



City of
Urbana,
Illinois
1833 - 2008



Comprehensive Annual Financial Report

For the Year Ended June 30, 2008

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2008

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December 22, 2008

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, 2008.

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 my 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.

Bray, Drake, Liles & Richardson, LLP, have issued an unqualified "clean" opinion on the City of Urbana financial statements for the year ended June 30, 2008. 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 40,050 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 department heads.

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, Waste, Landscape Waste Recycling, Household Waste Recycling, Parking (on enterprise basis)
Community Development Services:	Planning and Zoning Enforcement, Building Inspection, Economic Development, and Housing Improvement
Other Services:	Library Services, Human Relations, Public Television

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 4.1%, property values to average 8.2% annual growth and per-capita income to average 3.5% annual growth over the last three years.

This economic growth is expected to continue at a slightly slower rate over the next three years. Economic activity in Champaign County has remained relatively strong. The state income tax, which amounts to approximately 9% of total city revenues and 17% of General Fund revenues has averaged an annual increase of 9.2% over the last 3 years. It is anticipated that state income tax revenue will be reflective of approximate inflationary increases in the future.

In 2006, Walmart opened a new store in Urbana and a major automobile dealer relocated and expanded; and a new Meijer department store has opened in fall of 2008. The sales tax from these new establishments has replaced lost taxes due to previous store closings and 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 2008 (same in 2007). The City is contributing 9.73% of salaries in calendar year 2008 (9.96% in 2007). At December 31, 2007, the IMRF retirement plan was 93% funded as a percentage of covered salary (92% funded at December 31, 2006). 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 49% of salaries in 2008 (51% in 2007). The unfunded actuarial accrued liability at June 30, 2007, was 342% of covered salaries, (365% at June 30, 2006). This amount is being amortized over a thirty-two 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 33% of salaries in 2008 (37% in 2007). The unfunded actuarial accrued liability at June 30, 2007, was 156% of covered salaries, (198% at June 30, 2006). Unfunded amounts are being amortized over a thirty-two year closed period.

These 3 pension funds utilize a five year rolling average method to smooth out fluctuations in investment market values. If the decline in the U.S. stock market in the year 2008 does not rebound within the next 2 years, these lower return years will significantly increase the city's required contributions.

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, 2008 was \$81,878,959 (\$83,807,682 in 2007). The average yield of investments and deposits was 4.1% in 2008 (4.7% in 2007) 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

\$1,797,407 on its investments in 2008 (2.1%), as compared to a gain of \$7,145,572 in 2007 (9.1%). 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 continued development and completion of a number of retail development projects, to include Five Points West, Stone Creek Commons, and the Pointe, which are all retail sales malls.
- b) Continue to work with various neighborhood groups and certain residential housing management personnel to strengthen the city's ability to respond to certain public safety and quality of housing concerns. The City's efforts in this regard have involved the hiring of 5 new police officers and an additional housing inspector.
- c) Monitor the completion of significant capital improvement construction related to 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. The retail store has opened in the fall of 2008 and the capital improvements will be constructed over the next 12 months.

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 planned improvements and changes to be made to the downtown retail area. Some of these changes include a major reconstruction of the downtown parking areas, redevelopment of an enclosed retail shopping mall, and redevelopment of the boneyard area. The improvements will require significant future infrastructure costs that will be financed from the City's Tax Increment Financing Districts.

- c) Monitor the current condition in the national and state economy. A prolonged economic recession may significantly impact the City's income and sales tax revenues and the decline in the stock market, if prolonged for a number of years, will significantly increase the City's required contribution to the employee pension costs.

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, 2007. This was the 20th 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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2008

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Aldерwoman
Heather Stevenson

Aldерwoman
Lynne Barnes

Alderman
Charles Smyth

Alderman
David Gehrig

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

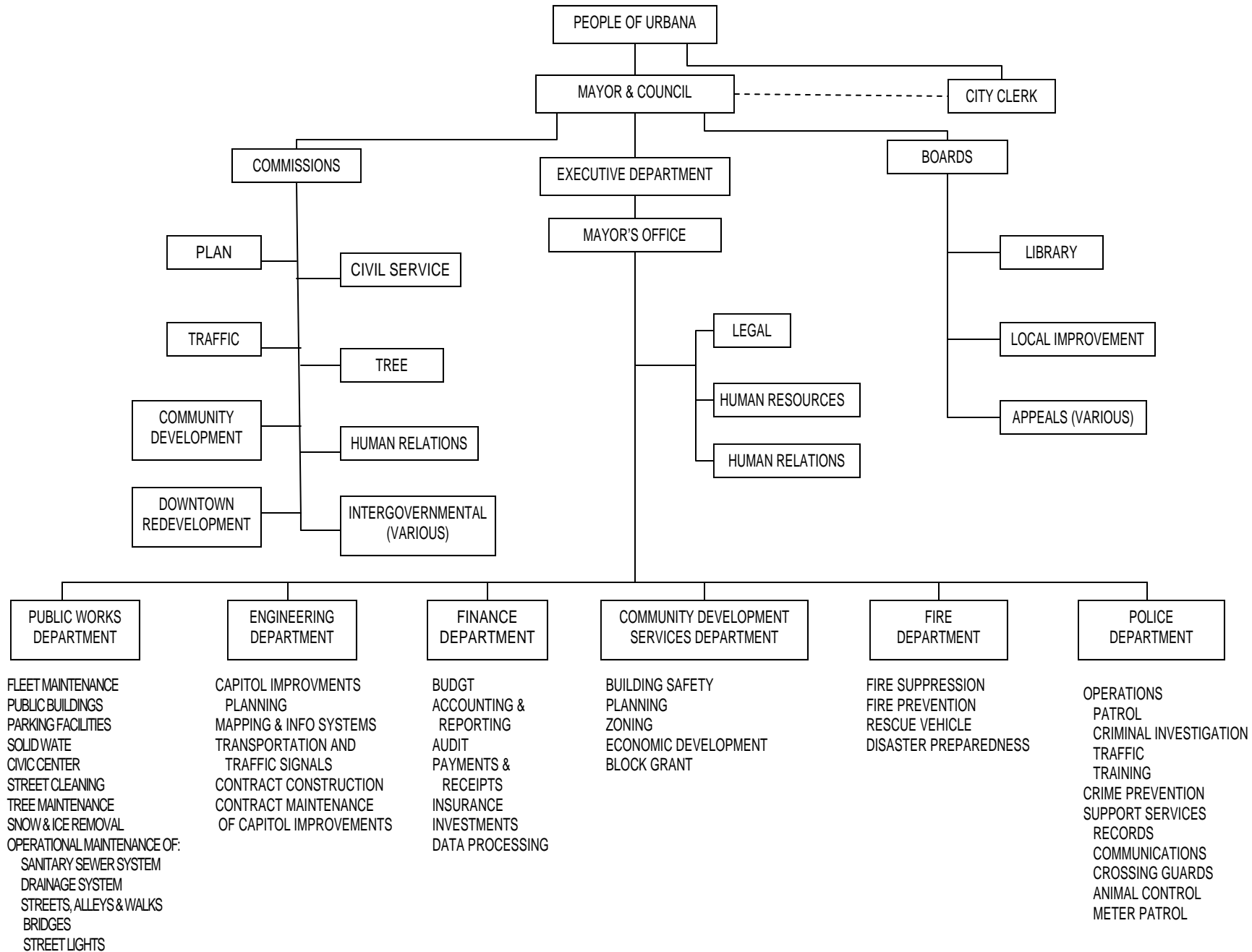
City Attorney
Ronald O'Neal, Jr.

