63%)
12/31/01	\$ 19,110,786	\$ 15,676,083	\$ (3,434,703)	121.91%	\$ 6,020,221	(57.05%)
12/31/00	\$ 17,874,586	\$ 14,321,612	\$ (3,552,974)	124.81%	\$ 5,792,901	(61.33%)
12/31/99	\$ 15,834,430	\$ 12,973,331	\$ (2,861,099)	122.05%	\$ 5,467,322	(52.33%)
12/31/98	\$ 13,650,558	\$ 11,746,175	\$ (1,904,383)	116.21%	\$ 5,094,857	(37.37%)
12/31/97	\$ 11,722,929	\$ 10,801,065	\$ (921,864)	108.53%	\$ 5,035,409	(18.30%)

CITY OF URBANA

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2007

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 616	\$ -	\$ 616
Checking	50,577	-	50,577
Savings	3,111,211	1,036,591	4,147,802
Money Market Funds	284,581	-	284,581
Investments	6,342,431	2,244,298	8,586,729
Receivables (Net of Uncollectibles)	2,692,521	200,607	2,893,128
Due from Other Funds	711,755	44,172	755,927
Prepaid Expenditures	28,726	-	28,726
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	9,020	-	9,020
Savings	99,118	236,983	336,101
Illinois Treasurer's Pool	-	374,298	374,298
Money Market Funds	207,025	-	207,025
Investments	-	1,844,726	1,844,726
Receivables	880	79,114	79,994
Due from Other Funds	-	64,265	64,265
Total Assets	<u>\$ 13,538,461</u>	<u>\$ 6,125,054</u>	<u>\$ 19,663,515</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 123,204	\$ -	\$ 123,204
Accounts Payable	293,242	544,720	837,962
Accrued Salaries and Taxes	101,991	-	101,991
Deferred Revenues	1,797,634	-	1,797,634
Total Liabilities	<u>2,316,071</u>	<u>544,720</u>	<u>2,860,791</u>
Fund Balance:			
Reserved For:			
Prepaid Expenditures	28,726	-	28,726
Loans Receivable	50,000	-	50,000
Unreserved, Designated For:			
Future Capital Outlay	-	5,580,334	5,580,334
Social Service Agencies	4,170	-	4,170
Building Replacement	20,072	-	20,072
Urban Housing and Development	5,519,892	-	5,519,892
Worker Compensation Claims	3,214,510	-	3,214,510
Library Services	1,580,625	-	1,580,625
Unreserved and Undesignated	804,395	-	804,395
Total Fund Balance	<u>11,222,390</u>	<u>5,580,334</u>	<u>16,802,724</u>
Total Liabilities and Fund Balance	<u>\$ 13,538,461</u>	<u>\$ 6,125,054</u>	<u>\$ 19,663,515</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 4,226,224	\$ -	\$ 4,226,224
Sewer Benefit Tax	-	815,709	815,709
Intergovernmental	1,903,652	1,593,902	3,497,554
Investment Income:			
Interest	452,154	303,905	756,059
Net Appreciation (Depreciation) in Fair Value of Investments	58,976	27,664	86,640
 Total Net Investment Earnings	 511,130	 331,569	 842,699
Licenses, Fines, and Services Charges	282,259	53,781	336,040
Other	41,048	11,262	52,310
 Total Revenues	 <u>6,964,313</u>	 <u>2,806,223</u>	 <u>9,770,536</u>
Expenditures:			
Current:			
Highways & Streets	110,568	163,155	273,723
General Government	419,135	-	419,135
Urban Redevelopment and Housing	4,135,442	-	4,135,442
Library Services	2,980,439	-	2,980,439
Capital Outlay	894,248	3,805,506	4,699,754
 Total Expenditures	 <u>8,539,832</u>	 <u>3,968,661</u>	 <u>12,508,493</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(1,575,519)</u>	 <u>(1,162,438)</u>	 <u>(2,737,957)</u>
Other Financing Sources (Uses):			
Transfers In	1,479,999	534,002	2,014,001
Transfers (Out)	(388,156)	(461,500)	(849,656)
 Total Other Financing Sources (Uses)	 <u>1,091,843</u>	 <u>72,502</u>	 <u>1,164,345</u>
 Net Changes in Fund Balances	 (483,676)	 (1,089,936)	 (1,573,612)
 Fund Balance, Beginning of Year	 <u>11,706,066</u>	 <u>6,670,270</u>	 <u>18,376,336</u>
 Fund Balance, End of Year	 <u>\$ 11,222,390</u>	 <u>\$ 5,580,334</u>	 <u>\$ 16,802,724</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2007

(Page 1 of 2)

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	-	11	27,296	279	-	-
Savings	11,266	389,235	-	-	275,454	524,799
Money Market Funds	-	-	-	-	-	-
Investments	-	-	-	-	812,769	1,782,773
Receivables (Net of Uncollectibles)	-	24,654	23,288	18,396	335,076	513,227
Due from Other Funds	-	5,079	-	-	22,697	43,345
Prepaid Expenditures	-	-	-	-	-	-
Restricted Assets:						
Cash and Cash Equivalents:						
Checking	-	-	-	-	-	-
Savings	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Total Assets	<u>\$ 11,266</u>	<u>\$ 418,979</u>	<u>\$ 50,584</u>	<u>\$ 18,725</u>	<u>\$ 1,445,996</u>	<u>\$ 2,864,144</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ 24,790	\$ 50,584	\$ 18,725	\$ -	\$ -
Accounts Payable	7,096	2,390	-	-	25,406	18,920
Accrued Salaries and Taxes	-	4,813	-	-	-	725
Deferred Revenues	-	-	-	-	243,892	387,305
Total Liabilities	<u>7,096</u>	<u>31,993</u>	<u>50,584</u>	<u>18,725</u>	<u>269,298</u>	<u>406,950</u>
Fund Balance:						
Reserved for:						
Prepaid Expenditures	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	50,000
Unreserved, Designated For:						
Social Service Agencies	4,170	-	-	-	-	-
Building Replacement	-	-	-	-	-	-
Urban Housing and Development	-	386,986	-	-	1,176,698	2,407,194
Worker Compensation Claims	-	-	-	-	-	-
Library Services	-	-	-	-	-	-
Unreserved and Undesignated	-	-	-	-	-	-
Total Fund Balance	<u>4,170</u>	<u>386,986</u>	<u>-</u>	<u>-</u>	<u>1,176,698</u>	<u>2,457,194</u>
Total Liabilities and Fund Balance	<u>\$ 11,266</u>	<u>\$ 418,979</u>	<u>\$ 50,584</u>	<u>\$ 18,725</u>	<u>\$ 1,445,996</u>	<u>\$ 2,864,144</u>

(Continued)

CITY OF URBANA
Non-Major Special Revenue Funds - Combining Balance Sheet
6/30/2007

(Page 2 of 2)