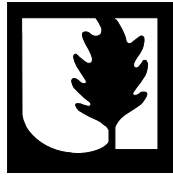
City Comptroller
Ronald C. Eldridge

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



BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

KARL E. DRAKE, CPA
 CURTIS D. LILES, CPA
 R. NEIL RICHARDSON, CPA

1606 N. Willow View Road, Suite 1E
 Urbana, Illinois 61802-7446

Phone 217/337-0004
 Fax 217/337-5822

JAMES P. BRAY, CPA (RETIRED)

December 19, 2008

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

Independent Auditor's Report

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, 2008, 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's 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 **Government 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2008, 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 the Urbana Free Library Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report, dated December 19, 2008, on our consideration of the City of Urbana, Illinois's internal control over financial reporting and on 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 72 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 required supplementary information. However, we did not audit the information and express no opinion on it.

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



BRAY, DRAKE, LILES & RICHARDSON LLP

Management's Discussion and Analysis

June 30, 2008

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, 2008. 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, 2008, by \$119,894,556. Of this amount \$38,556,542 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$6,839,194 (6%) during the year.
- At June 30, 2008, the governmental funds reported combined fund balances of \$31,721,345, of which \$31,285,477 was unreserved and is available for spending at the City's discretion.
- Governmental fund balances increased \$1,201,813 (3.9%) during the year.
- The City's long-term debt decreased \$8,767 due to debt principal retirements of \$142,771 and a net increase in accumulated compensated employee absences of \$134,004.

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, 2008

- 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 the Urbana Free Library Fund, 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, 2008

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, 2008

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 41-71 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the City's I.M.R.F. employee pension obligation. Required supplementary information can be found on page 72 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 73-99 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$42,347	\$45,514	\$3,516	\$2,499	\$45,863	\$48,013
Capital assets	<u>74,059</u>	<u>69,998</u>	<u>5,702</u>	<u>5,948</u>	<u>79,761</u>	<u>75,936</u>
Total assets	<u>\$116,406</u>	<u>\$115,502</u>	<u>\$9,218</u>	<u>\$8,447</u>	<u>\$125,624</u>	<u>\$123,949</u>
Long-term liabilities	1,673	1,568	809	923	2,482	2,491
Other liabilities	<u>3,130</u>	<u>8,329</u>	<u>117</u>	<u>74</u>	<u>3,247</u>	<u>8,403</u>
Total liabilities	<u>\$ 4,803</u>	<u>\$ 9,897</u>	<u>\$ 926</u>	<u>\$ 997</u>	<u>\$ 5,729</u>	<u>\$10,894</u>
Net assets						
Invested in capital assets	74,059	69,988	4,893	5,025	78,952	75,013
Restricted	2,386	2,848	--	--	2,386	2,848
Unrestricted	<u>35,158</u>	<u>32,769</u>	<u>3,399</u>	<u>2,425</u>	<u>38,557</u>	<u>35,194</u>
Total net assets	<u>\$111,603</u>	<u>\$105,605</u>	<u>\$8,292</u>	<u>\$7,450</u>	<u>\$119,895</u>	<u>\$113,055</u>

Management's Discussion and Analysis

June 30, 2008

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 \$5,997,381. \$4,071,127 of this amount was used to increase the investment in capital assets. There was an increase in net assets from business-type activities of \$841,813 and a decrease of \$132,219 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,077	\$ 5,166	\$ 1,103	\$ 1,076	\$ 9,180	\$ 6,242
Operating Grants & Contributions	1,720	1,837	--	--	1,720	1,837
Capital Grants & Contributions	46	22	--	--	46	22
General Revenues:						
Property Tax	9,430	9,080	--	--	9,430	9,080
Utility Tax	3,757	3,832	--	--	3,757	3,832
State Sales Tax	5,244	5,033	--	--	5,244	5,033
Other Taxes	1,550	1,552	--	--	1,550	1,552
Intergovernmental, Not Restricted to Specific Programs	5,311	5,300	--	--	5,311	5,300
Investment Income	1,487	1,712	161	136	1,648	1,848
Municipal Sales Tax	3,592	3,060	--	--	3,592	3,060
Other	<u>90</u>	<u>88</u>	<u>--</u>	<u>--</u>	<u>90</u>	<u>88</u>
Total Revenues	<u>\$40,304</u>	<u>\$36,682</u>	<u>\$1,264</u>	<u>\$1,212</u>	<u>\$41,568</u>	<u>\$37,894</u>
Expenses:						
Public Safety	\$12,536	\$11,982	\$ --	\$ --	\$12,536	\$11,982
Highways & Streets	9,728	9,411	--	--	9,728	9,411
General Government	3,019	3,110	--	--	3,019	3,110
Urban Redevelopment And Housing	5,480	5,903	--	--	5,480	5,903
Library Services	3,298	3,103	--	--	3,298	3,103
Motor Vehicle Parking	<u>--</u>	<u>--</u>	<u>667</u>	<u>655</u>	<u>667</u>	<u>655</u>
Total Expenses	<u>\$34,061</u>	<u>\$33,509</u>	<u>\$ 667</u>	<u>\$ 655</u>	<u>\$34,728</u>	<u>\$34,164</u>

Management's Discussion and Analysis

June 30, 2008

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Increase in Net Assets						
Before Transfers	\$ 6,243	\$ 3,173	\$ 597	\$ 557	\$ 6,840	\$ 3,730
Transfers In (Out)	<u>(245)</u>	<u>500</u>	<u>245</u>	<u>(500)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 5,998	\$ 3,673	\$ 842	\$ 57	6,840	3,730
Net Assets, Beg. 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>
Net Assets, End Year	<u>\$111,603</u>	<u>\$105,605</u>	<u>\$8,292</u>	<u>\$7,450</u>	<u>\$119,895</u>	<u>\$113,055</u>

- As noted, net assets from governmental activities increased \$5,997,381 (5.7% growth). This increase is greater than last year when net assets from government activities increased \$3,673,654 (3.6% growth). Total revenues increased 9.9% compared to last year and expenses increased 1.6%. Reasons for some significant revenue changes were:
 - Charges for services increased \$2,911,050 or 56%. This increase was because in 2008, the City completed a unusual amount of capital improvement projects (approximately \$2.5 million) in which private developers were charged and reimbursed the City for a portion of these costs. This revenue increase should be considered of a non-recurring nature. The amount to be received in 2009 is expected to return to a more normal amount.
 - Investment income decreased \$224,434 or 13% due to decreases in the fair value of investments in stock equity mutual funds during 2008. This revenue increase should be considered of a non-recurring nature.
 - Municipal sales tax revenue increased \$532,653 or 17% due to the opening of a new Walmart retail store and an increase in the local sales tax rate during. This revenue increase should be considered of a recurring nature.
- As noted earlier, expenses increased 1.6%. Significant expense changes were:
 - Urban redevelopment and housing decreased \$422,722 or 7% due to a higher level of payments under certain economic development incentive agreements last year. The amounts paid under these agreements returned to a more normal level in 2008. This cost decrease should be considered of a non-recurring nature.

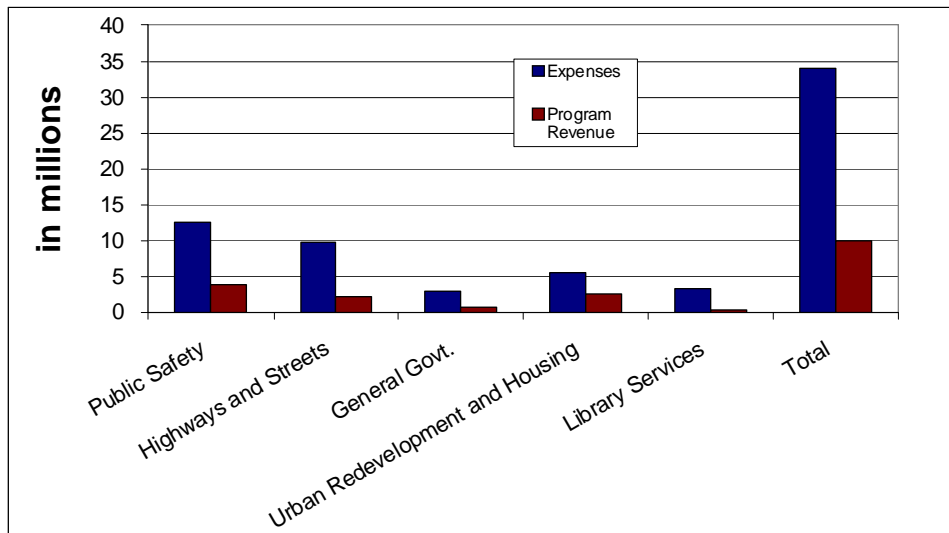
Management's Discussion and Analysis

June 30, 2008

- General government costs decreased \$90,890 or 3% due to the payment of certain legal costs last year. The amounts paid for legal costs returned to a more normal level in 2008. This cost decrease should be considered of a recurring nature.
- Library services increased \$194,622 or 6% due to unusual increases in utility operating costs of the library building. 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 29% of expenses in 2008, an increase from last year's amount of 23%. The reasons for this increase were highlighted under significant revenues changes above. The 23% in 2007 is a more normal level.

Expenses and Program Revenues – Governmental Activities

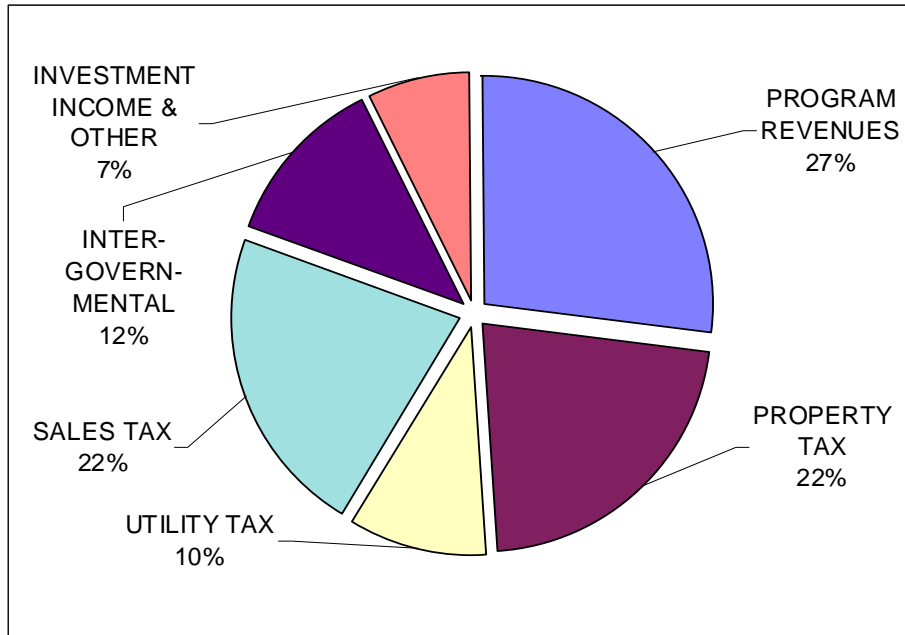


- Revenues for the City are generated from a number of different sources and for the most part are dependent on different financial factors. This relative mix of different revenue sources, as illustrated in the chart below, provides long-term stability.

Management's Discussion and Analysis

June 30, 2008

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 \$31,721,345 (99% is unreserved), an increase of \$1,201,813 over last year (3.9%).

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$2,100,153. Planned transfers of \$1,850,230 to various other funds mainly for certain other operating expenses meant the fund balance increased \$249,923 for the year to \$6,386,616 at June 30, 2008. Management believes this is an acceptable level of fund balance (26% of total expenditures and transfers; 25% last year). This increase is approximately 4% and is also considered in the normal range by management.