ASSETS	Tax Increment Financing District 4	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Urbana Free Library	Total
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 516	\$ 616
Checking	-	-	-	-	-	22,991	50,577
Savings	393,762	20,076	21,328	125,905	188,545	1,160,841	3,111,211
Money Market Funds	-	-	284,581	-	-	-	284,581
Investments	-	-	716,560	155,236	2,875,093	-	6,342,431
Receivables (Net of Uncollectibles)	222,808	-	245,224	102,691	-	1,207,157	2,692,521
Due from Other Funds	1,676	-	43,284	444,802	150,872	-	711,755
Prepaid Expenditures	-	-	28,726	-	-	-	28,726
Restricted Assets:							
Cash and Cash Equivalents:							
Checking	-	-	-	-	-	9,020	9,020
Savings	-	-	-	-	-	99,118	99,118
Money Market Funds	-	-	-	-	-	207,025	207,025
Receivables	-	-	-	-	-	880	880
Total Assets	<u>\$ 618,246</u>	<u>\$ 20,076</u>	<u>\$ 1,339,753</u>	<u>\$ 828,634</u>	<u>\$ 3,214,510</u>	<u>\$ 2,707,548</u>	<u>\$ 13,538,461</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 29,101	\$ 123,204
Accounts Payable	115,277	-	85,608	1,665	-	36,880	293,242
Accrued Salaries and Taxes	-	-	260	22,574	-	73,619	101,991
Deferred Revenues	179,114	-	-	-	-	987,323	1,797,634
Total Liabilities	<u>294,391</u>	<u>4</u>	<u>85,868</u>	<u>24,239</u>	<u>-</u>	<u>1,126,923</u>	<u>2,316,071</u>
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	-	28,726	-	-	-	28,726
Loans Receivable	-	-	-	-	-	-	50,000
Unreserved, Designated For:							
Social Service Agencies	-	-	-	-	-	-	4,170
Building Replacement	-	20,072	-	-	-	-	20,072
Urban Housing and Development	323,855	-	1,225,159	-	-	-	5,519,892
Worker Compensation Claims	-	-	-	-	3,214,510	-	3,214,510
Library Services	-	-	-	-	-	1,580,625	1,580,625
Unreserved and Undesignated	-	-	-	804,395	-	-	804,395
Total Fund Balance	<u>323,855</u>	<u>20,072</u>	<u>1,253,885</u>	<u>804,395</u>	<u>3,214,510</u>	<u>1,580,625</u>	<u>11,222,390</u>
Total Liabilities and							
Fund Balance	<u>\$ 618,246</u>	<u>\$ 20,076</u>	<u>\$ 1,339,753</u>	<u>\$ 828,634</u>	<u>\$ 3,214,510</u>	<u>\$ 2,707,548</u>	<u>\$ 13,538,461</u>

Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2007

(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	\$ -	\$ -	\$ -	\$ -	\$ 561,383	\$ 894,513
Intergovernmental	-	230,381	698,691	428,534	-	293,407
Investment Income:						
Interest	-	5,071	-	-	53,177	88,534
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	-	-	5,247	7,920
Total Net Investment Earnings	-	5,071	-	-	58,424	96,454
Licenses, Fines and Services Charges	-	19,172	27,499	2,906	-	7,153
Other-Donations	-	-	-	-	-	-
Total Revenues	-	254,624	726,190	431,440	619,807	1,291,527
Expenditures:						
Current:						
Highways & Streets	-	-	-	-	-	-
General Government	193,820	-	-	-	-	-
Urban Redevelopment and Housing	-	249,719	756,195	405,872	440,060	1,237,276
Library Services	-	-	-	-	-	-
Capital Outlay	-	-	-	11,300	86,172	279,654
Total Expenditures	193,820	249,719	756,195	417,172	526,232	1,516,930
Excess of Revenues Over (Under) Expenditures	(193,820)	4,905	(30,005)	14,268	93,575	(225,403)
Other Financing Sources (Uses):						
Transfers In	191,950	-	30,005	-	-	172,265
Transfers (Out)	-	-	-	(14,268)	(136,273)	-
Total Other Financing Sources (Uses)	191,950	-	30,005	(14,268)	(136,273)	172,265
Net Change in Fund Balances	(1,870)	4,905	-	-	(42,698)	(53,138)
Fund Balance, Beginning of Year	6,040	382,081	-	-	1,219,396	2,510,332
Fund Balance, End of Year	\$ 4,170	\$ 386,986	\$ -	\$ -	\$ 1,176,698	\$ 2,457,194

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2007

(Page 2 of 2)

	Tax Increment Financing District 4	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Urbana Free Library	Total
Revenues:							
Property Tax	\$ 415,054	\$ -	\$ -	\$ -	\$ -	\$ 2,355,274	\$ 4,226,224
Intergovernmental	-	-	71,937	24,586	-	156,116	1,903,652
Investment Income:							
Interest	20,843	-	71,744	8,934	151,221	52,630	452,154
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	6,979	7,993	30,837	-	58,976
Total Net Investment Earnings	20,843	-	78,723	16,927	182,058	52,630	511,130
Licenses, Fines and Service Charges	-	-	61,710	47	-	163,772	282,259
Other-Donations	-	-	-	-	-	41,048	41,048
Total Revenues	<u>435,897</u>	<u>-</u>	<u>212,370</u>	<u>41,560</u>	<u>182,058</u>	<u>2,768,840</u>	<u>6,964,313</u>
Expenditures:							
Current:							
Highways and Streets	-	-	-	110,568	-	-	110,568
General Government	-	-	-	225,315	-	-	419,135
Urban Redevelopment and Housing	383,892	-	662,428	-	-	-	4,135,442
Library Services	-	-	-	-	-	2,980,439	2,980,439
Capital Outlay	396,500	-	-	29,248	-	91,374	894,248
Total Expenditures	<u>780,392</u>	<u>-</u>	<u>662,428</u>	<u>365,131</u>	<u>-</u>	<u>3,071,813</u>	<u>8,539,832</u>
Excess of Revenues Over (Under) Expenditures	<u>(344,495)</u>	<u>-</u>	<u>(450,058)</u>	<u>(323,571)</u>	<u>182,058</u>	<u>(302,973)</u>	<u>(1,575,519)</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	633,516	67,595	384,668	1,479,999
Transfers (Out)	-	(29,915)	(207,700)	-	-	-	(388,156)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,915)</u>	<u>(207,700)</u>	<u>633,516</u>	<u>67,595</u>	<u>384,668</u>	<u>1,091,843</u>
Net Change in Fund Balances	(344,495)	(29,915)	(657,758)	309,945	249,653	81,695	(483,676)
Fund Balance, Beginning of Year	668,350	49,987	1,911,643	494,450	2,964,857	1,498,930	11,706,066
Fund Balance, End of Year	<u>\$ 323,855</u>	<u>\$ 20,072</u>	<u>\$ 1,253,885</u>	<u>\$ 804,395</u>	<u>\$ 3,214,510</u>	<u>\$ 1,580,625</u>	<u>\$ 11,222,390</u>