Other Major Governmental Funds:

Vehicle and Equipment Replacement Fund. Expenditures exceeded revenues by \$711,395. Planned transfers of \$785,767 from other funds, mainly to finance equipment purchases, meant the fund balance increased \$74,372 for the year to \$4,942,435. It is not unusual for this fund to fluctuate with significant increases

Management's Discussion and Analysis

June 30, 2008

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.

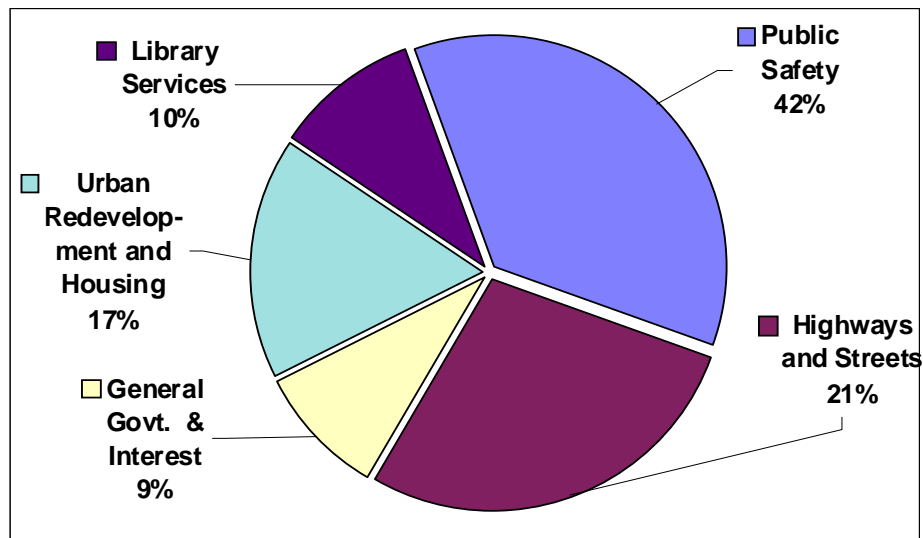
Urbana Free Library Fund. Expenditures exceeded revenues by \$240,168. Planned transfers of \$392,883 from other funds, mainly to finance employee retirement costs, meant the fund balance increased \$152,715 for the year to \$1,733,340. Management believes the amount of fund balance is acceptable.

Other Non-Major Governmental Funds:

During the year, revenues exceeded expenditures in other non-major governmental funds by \$298,079. Net planned transfers of \$426,724 to these funds from other funds mainly for certain operating expenses meant the fund balance increased \$724,803 for the year to a combined total of \$18,658,954 at June 30, 2008. Management believes this is an acceptable level of fund balance.

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

Expenditures by Program – Governmental Activities



Proprietary Funds:

The only City of Urbana proprietary fund is the Motor Vehicle Parking Fund. This fund provides the same information found in the government-wide financial statements, but in

Management's Discussion and Analysis

June 30, 2008

more detail. Unrestricted net assets of the Motor Vehicle Parking Fund at June 30, 2008 were \$2,589,899 which was a increase of \$1,088,153 over last year.

General Fund Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (total increase of \$52,537). The most significant budget amendment was to increase authorized expenditures in Highways and Streets in the amount of \$24,380 due to additional costs from unusual snow removal costs. This total 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.

Total revenues were \$793,238 (3%) higher than the original and final budget. Approximately 78% of this amount was due to state and municipal sales taxes, as the local retail sales levels were stronger than anticipated. Total expenditures were \$2,212,440 lower than the final budget (8.3%) and \$2,159,903 lower than the original budget (8.2%). Fifty-four percent of the total difference was in general government expenditures, approximately split 50% in personnel services and 50% in other services and charges. The amount in personnel services was due to both the Finance and Executive Departments having unusual personnel vacancies during the year. The difference in other services and charges was due to the City incurring a lower worker compensation expense than budgeted. Unspent amounts in other departments were in the range of 4-6%, which is considered normal.

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, 2008, was \$78,952,038 (net of accumulated depreciation), an increase of \$3,938,908 over last year. This increase is larger than last year's increase (\$2,637,528). 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 \$6,692,979 in total capital assets
- Addition of \$5,075,014 in infrastructure, of which \$255,851 was spent in resurfacing Lierman Avenue, \$302,032 in improving the Philo/Colorado intersection improvements, \$1,695,278 in improving the Windsor Road/Philo Road intersection area, and \$1,187,910 in the annual asphalt patching city-wide project. All other individual infrastructure improvements cost less than \$250,000.

Management's Discussion and Analysis

June 30, 2008

- Addition of \$258,660 in buildings and improvements, the largest item costing \$80,753 for improvements made to fire department overhead door system.
- Addition of \$1,330,346 in equipment, of which \$482,550 was spent to purchase a new police and fire radio dispatching system and \$285,179 was spent to purchase a landscape recycling grinder machine used in the Public Works Department. All other equipment additions cost less than \$50,000.
- Depreciation expense of \$3,221,000 was charged (\$2,179,693 was for infrastructure)

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

	Governmental Activities		Business-type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 3,551	\$ 3,551	\$3,722	\$ 3,722	\$ 7,273	\$ 7,273
Building and Improvements	14,894	14,940	1,752	1,993	16,646	16,933
Equipment	4,039	3,447	228	234	4,267	3,681
Infrastructure	<u>51,575</u>	<u>48,050</u>	<u>--</u>	<u>--</u>	<u>51,575</u>	<u>48,050</u>
Total Net Capital Assets	<u>\$74,059</u>	<u>\$69,988</u>	<u>\$5,702</u>	<u>\$ 5,949</u>	<u>\$79,761</u>	<u>\$75,937</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 \$808,981 at June 30, 2008. 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Special revenue bonds	\$ --	\$ --	\$ 809	\$ 923	\$ 809	\$923
Accumulated employee Absences	1,387	1,253	--	--	1,387	1,253
Landfill post-closure Monitoring	<u>287</u>	<u>315</u>	<u>--</u>	<u>--</u>	<u>287</u>	<u>315</u>
Total	\$1,674	\$1,568	\$ 809	\$ 923	\$2,483	\$2,491

During the year, \$114,121 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$1,602,118 of accumulated employee absences was retired and \$1,736,122 in additional accumulated employee absences was accrued.

Management's Discussion and Analysis

June 30, 2008

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 7.2% last year and has averaged 7.3% annual growth over the last 10 years. The City of Urbana has been very aggressive in encouraging new business development, encouraging new housing construction, and annexing properties into the city limits. These actions have been the primary reason for this growth along with inflationary growth in property values. We believe the future of the local real estate market remains strong, although growth in assessed value will be closer to a 5-6% increase in the future.

The general fund budget for next year has increased 6.2%. This increase was above normal inflationary increase as the City added an attorney and experienced significant increases in electricity rates and fuel costs. 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, 2008

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,257	\$ 350	\$ 3,607
Checking	34,084	-	34,084
Savings	7,558,359	591,845	8,150,204
Illinois Public Treasurer's Pool	1,746,703	-	1,746,703
Money Market Funds	7,951	-	7,951
Investments	18,470,383	2,916,178	21,386,561
Receivables (Net of Uncollectibles)	7,213,544	13,347	7,226,891
Internal Balances	5,740	(5,740)	-
Prepaid Items	385,868	-	385,868
Inventory of Supplies, at Cost	95,134	-	95,134
Investment in Joint Venture	45,294	-	45,294
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	9,276	-	9,276
Savings	647,568	-	647,568
Illinois Public Treasurer's Pool	363,445	-	363,445
Money Market Funds	220,425	-	220,425
Investments	1,070,895	-	1,070,895
Receivables	74,367	-	74,367
Overfunded Net Pension Obligation	4,394,655	-	4,394,655
Capital Assets:			
Land	3,551,037	3,721,624	7,272,661
Other Capital Assets (Net of Accumulated Depreciation):			
Buildings and Improvements	14,893,785	1,752,290	16,646,075
Equipment	4,038,832	228,086	4,266,918
Infrastructure	51,575,365	-	51,575,365
Total Assets	<u>\$ 116,405,967</u>	<u>\$ 9,217,980</u>	<u>\$ 125,623,947</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 2,404,802	\$ 24,679	\$ 2,429,481
Accrued Interest	-	13,082	13,082
Accrued Salaries and Taxes	496,285	2,701	498,986
Unearned Revenues	228,961	76,638	305,599
Non-Current Liabilities:			
Due Within One Year	850,864	124,942	975,806
Due After More Than One Year	822,398	684,039	1,506,437
Total Liabilities	<u>4,803,310</u>	<u>926,081</u>	<u>5,729,391</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	74,059,019	4,893,019	78,952,038
Restricted for:			
Highways and Streets	2,012,332	-	2,012,332
Library Building Expansion	220,865	-	220,865
Library Materials	152,779	-	152,779
Unrestricted	<u>35,157,662</u>	<u>3,398,880</u>	<u>38,556,542</u>
Total Net Assets	<u>111,602,657</u>	<u>8,291,899</u>	<u>119,894,556</u>
Total Liabilities and Net Assets	<u>\$ 116,405,967</u>	<u>\$ 9,217,980</u>	<u>\$ 125,623,947</u>

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2008

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 12,536,375	\$ 3,846,932	\$ 33,173	\$ 6,193	\$ (8,650,077)	\$ -	\$ (8,650,077)
Highways and Streets	9,728,512	2,291,952	-	-	(7,436,560)	-	(7,436,560)
General Government	3,018,600	771,398	-	-	(2,247,202)	-	(2,247,202)
Urban Redevelopment & Housing	5,480,103	1,002,797	1,562,903	40,000	(2,874,403)	-	(2,874,403)
Library Services	3,297,632	164,286	123,509	-	(3,009,837)	-	(3,009,837)
Total Governmental Activities	<u>34,061,222</u>	<u>8,077,365</u>	<u>1,719,585</u>	<u>46,193</u>	<u>(24,218,079)</u>	<u>-</u>	<u>(24,218,079)</u>
Business-Type Activities:							
Motor Vehicle Parking	667,669	1,103,371	-	-	-	435,702	435,702
Total Functions/Programs	<u>\$ 34,728,891</u>	<u>\$ 9,180,736</u>	<u>\$ 1,719,585</u>	<u>\$ 46,193</u>	<u>(24,218,079)</u>	<u>435,702</u>	<u>(23,782,377)</u>
General Revenues:							
					9,430,134	-	9,430,134
					3,757,011	-	3,757,011
					5,243,668	-	5,243,668
					839,160	-	839,160
					710,958	-	710,958
					5,310,996	-	5,310,996
					1,487,346	161,255	1,648,601
					93,252	-	93,252
					3,592,417	-	3,592,417
					(4,626)	-	(4,626)
					(244,856)	244,856	-
					<u>30,215,460</u>	<u>406,111</u>	<u>30,621,571</u>
					5,997,381	841,813	6,839,194
					105,605,276	7,450,086	113,055,362
					<u>\$ 111,602,657</u>	<u>\$ 8,291,899</u>	<u>\$ 119,894,556</u>

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

Governmental Funds - Combined Balance Sheet

June 30, 2008

ASSETS	<u>General</u>	<u>Vehicle and Equipment Replacement</u>	<u>Urbana Free Library</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and Cash Equivalents:					
Cash on Hand	\$ 2,641	\$ -	\$ 516	\$ 100	\$ 3,257
Checking	11,200	-	19,173	3,711	34,084
Savings	3,797,698	97,234	1,117,280	2,466,013	7,478,225
Illinois Public Treasurer's Pool	1,706,465	-	-	40,238	1,746,703
Money Market Funds	-	-	-	7,951	7,951
Investments	399,371	4,868,970	-	13,202,042	18,470,383
Receivables (Net of Uncollectibles)	3,685,860	-	1,303,403	2,224,281	7,213,544
Due from Other Funds	-	-	89,941	300,173	390,114
Prepaid Expenditures	351,985	-	-	33,883	385,868
Restricted Assets:					
Cash and Cash Equivalents:					
Checking	-	-	9,276	-	9,276
Savings	-	-	143,503	504,065	647,568
Illinois Public Treasurer's Pool	-	-	-	363,445	363,445
Money Market Funds	-	-	220,425	-	220,425
Investments	-	-	-	1,070,895	1,070,895
Receivables	-	-	440	73,927	74,367
Due from Other Funds	-	-	-	78,378	78,378
Total Assets	<u>\$ 9,955,220</u>	<u>\$ 4,966,204</u>	<u>\$ 2,903,957</u>	<u>\$ 20,369,102</u>	<u>\$ 38,194,483</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ 454,045	\$ 2,611	\$ -	\$ 78,313	\$ 534,969
Accounts Payable	1,917,001	8,673	39,211	405,611	2,370,496
Accrued Salaries and Taxes	401,129	-	87,996	2,870	491,995
Deferred Revenues	796,429	12,485	1,043,410	1,223,354	3,075,678
Total Liabilities	<u>3,568,604</u>	<u>23,769</u>	<u>1,170,617</u>	<u>1,710,148</u>	<u>6,473,138</u>
Fund Balance:					
Reserved for Prepaid Expenditures	351,985	-	-	33,883	385,868
Reserved for Loans Receivable	-	-	-	50,000	50,000
Unreserved, Reported In:					
General Fund	6,034,631	-	-	-	6,034,631
Special Revenue Funds	-	4,942,435	1,733,340	13,476,999	20,152,774
Capital Projects Funds	-	-	-	5,098,072	5,098,072
Total Fund Balance	<u>6,386,616</u>	<u>4,942,435</u>	<u>1,733,340</u>	<u>18,658,954</u>	<u>31,721,345</u>
Total Liabilities and Fund Balance	<u>\$ 9,955,220</u>	<u>\$ 4,966,204</u>	<u>\$ 2,903,957</u>	<u>\$ 20,369,102</u>	<u>\$ 38,194,483</u>