CITY OF URBANA

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 195,320	\$ 195,320	\$ 193,820	\$ 1,500
Other Financing Sources:				
Transfers In	191,950	191,950	191,950	-
Net Change in Fund Balance	(3,370)	(3,370)	(1,870)	1,500
Fund Balance, Beginning of Year	6,040	6,040	6,040	-
Fund Balance, End of Year	<u>\$ 2,670</u>	<u>\$ 2,670</u>	<u>\$ 4,170</u>	<u>\$ 1,500</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ -	\$ -	\$ 27,135	\$ 27,135
Federal Grants	470,777	470,777	203,246	(267,531)
Total Intergovernmental	470,777	470,777	230,381	(240,396)
Net Investment Earnings - Interest	2,000	2,000	5,071	3,071
Licenses, Fines and Service Charges	3,600	3,600	19,172	15,572
Total Revenues	476,377	476,377	254,624	(221,753)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	5,359	5,359	5,310	49
Supplies	247	247	-	247
Contractual Services	645,597	649,897	244,409	405,488
Total Expenditures	651,203	655,503	249,719	405,784
Net Revenues Over (Under) Expenditures	(174,826)	(179,126)	4,905	184,031
Other Financing Sources (Uses):				
Transfers In (Out)	(4,450)	(4,450)	-	-
Net Change in Fund Balance	(179,276)	(183,576)	4,905	184,031
Fund Balance, Beginning of Year	382,081	382,081	382,081	-
Fund Balance, End of Year	\$ 202,805	\$ 198,505	\$ 386,986	\$ 184,031

CITY OF URBANA

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 2,020,193	\$ 2,020,193	\$ 698,691	\$ (1,321,502)
Licenses, Fines, and Service Charges	-	-	27,499	27,499
Total Revenues	<u>2,020,193</u>	<u>2,020,193</u>	<u>726,190</u>	<u>(1,294,003)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	141,917	140,060	119,871	20,189
Supplies	2,245	3,702	3,596	106
Contractual Services	<u>2,009,545</u>	<u>2,009,945</u>	<u>632,728</u>	<u>1,377,217</u>
Total Expenditures	<u>2,153,707</u>	<u>2,153,707</u>	<u>756,195</u>	<u>1,397,512</u>
Net Revenues Over (Under) Expenditures	(133,514)	(133,514)	(30,005)	103,509
Other Financing Sources (Uses):				
Transfers In (Out)	<u>78,419</u>	<u>78,419</u>	<u>30,005</u>	<u>(48,414)</u>
Net Change in Fund Balance	(55,095)	(55,095)	-	55,095
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ (55,095)</u>	<u>\$ (55,095)</u>	<u>\$ -</u>	<u>\$ 55,095</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 889,767	\$ 889,767	\$ 428,534	\$ (461,233)
Licenses, Fines, and Service Charges	25,000	25,000	2,906	(22,094)
Total Revenues	<u>914,767</u>	<u>914,767</u>	<u>431,440</u>	<u>(483,327)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	161,307	161,307	158,439	2,868
Materials and Supplies	1,982	1,982	800	1,182
Contractual Services	637,210	637,210	246,633	390,577
Total Urban Redevelopment and Housing	800,499	800,499	405,872	394,627
Capital Outlay	100,000	100,000	11,300	88,700
Total Expenditures	<u>900,499</u>	<u>900,499</u>	<u>417,172</u>	<u>483,327</u>
Net Revenues Over (Under) Expenditures	14,268	14,268	14,268	-
Other Financing Sources (Uses):				
Transfers In (Out)	(14,268)	(14,268)	(14,268)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF URBANA

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 692,000	\$ 692,000	\$ 561,383	\$ (130,617)
Investment Earnings:				
Interest	40,000	40,000	53,177	13,177
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	5,247	5,247
Total Net Investment Earnings	40,000	40,000	58,424	18,424
Total Revenues	732,000	732,000	619,807	(112,193)
Expenditures:				
Current-Urban Redevelopment and Housing:				
Personnel Services	7,000	7,000	6,921	79
Contractual Services	475,997	475,997	433,139	42,858
Total, Urbana Redevelopment and Housing	482,997	482,997	440,060	42,937
Capital Outlay	411,736	411,736	86,172	325,564
Total Expenditures	894,733	894,733	526,232	368,501
Net Revenues Over (Under) Expenditures	(162,733)	(162,733)	93,575	256,308
Other Financing Uses:				
Transfers (Out)	(136,305)	(136,305)	(136,273)	32
Net Change in Fund Balance	(299,038)	(299,038)	(42,698)	256,340
Fund Balance, Beginning of Year	1,219,396	1,219,396	1,219,396	-
Fund Balance, End of Year	\$ 920,358	\$ 920,358	\$ 1,176,698	\$ 256,340

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 741,530	\$ 741,530	\$ 894,513	\$ 152,983
Intergovernmental-State Grant	300,000	300,000	293,407	(6,593)
Investment Earnings:				
Interest	60,000	60,000	88,534	28,534
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	7,920	7,920
Total Net Investment Earnings	60,000	60,000	96,454	36,454
Licenses, Fines and Service Charges	-	-	7,153	7,153
Total Revenues	1,101,530	1,101,530	1,291,527	189,997
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	54,590	54,590	48,522	6,068
Contractual Services	1,596,724	1,596,724	1,188,754	407,970
Total Urban Redevelopment and Housing	1,651,314	1,651,314	1,237,276	414,038
Capital Outlay	1,658,811	1,658,811	279,654	1,379,157
Total Expenditures	3,310,125	3,310,125	1,516,930	1,793,195
Net Revenues Over (Under) Expenditures	(2,208,595)	(2,208,595)	(225,403)	1,983,192
Other Financing Sources (Uses):				
Transfers In (Out)	209,570	209,570	172,265	(37,305)
Net Change in Fund Balance	(1,999,025)	(1,999,025)	(53,138)	1,945,887
Fund Balance, Beginning of Year	2,510,332	2,510,332	2,510,332	-
Fund Balance, End of Year	\$ 511,307	\$ 511,307	\$ 2,457,194	\$ 1,945,887

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 345,000	\$ 345,000	\$ 415,054	\$ 70,054
Net Investment Earnings - Interest	9,000	9,000	20,843	11,843
Total Revenues	<u>354,000</u>	<u>354,000</u>	<u>435,897</u>	<u>81,897</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	538,539	497,039	383,892	113,147
Capital Outlay	445,000	486,500	396,500	90,000
Total Expenditures	<u>983,539</u>	<u>983,539</u>	<u>780,392</u>	<u>203,147</u>
Net Change in Fund Balance	(629,539)	(629,539)	(344,495)	285,044
Fund Balance, Beginning of Year	<u>668,350</u>	<u>668,350</u>	<u>668,350</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 38,811</u></u>	<u><u>\$ 38,811</u></u>	<u><u>\$ 323,855</u></u>	<u><u>\$ 285,044</u></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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Net Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses): Transfers In (Out)	(49,987)	(49,987)	(29,915)	20,072
Net Change in Fund Balance	(49,987)	(49,987)	(29,915)	20,072
Fund Balance, Beginning of Year	49,987	49,987	49,987	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,072</u>	<u>\$ 20,072</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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 71,937	\$ 71,937
Investment Income:				
Interest	60,000	60,000	71,744	11,744
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	6,979	6,979
Total Net Investment Earnings	60,000	60,000	78,723	18,723
Licenses, Fines and Service Charges	62,000	62,000	61,710	(290)
Total Revenues	122,000	122,000	212,370	90,370
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	8,800	8,800	6,230	2,570
Contractual Services	1,329,456	1,372,456	656,198	716,258
Total Expenditures	1,338,256	1,381,256	662,428	718,828
Net Revenues Over (Under) Expenditures	(1,216,256)	(1,259,256)	(450,058)	809,198
Other Financing Sources (Uses):				
Transfers In (Out)	(727,700)	(727,700)	(207,700)	520,000
Net Change in Fund Balance	(1,943,956)	(1,986,956)	(657,758)	1,329,198
Fund Balance, Beginning of Year	1,911,643	1,911,643	1,911,643	-
Fund Balance, End of Year	\$ (32,313)	\$ (75,313)	\$ 1,253,885	\$ 1,329,198