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, 2008

Total fund balances, governmental funds	\$ 31,721,345
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	73,959,872
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	7,286,666
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	308,036
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(1,673,262)</u>
Net assets of governmental activities	<u>\$ 111,602,657</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, 2008

	General	Vehicle and Equipment Replacement	Urbana Free Library	Other Governmental Funds	Totals
Revenues:					
Property Tax	\$ 3,801,422	\$ -	\$ 2,511,917	\$ 2,944,340	\$ 9,257,679
Utility Tax	3,757,011	-	-	-	3,757,011
State Sales Tax	5,243,668	-	-	-	5,243,668
Sewer Benefit Tax	-	-	-	839,160	839,160
Hotel/Motel Tax	710,958	-	-	-	710,958
Intergovernmental	5,491,060	39,366	186,413	2,881,684	8,598,523
Net Investment Earnings	167,907	272,681	42,550	995,594	1,478,732
Licenses, Fines, and Service Charges	3,626,745	43,786	164,286	2,720,799	6,555,616
Other	-	9,841	78,923	4,488	93,252
Municipal Sales Tax	3,592,417	-	-	-	3,592,417
Total Revenues	26,391,188	365,674	2,984,089	10,386,065	40,127,016
Expenditures:					
Current:					
Public Safety	13,026,022	87,309	-	-	13,113,331
Highways and Streets	6,568,986	-	-	159,898	6,728,884
General Government	2,727,394	9,336	-	205,629	2,942,359
Urban Redevelopment and Housing	1,603,441	-	-	3,859,910	5,463,351
Library Services	-	-	3,117,803	-	3,117,803
Capital Outlay	365,192	980,424	106,454	5,862,549	7,314,619
Total Expenditures	24,291,035	1,077,069	3,224,257	10,087,986	38,680,347
Excess of Revenues Over (Under) Expenditures	2,100,153	(711,395)	(240,168)	298,079	1,446,669
Other Financing Sources (Uses):					
Transfers In	-	785,767	392,883	1,882,891	3,061,541
Transfers Out	(1,850,230)	-	-	(1,456,167)	(3,306,397)
Total Other Financing Sources (Uses)	(1,850,230)	785,767	392,883	426,724	(244,856)
Net Changes in Fund Balances	249,923	74,372	152,715	724,803	1,201,813
Fund Balance, Beginning of Year:	6,136,693	4,868,063	1,580,625	17,934,151	30,519,532
Fund Balance, End of Year	\$ 6,386,616	\$ 4,942,435	\$ 1,733,340	\$ 18,658,954	\$ 31,721,345

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

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

Fiscal Year Ended June 30, 2008

Net change in fund balance, total governmental funds	\$ 1,201,813
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.	4,057,732
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	172,456
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.	621,182
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.	(109,981)
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	<u>54,179</u>
Change in net assets of governmental activities	<u><u>\$ 5,997,381</u></u>

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

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 4,054,670	\$ 4,054,670	\$ 3,801,422	\$ (253,248)
Utility Tax	3,537,450	3,537,450	3,757,011	219,561
State Sales Tax	4,986,030	4,986,030	5,243,668	257,638
Hotel/Motel Tax	786,440	786,440	710,958	(75,482)
Intergovernmental	5,353,570	5,353,570	5,491,060	137,490
Net Investment Earnings:				
Interest	88,690	88,690	165,064	76,374
Net Increase (Decrease) in Fair Value of Investments	-	-	2,843	2,843
Subtotal, Net Investment Earnings	88,690	88,690	167,907	79,217
Licenses, Fines, and Service Charges	3,566,020	3,566,020	3,626,745	60,725
Municipal Sales Tax	3,225,080	3,225,080	3,592,417	367,337
Total Revenues	\$ 25,597,950	\$ 25,597,950	\$ 26,391,188	\$ 793,238
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 8,193,861	\$ 8,265,202	\$ 6,305,384	\$ 1,959,818
Materials & Supplies	47,460	47,480	31,053	16,427
Other Services & Charges	1,035,960	1,035,960	917,759	118,201
Total Police	9,277,281	9,348,642	7,254,196	2,094,446
Fire:				
Personnel Services	6,391,232	6,300,318	5,198,144	1,102,174
Materials & Supplies	67,890	67,890	67,606	284
Other Services & Charges	513,303	513,303	506,076	7,227
Total Fire	6,972,425	6,881,511	5,771,826	1,109,685
Total Public Safety	16,249,706	16,230,153	13,026,022	3,204,131
Highways and Streets:				
Personnel Services	4,184,690	4,207,654	4,068,719	138,935
Materials & Supplies	555,230	563,230	577,979	(14,749)
Other Services & Charges	2,050,074	2,057,452	1,922,288	135,164
Total Highways and Streets	6,789,994	6,828,336	6,568,986	259,350