CITY OF URBANA
 Tax Stabilization Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,200	\$ 24,586	\$ 20,386
Investment Income:				
Interest	30,000	30,000	8,934	(21,066)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	7,993	7,993
Net Investment Earnings	30,000	30,000	16,927	(13,073)
Licenses, Fines and Service Charges	-	-	47	47
Total Revenues	30,000	34,200	41,560	7,360
Expenditures:				
Current:				
Highways and Streets:				
Contractual Services	92,637	113,637	110,568	3,069
General Government:				
Personnel Services	-	63,971	63,971	-
Contractual Services	-	161,344	161,344	-
Total General Government	-	225,315	225,315	-
Capital Outlay	110,000	110,000	29,248	80,752
Total Expenditures	202,637	448,952	365,131	83,821
Net Revenues Over (Under) Expenditures	(172,637)	(414,752)	(323,571)	91,181
Other Financing Uses:				
Transfers In (Out)	58,110	58,110	633,516	575,406
Net Change in Fund Balance	(114,527)	(356,642)	309,945	666,587
Fund Balance, Beginning of Year	494,450	494,450	494,450	-
Fund Balance, End of Year	\$ 379,923	\$ 137,808	\$ 804,395	\$ 666,587

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 150,000	\$ 150,000	\$ 151,221	\$ 1,221
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	30,837	30,837
Total Net Investment Earnings	150,000	150,000	182,058	32,058
Other Financing Sources (Uses):				
Transfers In (Out)	150,000	150,000	67,595	(82,405)
Net Change in Fund Balance	300,000	300,000	249,653	(50,347)
Fund Balance, Beginning of Year	2,964,857	2,964,857	2,964,857	-
Fund Balance, End of Year	<u>\$ 3,264,857</u>	<u>\$ 3,264,857</u>	<u>\$ 3,214,510</u>	<u>\$ (50,347)</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,438,310	\$ 2,438,310	\$ 2,355,274	\$ (83,036)
Intergovernmental	241,065	241,065	156,116	(84,949)
Net Investment Earnings - Interest	22,561	22,561	52,630	30,069
Licenses, Fines, and Service Charges	175,670	175,670	163,772	(11,898)
Other-Donations	-	-	41,048	41,048
	<u>2,877,606</u>	<u>2,877,606</u>	<u>2,768,840</u>	<u>(108,766)</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	2,183,314	2,183,314	2,101,583	81,731
Materials and Supplies	430,695	430,695	425,359	5,336
Contractual Services	436,334	465,589	453,497	12,092
	<u>3,050,343</u>	<u>3,079,598</u>	<u>2,980,439</u>	<u>99,159</u>
Total Library Services				
Capital Outlay	100,293	100,293	91,374	8,919
	<u>3,150,636</u>	<u>3,179,891</u>	<u>3,071,813</u>	<u>108,078</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(273,030)	(302,285)	(302,973)	(688)
Other Financing Sources (Uses):				
Transfers In	273,030	273,030	384,668	111,638
	<u>-</u>	<u>(29,255)</u>	<u>81,695</u>	<u>110,950</u>
Net Change in Fund Balance				
Fund Balance, Beginning of Year	1,498,930	1,498,930	1,498,930	-
	<u>\$ 1,498,930</u>	<u>\$ 1,469,675</u>	<u>\$ 1,580,625</u>	<u>\$ 110,950</u>
Fund Balance, End of Year				

Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2007

ASSETS	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Cash and Cash Equivalents:				
Savings	\$ 784,264	\$ 252,327	\$ -	\$ 1,036,591
Investments	1,971,684	272,614	-	2,244,298
Receivables (Net of Uncollectibles):				
Accounts	1,266	-	-	1,266
Due from Other Governments	9,143	-	-	9,143
Other Taxes	-	190,198	-	190,198
Due from Other Funds	37,400	6,772	-	44,172
Restricted Assets:				
Cash and Cash Equivalents:				
Savings	-	-	236,983	236,983
Illinois Treasurer's Pool	-	-	374,298	374,298
Investments	-	-	1,844,726	1,844,726
Receivables	-	-	79,114	79,114
Due from Other Funds	-	-	64,265	64,265
Total Assets	\$ 2,803,757	\$ 721,911	\$ 2,599,386	\$ 6,125,054
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 461,548	\$ 15,665	\$ 67,507	\$ 544,720
Fund Balance:				
Unreserved, Designated for Future Capital Outlay:				
General Construction	2,342,209	-	2,531,879	4,874,088
Sewer Construction	-	706,246	-	706,246
Total Fund Balance	2,342,209	706,246	2,531,879	5,580,334
Total Liabilities and Fund Balance	\$ 2,803,757	\$ 721,911	\$ 2,599,386	\$ 6,125,054

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

Fiscal Year Ended June 30, 2007

	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Revenues:				
Sewer Benefit Tax	\$ -	\$ 815,709	\$ -	\$ 815,709
Intergovernmental	246,625	-	1,347,277	1,593,902
Investment Earnings:				
Interest	136,151	32,020	135,734	303,905
Net Appreciation (Depreciation) in Fair Value Investments	12,952	1,760	12,952	27,664
Total Net Investment Earnings	149,103	33,780	148,686	331,569
Licenses, Fines, and Service Charges	48,735	5,046	-	53,781
Other	11,262	-	-	11,262
Total Revenues	455,725	854,535	1,495,963	2,806,223
Expenditures:				
Current - Highways and Streets	148,578	14,577	-	163,155
Capital Outlay:				
Street and Light Improvements	986,501	-	2,302,223	3,288,724
Sewer Construction	183,981	332,801	-	516,782
Total Capital Outlay	1,170,482	332,801	2,302,223	3,805,506
Total Expenditures	1,319,060	347,378	2,302,223	3,968,661
Net of Revenues Over (Under) Expenditures	(863,335)	507,157	(806,260)	(1,162,438)
Other Financing Sources (Uses):				
Transfers In	534,002	-	-	534,002
Transfers (Out)	-	(461,500)	-	(461,500)
Total Other Financing Sources (Uses)	534,002	(461,500)	-	72,502
Net Change in Fund Balances	(329,333)	45,657	(806,260)	(1,089,936)
Fund Balance, Beginning of Year	2,671,542	660,589	3,338,139	6,670,270
Fund Balance, End of Year	\$ 2,342,209	\$ 706,246	\$ 2,531,879	\$ 5,580,334

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 290,750	\$ 370,750	\$ 246,625	\$ (124,125)
Investment Earnings:				
Interest	114,000	114,000	136,151	22,151
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	12,952	12,952
Total Net Investment Earnings	114,000	114,000	149,103	35,103
Licenses, Fines, and Service Charges	77,500	77,500	48,735	(28,765)
Other	12,000	5,000	11,262	6,262
 Total Revenues	 494,250	 567,250	 455,725	 (111,525)
Expenditures:				
Current - Highways and Streets	216,411	216,411	148,578	67,833
Capital Outlay:				
Street and Light Improvements	3,836,430	3,914,430	986,501	2,927,929
Sewer Construction	410,191	410,191	183,981	226,210
 Total Capital Outlay	 4,246,621	 4,324,621	 1,170,482	 3,154,139
 Total Expenditures	 4,463,032	 4,541,032	 1,319,060	 3,221,972
 Net of Revenues Over (Under) Expenditures	 (3,968,782)	 (3,973,782)	 (863,335)	 3,110,447
Other Financing Sources (Uses):				
Transfers In	845,004	845,004	534,002	(311,002)
 Net Change in Fund Balance	 (3,123,778)	 (3,128,778)	 (329,333)	 2,799,445
 Fund Balance, Beginning of Year	 2,671,542	 2,671,542	 2,671,542	 -
 Fund Balance, End of Year	 \$ (452,236)	 \$ (457,236)	 \$ 2,342,209	 \$ 2,799,445

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 855,000	\$ 855,000	\$ 815,709	\$ (39,291)
Investment Earnings:				
Interest	26,000	26,000	32,020	6,020
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	1,760	1,760
Total Net Investment Earnings	<u>26,000</u>	<u>26,000</u>	<u>33,780</u>	<u>7,780</u>
Licenses, Fines and Service Charges	<u>2,500</u>	<u>2,500</u>	<u>5,046</u>	<u>2,546</u>
Total Revenues	<u>883,500</u>	<u>883,500</u>	<u>854,535</u>	<u>(28,965)</u>
Expenditures:				
Current - Highways and Streets	33,383	40,883	14,577	26,306
Capital Outlay - Sewer Construction	<u>981,415</u>	<u>973,915</u>	<u>332,801</u>	<u>641,114</u>
Total Expenditures	<u>1,014,798</u>	<u>1,014,798</u>	<u>347,378</u>	<u>667,420</u>
Net of Revenues Over (Under) Expenditures	(131,298)	(131,298)	507,157	638,455
Other Financing Sources (Uses):				
Transfers (Out)	<u>(466,500)</u>	<u>(466,500)</u>	<u>(461,500)</u>	<u>5,000</u>
Net Change in Fund Balance	(597,798)	(597,798)	45,657	643,455
Fund Balance, Beginning of Year	<u>660,589</u>	<u>660,589</u>	<u>660,589</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 62,791</u>	<u>\$ 62,791</u>	<u>\$ 706,246</u>	<u>\$ 643,455</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,085,000	\$ 1,085,000	\$ 1,081,679	\$ (3,321)
State Reimbursements	100,000	100,000	265,598	165,598
Total, Intergovernmental	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,347,277</u>	<u>162,277</u>
Investment Earnings:				
Interest	114,000	114,000	135,734	21,734
Net Appreciation (Depreciation) in Fair Value Investments	-	-	12,952	12,952
Total Net Investment Earnings	<u>114,000</u>	<u>114,000</u>	<u>148,686</u>	<u>34,686</u>
Total Revenues	<u>1,299,000</u>	<u>1,299,000</u>	<u>1,495,963</u>	<u>196,963</u>
Expenditures-Capital Outlay:				
Street Improvements	4,356,168	4,356,168	1,443,606	2,912,562
Signal Improvements	121,000	121,000	-	121,000
Lighting Improvements	871,709	871,709	858,617	13,092
Total Expenditures	<u>5,348,877</u>	<u>5,348,877</u>	<u>2,302,223</u>	<u>3,046,654</u>
Net Change in Fund Balance	(4,049,877)	(4,049,877)	(806,260)	3,243,617
Fund Balance, Beginning of Year	<u>3,338,139</u>	<u>3,338,139</u>	<u>3,338,139</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (711,738)</u>	<u>\$ (711,738)</u>	<u>\$ 2,531,879</u>	<u>\$ 3,243,617</u>

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 849,970	\$ 849,970	\$ 811,642	\$ (38,328)
Parking Rentals	242,090	242,090	263,960	21,870
Total Operating Revenues	<u>1,092,060</u>	<u>1,092,060</u>	<u>1,075,602</u>	<u>(16,458)</u>
Operating Expenses:				
Personnel Services	168,890	168,890	153,831	15,059
Supplies	44,110	44,110	40,619	3,491
Contractual Services	162,240	162,240	153,868	8,372
Depreciation	288,000	288,000	265,895	22,105
Total Operating Expenses	<u>663,240</u>	<u>663,240</u>	<u>614,213</u>	<u>49,027</u>
Operating Income	<u>428,820</u>	<u>428,820</u>	<u>461,389</u>	<u>32,569</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	70,000	70,000	124,167	54,167
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	12,229	12,229
Total Net Investment Earnings	<u>70,000</u>	<u>70,000</u>	<u>136,396</u>	<u>66,396</u>
Interest Expense	<u>(143,230)</u>	<u>(143,230)</u>	<u>(40,648)</u>	<u>102,582</u>
Total Non-Operating Revenues (Expenses)	<u>(73,230)</u>	<u>(73,230)</u>	<u>95,748</u>	<u>168,978</u>
Income (Loss) Before Transfers	355,590	355,590	557,137	201,547
Transfers (Out)	<u>(500,350)</u>	<u>(500,350)</u>	<u>(500,387)</u>	<u>(37)</u>
Change in Net Assets	(144,760)	(144,760)	56,750	201,510
Net Assets, Beginning of Year	<u>7,393,336</u>	<u>7,393,336</u>	<u>7,393,336</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 7,248,576</u>	<u>\$ 7,248,576</u>	<u>\$ 7,450,086</u>	<u>\$ 201,510</u>

CITY OF URBANA

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, 2007

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 781,000	\$ 781,000	\$ 885,073	\$ 104,073
Operating Expenses:				
Personnel Services	303,850	303,850	299,751	4,099
Supplies	18,270	18,270	17,674	596
Contractual Services	139,330	154,330	102,144	52,186
Equipment Parts	155,000	202,000	197,903	4,097
Fuel	210,000	241,000	240,767	233
Depreciation	27,400	12,400	10,356	2,044
Total Operating Expenses	853,850	931,850	868,595	63,255
Change in Net Assets	(72,850)	(150,850)	16,478	167,328
Net Assets, Beginning of Year	237,379	237,379	237,379	-
Net Assets, End of Year	\$ 164,529	\$ 86,529	\$ 253,857	\$ 167,328