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 1,095,184	\$ 1,096,104	\$ 838,198	\$ 257,906
Materials & Supplies	19,840	19,840	19,822	18
Other Services & Charges	326,049	326,049	280,349	45,700
Total Executive	<u>1,441,073</u>	<u>1,441,993</u>	<u>1,138,369</u>	<u>303,624</u>
Finance:				
Personnel Services	1,332,790	1,354,527	1,116,765	237,762
Materials & Supplies	54,910	54,910	48,222	6,688
Other Services & Charges	1,049,088	843,048	189,955	653,093
Total Finance	<u>2,436,788</u>	<u>2,252,485</u>	<u>1,354,942</u>	<u>897,543</u>
City Clerk:				
Personnel Services	170,390	173,347	167,979	5,368
Materials & Supplies	2,640	2,640	2,290	350
Other Services & Charges	26,580	26,580	21,866	4,714
Total City Clerk	<u>199,610</u>	<u>202,567</u>	<u>192,135</u>	<u>10,432</u>
Legislative:				
Personnel Services	35,000	35,000	35,000	-
Materials & Supplies	750	750	30	720
Other Services & Charges	9,300	9,300	6,918	2,382
Total Legislative	<u>45,050</u>	<u>45,050</u>	<u>41,948</u>	<u>3,102</u>
Total General Government	<u>4,122,521</u>	<u>3,942,095</u>	<u>2,727,394</u>	<u>1,214,701</u>
Urban Redevelopment and Housing:				
Personnel Services	1,106,790	1,106,790	1,063,956	42,834
Materials & Supplies	18,930	18,930	12,173	6,757
Other Services & Charges	587,980	597,414	527,312	70,102
Total Urban Redevelopment and Housing	<u>1,713,700</u>	<u>1,723,134</u>	<u>1,603,441</u>	<u>119,693</u>
Total Current Expenditures	28,875,921	28,723,718	28,723,718	4,797,875
Capital Outlay	421,629	421,629	365,192	56,437
Total Expenditures	<u>\$ 29,297,550</u>	<u>\$ 29,145,347</u>	<u>\$ 29,145,347</u>	<u>\$ 4,854,312</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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 24,953	\$ 24,953	\$ 39,366	\$ 14,413
Investment Earnings:				
Interest	140,000	140,000	205,185	65,185
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	67,496	67,496
Total Net Investment Earnings	<u>140,000</u>	<u>140,000</u>	<u>272,681</u>	<u>132,681</u>
Licenses, Fines and Service Charges	39,282	39,282	43,786	4,504
Other	<u>30,000</u>	<u>30,000</u>	9,841	<u>(20,159)</u>
Total Revenues	<u>234,235</u>	<u>234,235</u>	<u>365,674</u>	<u>131,439</u>
Expenditures:				
Current:				
Public Safety:				
Materials and Supplies	71,574	71,574	32,879	38,695
Contractual Services	64,366	64,366	54,430	9,936
Total Public Safety	<u>135,940</u>	<u>135,940</u>	<u>87,309</u>	<u>48,631</u>
General Government:				
Contractual Services	<u>10,059</u>	<u>10,059</u>	9,336	723
Total Current Expenditures	145,999	145,999	96,645	49,354
Capital Outlay	<u>2,190,175</u>	<u>2,265,914</u>	<u>980,424</u>	<u>1,285,490</u>
Total Expenditures	<u>2,336,174</u>	<u>2,411,913</u>	<u>1,077,069</u>	<u>1,334,844</u>
Net Revenues Over (Under) Expenditures	(2,101,939)	(2,177,678)	(711,395)	1,466,283
Other Financing Sources (Uses):				
Transfers In	<u>770,150</u>	<u>784,788</u>	<u>785,767</u>	<u>979</u>
Net Change in Fund Balance	(1,331,789)	(1,392,890)	74,372	1,467,262
Fund Balance, Beginning of Year	<u>4,868,063</u>	<u>4,868,063</u>	<u>4,868,063</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,536,274</u>	<u>\$ 3,475,173</u>	<u>\$ 4,942,435</u>	<u>\$ 1,467,262</u>

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

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,637,836	\$ 2,637,836	\$ 2,511,917	\$ (125,919)
Intergovernmental	160,616	160,616	186,413	25,797
Net Investment Earnings - Interest	30,000	30,000	42,550	12,550
Licenses, Fines, and Service Charges	132,400	132,400	164,286	31,886
Other-Donations	-	-	78,923	78,923
	<u>2,960,852</u>	<u>2,960,852</u>	<u>2,984,089</u>	<u>23,237</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	2,318,970	2,318,970	2,208,405	110,565
Materials and Supplies	508,270	508,270	420,007	88,263
Contractual Services	520,445	539,845	489,391	50,454
	<u>3,347,685</u>	<u>3,367,085</u>	<u>3,117,803</u>	<u>249,282</u>
Total Library Services				
Capital Outlay	28,100	107,275	106,454	821
	<u>3,375,785</u>	<u>3,474,360</u>	<u>3,224,257</u>	<u>250,103</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(414,933)	(513,508)	(240,168)	273,340
Other Financing Sources (Uses):				
Transfers In	414,933	414,933	392,883	(22,050)
	<u>-</u>	<u>(98,575)</u>	<u>152,715</u>	<u>251,290</u>
Net Change in Fund Balance				
Fund Balance, Beginning of Year	1,580,625	1,580,625	1,580,625	-
	<u>\$ 1,580,625</u>	<u>\$ 1,482,050</u>	<u>\$ 1,733,340</u>	<u>\$ 251,290</u>
Fund Balance, End of Year				

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

Proprietary Funds
Statement of Net Assets
June 30, 2008

	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	591,845	582,322	80,134
Total Cash and Cash Equivalents	<u>592,195</u>	<u>582,672</u>	<u>80,134</u>
Investments (At Fair Value)	2,916,178	1,890,934	-
Receivables (Net of Uncollectibles):			
Accounts	13,347	3,095	-
Due from Other Funds	-	22,172	72,217
Inventory of Supplies	-	-	95,134
Total Current Assets	<u>3,521,720</u>	<u>2,498,873</u>	<u>247,485</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	6,223,152	6,218,512	-
Equipment	540,890	520,391	208,508
Less Accumulated Depreciation	<u>(4,783,666)</u>	<u>(4,512,187)</u>	<u>(109,361)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,702,000</u>	<u>5,948,340</u>	<u>99,147</u>
Total Assets	<u>9,223,720</u>	<u>8,447,213</u>	<u>346,632</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	5,740	-	-
Accounts Payable	24,679	6,232	34,306
Accrued Interest	13,082	14,468	-
Accrued Salaries and Taxes	2,701	2,332	4,290
Deferred Revenue	76,638	50,993	-
General Obligation Bonds-Current	<u>124,942</u>	<u>114,121</u>	<u>-</u>
Total Current Liabilities	247,782	188,146	38,596
Non-Current Liabilities:			
General Obligation Bonds	<u>684,039</u>	<u>808,981</u>	<u>-</u>
Total Liabilities	<u>931,821</u>	<u>997,127</u>	<u>38,596</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,702,000	5,948,340	99,147
Unrestricted	<u>2,589,899</u>	<u>1,501,746</u>	<u>208,889</u>
Total Net Assets	<u>\$ 8,291,899</u>	<u>\$ 7,450,086</u>	<u>\$ 308,036</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, 2008