CITY OF URBANA

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

June 30, 2007

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents:			
Checking	\$ -	\$ 2,000	\$ 2,000
Savings	515,136	877,109	1,392,245
Money Market Funds	45,713	192,657	238,370
Total Cash and Cash Equivalents	<u>560,849</u>	<u>1,071,766</u>	<u>1,632,615</u>
Investments, at Fair Value:			
U.S. Government Securities	11,344,954	9,072,087	20,417,041
Certificates of Deposit	1,612,456	-	1,612,456
Mutual Funds	13,769,040	9,978,128	23,747,168
Total Investments	<u>26,726,450</u>	<u>19,050,215</u>	<u>45,776,665</u>
Receivables (Net of Uncollectibles)			
Property Tax	441,358	710,803	1,152,161
Accrued Interest	41,623	117,942	159,565
Total Assets	<u>27,770,280</u>	<u>20,950,726</u>	<u>48,721,006</u>
 LIABILITIES			
Accounts Payable	2,687	16,280	18,967
Accrued Salaries and Taxes	-	10,765	10,765
Total Liabilities	<u>2,687</u>	<u>27,045</u>	<u>29,732</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 27,767,593</u>	<u>\$ 20,923,681</u>	<u>\$ 48,691,274</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2007

	Firemen's Pension	Policemen's Pension	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Employer Contributions	\$ 980,754	\$ 1,514,188	\$ 2,494,942
Employee Contributions	262,735	308,113	570,848
Total Contributions	<u>1,243,489</u>	<u>1,822,301</u>	<u>3,065,790</u>
Investment Income:			
Interest and Dividends	1,373,800	653,865	2,027,665
Net Increase (Decrease) in Fair Value of Investments	<u>1,759,177</u>	<u>1,510,554</u>	<u>3,269,731</u>
Total Investment Income	<u>3,132,977</u>	<u>2,164,419</u>	<u>5,297,396</u>
Less Investment Expense	<u>(6,224)</u>	<u>(80,455)</u>	<u>(86,679)</u>
Net Investment Income	<u>3,126,753</u>	<u>2,083,964</u>	<u>5,210,717</u>
Total Additions	<u>4,370,242</u>	<u>3,906,265</u>	<u>8,276,507</u>
Deductions:			
Benefits	1,527,221	1,264,686	2,791,907
Administrative Costs	<u>12,941</u>	<u>14,100</u>	<u>27,041</u>
Total Deductions	<u>1,540,162</u>	<u>1,278,786</u>	<u>2,818,948</u>
Change in Net Assets	2,830,080	2,627,479	5,457,559
Net Assets, Beginning of Year	<u>24,937,513</u>	<u>18,296,202</u>	<u>43,233,715</u>
Net Assets, End of Year	<u>\$ 27,767,593</u>	<u>\$ 20,923,681</u>	<u>\$ 48,691,274</u>

STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	Page
Financial Trends	101
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity	107
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources.</p>	
Debt Capacity	111
<p>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	116
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information	118
<p>These schedules contain service and infrastructure information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities performed.</p>	



CITY OF URBANA

Net Assets by Component
Last Ten Fiscal Years

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

	<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>	<u>2007</u>
Governmental activities:										
Invested in capital assets, net of related debt				\$45,808	\$49,138	\$55,985	\$62,292	\$64,917	\$67,218	\$69,988
Restricted	INFORMATION BEFORE			3,552	4,192	5,270	3,430	3,376	3,661	2,848
	2001 IS NOT									
Unrestricted	AVAILABLE			<u>25,113</u>	<u>27,255</u>	<u>25,975</u>	<u>28,640</u>	<u>28,939</u>	<u>31,053</u>	<u>32,769</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>	<u>\$105,605</u>
Business-type activities:										
Invested in capital assets, net of related debt				\$3,615	\$4,139	\$4,624	\$4,940	\$5,160	\$5,055	\$5,025
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>	<u>2,425</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>	<u>\$7,450</u>
Primary government:										
Invested in capital assets, net of related debt				\$49,424	\$53,277	\$60,609	\$67,232	\$70,077	\$72,272	\$75,013
Restricted				3,552	4,192	5,270	3,430	3,376	3,661	2,848
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>	<u>35,194</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>	<u>\$113,055</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>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>	<u>2007</u>
Expenses:										
Governmental activities:										
Public Safety				\$9,345	\$9,840	\$10,120	\$10,387	\$10,838	\$11,563	\$11,982
Highways and Streets				7,910	6,955	7,354	7,554	9,773	9,049	9,411
General Government				1,999	2,091	2,234	2,338	2,475	2,783	3,109
Urban Redevelopment and Housing		INFORMATION BEFORE 2001 IS NOT AVAILABLE		3,579	3,250	3,413	3,841	4,390	4,842	5,903
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>	<u>3,103</u>
Total governmental activities, expenses				25,232	24,565	\$25,451	\$26,581	\$30,143	\$31,038	\$33,508
Business-type activities:										
Motor Vehicle Parking				<u>583</u>	<u>580</u>	<u>628</u>	<u>606</u>	<u>631</u>	<u>592</u>	<u>655</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>	<u>\$34,163</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Public Safety				\$2,578	\$2,348	\$2,215	\$2,416	\$2,229	\$2,653	\$2,315
Highways and Streets				995	1,467	1,424	1,614	1,543	1,704	1,559
Other Activities				811	690	1,076	1,218	1,443	1,891	1,292
Operating Grants				2,281	2,284	1,364	2,012	2,345	2,800	1,837
Capital Grants				<u>1,019</u>	<u>6</u>	<u>471</u>	<u>450</u>	<u>9</u>	<u>372</u>	<u>22</u>
Total Governmental Activities Program Revenues				7,684	6,795	6,550	7,710	7,568	9,420	7,025
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>	<u>1,076</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>	<u>\$8,101</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>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>	<u>2007</u>
Net (Expense) Revenue:										
Governmental Activities				\$(17,549)	\$(17,769)	\$(18,901)	\$(18,870)	\$(22,575)	\$(21,618)	\$(26,483)
Business-type Activities				<u>307</u>	<u>382</u>	<u>476</u>	<u>432</u>	<u>490</u>	<u>513</u>	<u>421</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>	<u>\$26,062</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	\$9,081
Utility Tax				3,675	3,392	3,859	3,861	3,922	4,120	3,832
State Sales Tax				3,451	3,545	3,383	3,511	3,684	4,085	5,034
Other Taxes				3,384	3,385	3,529	3,602	3,765	4,019	4,611
Intergovernmental				4,615	5,824	5,901	5,558	5,104	4,544	5,300
Investment Income				1,632	933	1,305	162	959	618	1,712
Other				593	713	506	481	157	122	87
Transfers				<u>(133)</u>	<u>(169)</u>	<u>70</u>	<u>39</u>	<u>43</u>	<u>490</u>	<u>500</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>	<u>30,157</u>
Business-type Activities										
Investment Income				93	44	23	7	70	44	136
Transfers				<u>133</u>	<u>169</u>	<u>(70)</u>	<u>(39)</u>	<u>(43)</u>	<u>(490)</u>	<u>(500)</u>
Total Business-type Activities				<u>226</u>	<u>213</u>	<u>(47)</u>	<u>(32)</u>	<u>27</u>	<u>(446)</u>	<u>(364)</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>	<u>\$29,793</u>
Change in Net Assets:										
Governmental Activities				\$5,862	\$6,112	\$6,466	\$5,537	\$2,867	\$4,700	\$3,674
Business-type Activities				<u>533</u>	<u>594</u>	<u>429</u>	<u>400</u>	<u>517</u>	<u>67</u>	<u>57</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>	<u>\$3,731</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>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>	<u>2007</u>
General Fund:										
Reserved	\$ 195	\$ 196	\$ 233	\$ 226	\$ 286	\$ 264	\$ 290	\$ 284	\$ 282	\$ 287
Unreserved	<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>	<u>5,849</u>
Total, General Fund	<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>	<u>\$ 6,137</u>
All Other Governmental Funds:										
Reserved, Reported in Special Revenue Funds	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 186	\$ 351	\$ 384	\$ 79
Unreserved, Reported in:										
Special Revenue Funds	12,407	14,037	16,209	19,695	23,365	22,773	21,856	19,371	21,233	18,724
Capital Project Funds	<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>	<u>5,580</u>
Total All Other Governmental Funds	<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>	<u>\$24,383</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 1 of 2

	<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>	<u>2007</u>
Revenues:										
Property Tax	\$ 5,008	\$ 5,527	\$ 5,881	\$ 6,081	\$ 6,305	\$6,674	\$7,557	\$7,695	\$8,187	\$8,830
Utility Tax	2,804	3,093	3,296	3,675	3,392	3,859	3,861	3,922	4,120	3,832
State Sales Tax	3,086	3,181	3,487	3,451	3,545	3,383	3,511	3,684	4,084	5,034
Other Taxes	2,823	2,947	3,105	3,384	3,385	3,529	3,602	3,765	4,019	4,611
Intergovernmental	5,632	7,832	7,984	9,014	9,292	8,951	9,411	8,781	9,140	8,602
Investment Income	1,161	793	1,069	1,632	933	1,297	155	959	618	1,712
Licenses, Fines and Service Charges	2,909	3,425	3,011	3,379	3,360	3,499	3,858	3,891	4,824	3,723
Other	<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>	<u>82</u>
Total Revenues	<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>	<u>36,426</u>
Expenditures:										
Public Safety	7,218	7,988	8,539	9,049	9,528	9,918	10,552	11,141	11,938	12,489
Highways and Streets	3,969	4,146	4,419	4,487	4,659	5,052	5,236	5,676	6,126	6,494
General Government	1,652	1,787	1,845	1,928	2,016	2,195	2,261	2,400	2,685	3,078
Urban Redevelopment and Housing	2,977	2,721	3,383	3,566	3,237	3,402	3,822	4,383	4,806	5,886
Library Services	1,908	2,018	2,097	2,258	2,359	2,274	2,383	2,533	2,696	2,980
Debt Service	254	255	260	257	256	482	--	--	--	--
Capital Projects	<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>	<u>5,813</u>
Total Expenditures	<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>	<u>36,740</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>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>	<u>2007</u>
Excess of Revenues Over (Under) Expenses	(1,383)	1,562	2,637	4,668	2,473	(618)	(778)	(214)	1,574	(314)
Other Financing Sources (Uses): Transfers in (out)	<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>	<u>500</u>
Net Changes in Fund Balance	<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>	<u>\$186</u>
Debt Service as a % Of Non-capital Expenditures	<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>	<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 Value as % of Actual Value
	Residential Property	Commercial Property				
2007	\$298,445,597	\$207,230,391	\$505,675,988	\$0.012942	\$1,517,027,964	33%
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%

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>2007</u>	<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>
City of Urbana:										
Library	.4822	.4787	.4950	.5262	.5474	.5433	.5235	.5251	.5482	.5448
General	.3357	.3326	.3269	.2941	.2954	.3429	.4302	.4387	.4879	.2045
Police Pension	.2921	.2913	.2851	.2909	.2933	.3040	.2860	.2953	.3008	.3152
Fire Pension	.1842	.2094	.2050	.2008	.1817	.1412	.1328	.1314	.1287	.1172
Subtotal, City	1.2942	1.3120	1.3120	1.3120	1.3178	1.3314	1.3725	1.3905	1.4656	1.4832
School District	4.3377	4.3178	4.4758	4.5961	4.6701	4.7448	4.7245	4.7839	4.8976	4.8978
Champaign County	.7616	.7801	.7981	.7048	.7117	.6200	.6201	.6425	.6768	.6904
Park District	.7066	.7218	.7463	.7534	.7767	.7939	.7960	.8122	.8456	.8687
Parkland College	.4720	.4776	.4847	.4838	.4652	.4556	.4469	.4659	.4692	.4602
Mass Transit	.2592	.2623	.2677	.2695	.2728	.2772	.2764	.2813	.2839	.2854
Cunningham Town	.1919	.1932	.1988	.2017	.2048	.2051	.1547	.2265	.2372	.2464
Public Health	.1060	.1087	.1126	.1135	.1152	.1172	.1170	.1206	.1300	.1438
Forest Preserve	.0800	.0818	.0839	.0840	.0850	.0859	.0855	.0885	.0922	.0959
Total	8.2092	8.2553	8.4799	8.5188	8.6193	8.6311	8.5936	8.8119	9.0981	9.1718

Source: Champaign County Clerk

Notes: Tax Rates per \$100 Assessed Valuation

CITY OF URBANA
Principal Property Taxpayers
June 30, 2007

Name of Company	2007			1998		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Carle Foundation (Health Care)	\$39,531,730	1	7.8%	\$13,224,480	1	4.9%
Provena Covenant (Health Care)	18,595,180	2	3.7%	1,345,277	-	-
Campus Property Management (Residential Housing)	12,958,610	3	2.6%	0	-	-
Lincoln Blvd. (Melrose) Association (Residential Housing)	6,599,780	4	1.3%	0	-	-
Town and Country Apartments (Residential Housing)	6,216,790	5	1.2%	5,669,300	2	2.1%
Walmart (Retail Sales)	4,595,720	6	0.9%	0	-	-
Clark Lindsey Village (Residential Retirement)	4,579,440	7	0.9%	3,160,750	5	1.2%
Urbana Associates (Capstone) (Residential Housing)	4,309,550	8	0.9%	0	-	-
J. M. Jones Company (Food Service)	4,291,220	9	0.8%	4,998,570	3	1.9%
Flex-N-Gate (Manufacturing)	3,980,520	10	0.8%	943,188	-	-
First Busey Corporation (Banking)	-	-	-	3,426,880	4	1.3%
Prairie Green (Residential Housing)	-	-	-	2,227,020	6	0.8%
Lincoln Square (Retail Sales)	-	-	-	2,175,150	7	0.8%
C-U Partners, Holiday Inn (Hotel)	-	-	-	1,565,520	8	0.6%
Hampton Inn (Hotel)	-	-	-	1,373,130	9	0.5%
Solo Cup (Manufacturing)	-	-	-	<u>1,327,450</u>	10	0.5%
Totals	<u>\$105,658,540</u>		<u>20.9%</u>	<u>\$41,436,715</u>		<u>14.6%</u>

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>
2007	\$6,544,459	\$3,347,995	51%	\$ 0	\$3,347,995	51%
2006	\$6,153,944	\$3,197,666	52%	\$2,939,507	\$6,137,173	100%
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%

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>				
2007	\$ 0	\$ 0	\$ 923,102	\$ 923,102	0.08%	\$24.89
2006	\$ 0	\$ 0	\$1,026,470	\$1,026,470	0.09%	\$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

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 116 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>
2007	\$ --	\$ --	\$ --	0%	\$0.00
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%	19.02
2000	904,175	--	904,175	.10%	24.84
1999	1,108,185	--	1,108,185	.12%	30.49
1998	1,296,665	--	1,296,665	.16%	35.72

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 116. Information on taxable value can be found in the Schedule on page 107.

CITY OF URBANA

Direct and Overlapping Governmental Activities Debt

June 30, 2007

<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	\$29,998,776	84%	\$25,070,913
Champaign County	52,278,866	17%	8,690,932
Forest Preserve	97,000	16%	15,923
Urbana Park District	<u>1,155,000</u>	98%	<u>1,136,367</u>
Subtotal, Overlapping Debt			34,914,134
City of Urbana Direct Debt			<u>0</u>
Total Direct and Overlapping Debt			<u>\$34,914,134</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>
2007	\$1,211,998	\$848,705	\$363,293	\$103,368	\$41,826	\$145,194	2.50
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

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>	<u>(1) Population</u>	<u>(2) Personal Income expressed in thousands</u>	<u>(2) Per Capita Income</u>	<u>(1) Median Age</u>	<u>(1) Education Level in Years of Formal Schooling</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2007	37,090	\$ 1,160,991	\$31,302	24.6	13.1	4,088	3.9%
2006	36,590	1,086,247	29,687	24.6	13.1	4,303	4.1%
2005	36,555	1,065,359	27,144	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%

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	17.6%
2.	Carle Clinic	Health Care	2,918	2.5%
3.	Carle Hospital	Health Care	2,100	1.8%
4.	Provena Hospital	Health Care	1,200	1.0%
5.	Champaign County	Government	887	0.8%
6.	Urbana School District	Education	720	0.6%
7.	Solo Cup	Paper Cup Manufacturing	700	0.6%
8.	Super Valu	Food Distribution	625	0.5%
9.	Flex-N-Gate	Auto Parts Manufacturing	425	0.4%
10.	Tri-Star Marketing	Auto Gas Distributor	410	0.4%
	Total		30,556	26.1%

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>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>	<u>2007</u>
Public Safety:										
Police Safety	68	69	70	70	71	72	72	72	75	76
Fire Safety	59	59	59	59	59	59	59	59	59	59
Highways and Streets:										
Maintenance	63	63	65	65	66	67	67	67	67	67
Engineering	9	9	10	10	10	10	10	10	12	12
General Government	32	33	33	33	33	34	34	34	34	35
Urban Redevelopment And Housing	21	22	22	22	22	23	23	23	23	25
Library Services	<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>	<u>47</u>
Total	295	298	302	302	304	309	309	309	315	321

Source: City Finance Department.

CITY OF URBANA

Operating Indicators, by Function

(Page 1 of 2)

Last Ten Fiscal Years

Function:	<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>	<u>2007</u>
Public Safety:										
Police Safety:										
Arrests	4,532	4,614	4,835	5,592	5,793	5,986	6,750	6,730	7,509	7,281
Service Calls	20,775	20,134	20,617	20,506	22,205	21,470	22,737	22,916	19,681	20,479
Reports Written	7,010	6,569	7,001	7,747	7,761	7,505	8,014	8,209	7,649	7,740
Parking Tickets Issued	87,553	94,251	93,574	97,376	87,475	67,212	58,354	53,640	55,451	46,186
Fire Safety:										
Response Calls	163	160	141	173	159	148	179	173	192	179
Other Calls	3,543	3,616	3,657	3,726	3,666	3,741	3,794	3,817	3,872	4,050
Inspections	1,105	1,226	1,233	1,248	1,224	1,014	1,206	1,061	1,277	1,327
Highways and Streets:										
St. Resurfacing (Sq. Yd. Asphalt And Concrete)										74,000
										(information before 2007 is not available)
Recycled Tons Waste Collected:										
Household	13.6	13.7	13.7	13.8	14.2	14.3	14.3	14.4	14.7	14.7
Landscape	8.9	9.6	9.1	8.7	12.0	11.8	10.3	11.0	12.4	13.5

CITY OF URBANA

Operating Indicators, by Function

(Page 2 of 2)

Last Ten Fiscal Years

	<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>	<u>2007</u>
General Government:										
Licenses/Permits Processed	2,130	1,385	1,263	1,138	1,526	2,919	2,528	2,641	2,645	2,781
Urban Redevelopment And Housing:										
Permits Issued	1,669	1,432	1,634	1,448	1,744	2,326	2,457	2,439	2,121	1,982
Zoning/Planning Cases Admin.	(information not available before 2001)			78	89	75	63	79	99	86
Library Services:										
Items Circulated (in thousands)	775	746	765	756	797	753	661	777	836	878
Reference Questions Answered (in thousands)	104	109	126	130	134	130	95	105	125	118
Persons Attending Library Programs (in thousands)	22	23	28	27	30	25	24	25	30	29

Source: Various city departments.

CITY OF URBANA
Capital Asset Statistics, by Function
Last Ten Fiscal Years

	<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>	<u>2007</u>
Public Safety:										
Police Safety:										
Number Stations	1	1	1	1	1	1	1	1	1	1
Number Patrol Units	23	23	22	23	23	23	24	25	25	25
Fire Safety:										
Number Stations	3	4	4	4	4	4	4	4	4	4
Response Vehicles	6	8	8	8	8	8	8	8	8	8
Highways and Streets:										
Area City Sq. Miles	9.3	9.9	10.2	10.2	10.5	11.4	11.5	11.5	11.6	11.6
Miles Streets	116.7	119.7	122.8	122.8	124.5	126.7	127.8	128.3	130.4	141.2
Miles Sewers	174.1	175.5	183.6	183.6	184.2	185.0	199.7	201.8	221.2	222.1
Street Lights	3,547	3,597	3,738	3,738	3,738	3,767	3,767	3,469	3,469	3,744
City Trees	11,280	11,420	11,560	11,700	11,840	11,980	12,120	12,260	12,400	12,550
Library Services:										
Sq. Feet Library Building	25,000	25,000	25,000	25,000	25,000	25,000	27,000	52,000	52,000	52,000

Source: Various city departments.

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