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 829,939	\$ 811,642	\$ -
Parking Rentals	273,432	263,960	-
Charges for Services	-	-	935,897
Total Operating Revenues	<u>1,103,371</u>	<u>1,075,602</u>	<u>935,897</u>
Operating Expenses:			
Personnel Services	162,659	153,831	296,667
Supplies	37,362	40,619	15,296
Contractual Services	158,616	153,868	88,304
Equipment Parts	-	-	173,847
Fuel	-	-	302,814
Depreciation	271,479	265,895	13,404
Total Operating Expenses	<u>630,116</u>	<u>614,213</u>	<u>890,332</u>
Operating Income (Loss)	<u>473,255</u>	<u>461,389</u>	<u>45,565</u>
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	161,255	136,396	8,614
Interest Expense	<u>(37,553)</u>	<u>(40,648)</u>	<u>-</u>
Total Non Operating Revenues (Expenses)	<u>123,702</u>	<u>95,748</u>	<u>8,614</u>
Income (Loss) Before Transfers	596,957	557,137	54,179
Transfers (Out)	<u>244,856</u>	<u>(500,387)</u>	<u>-</u>
Change in Net Assets	841,813	56,750	54,179
Net Assets, Beginning of Year	<u>7,450,086</u>	<u>7,393,336</u>	<u>253,857</u>
Net Assets, End of Year	<u>\$ 8,291,899</u>	<u>\$ 7,450,086</u>	<u>\$ 308,036</u>

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

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2008

	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	\$ 1,146,676	\$ 1,048,640	\$ 925,005
Payments to Employees	(162,290)	(154,440)	(296,787)
Payments to Suppliers	(177,531)	(193,976)	(590,475)
Net Cash Provided by (Used in) Operating Activities	<u>806,855</u>	<u>700,224</u>	<u>37,743</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	<u>244,856</u>	<u>(500,387)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Buildings and Improvements	(4,640)	(123,350)	-
Purchase of Equipment	(20,499)	(9,775)	(26,799)
Payment of Interest on Debt	(38,939)	(41,826)	-
Payment of Debt Principal	(114,121)	(103,368)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(178,199)</u>	<u>(278,319)</u>	<u>(26,799)</u>
Cash Flows from Investing Activities:			
Purchase of Investments	(1,025,244)	(260,370)	-
Investment Income	161,255	136,396	8,614
Net Cash Provided by (Used in) Investing Activities	<u>(863,989)</u>	<u>(123,974)</u>	<u>8,614</u>
Increase (Decrease) in Cash and Cash Equivalents	9,523	(202,456)	19,558
Beginning Cash and Cash Equivalents	<u>582,672</u>	<u>785,128</u>	<u>60,576</u>
Ending Cash and Cash Equivalents	<u>\$ 592,195</u>	<u>\$ 582,672</u>	<u>\$ 80,134</u>

(Continued)

CITY OF URBANA

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2008

	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)	\$ 473,255	\$ 461,389	\$ 45,565
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	271,479	265,895	13,404
Decrease (Increase) in Accounts Receivable	(10,252)	12,928	-
Decrease (Increase) in Due from Other Funds	22,172	(22,172)	(10,892)
(Increase) in Inventory of Supplies	-	-	(5,199)
Increase (Decrease) in Due to Other Funds	5,740	(3,307)	-
Increase (Decrease) in Accounts Payable	18,447	3,819	(5,015)
Increase (Decrease) in Accrued Salaries and Taxes	369	(609)	(120)
Increase (Decrease) in Deferred Revenues	25,645	(17,719)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 806,855</u>	<u>\$ 700,224</u>	<u>\$ 37,743</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, 2008

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 2,100
Savings	1,952,630
Money Market Funds	220,122
Total Cash and Cash Equivalents	2,174,852
Investments (at Fair Value):	
U.S. Government Securities	23,189,532
Certificates of Deposit	2,192,952
Mutual Funds	20,729,971
Total Investments	46,112,455
Receivables (Net of Uncollectibles):	
Property Tax	1,265,882
Member Loans	34,834
Accrued Interest	155,941
Total Assets	49,743,964
LIABILITIES	
Accounts Payable	23,964
Accrued Salaries and Taxes	11,196
Total Liabilities	35,160
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 49,708,804

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, 2008

Additions:

Employer Contributions	\$	2,641,852
Employee Contributions		1,252,165
Total Contributions		<u>3,894,017</u>
Investment Income:		
Interest and Dividends		2,190,865
Net Increase (Decrease) in Fair Value of Investments		<u>(1,947,578)</u>
Total Investment Income		243,287
Less Investment Expense		<u>(94,481)</u>
Net Investment Income		<u>148,806</u>
Total Additions		<u>4,042,823</u>

Deductions:

Benefits		2,990,610
Administrative Costs		<u>34,683</u>
Total Deductions		<u>3,025,293</u>
Change in Net Assets		1,017,530
Net Assets Beginning of Year		<u>48,691,274</u>
Net Assets, End of Year	\$	<u><u>49,708,804</u></u>

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

Notes to Financial Statements

June 30, 2008

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

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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.

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

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 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.

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.

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, 2008, there were no certificates of deposit considered to be a cash equivalent. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does

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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 September of the following year. The Champaign County Treasurer remits

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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 (\$95,134), 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, 2008.

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	\$2,846,717
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	45,294
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>4,394,655</u>
Total	<u>\$7,286,666</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	\$1,386,762
Future landfill monitoring	<u>286,500</u>
Total	<u>\$1,673,262</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	\$7,265,328
Depreciation	<u>(3,207,596)</u>
Total	<u>\$4,057,732</u>

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was increased by the decrease in the investment in the joint venture, which is shown as an asset.	\$ (4,626)
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	<u>(134,005)</u>
Total	<u>\$(109,981)</u>

Note 3 – Stewardship, Compliance, and Accountability:

A. Budgetary Information – The Mayor and Budget Officer (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 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 \$967,889 for all funds. Significant budget changes that were approved were:

- a. to add \$180,000 for outside consulting costs to study possible future street improvements along University Avenue in the Capital Improvement and Replacement Capital Projects Fund. The additional amount will be paid by a grant from the State of Illinois.
- b. to add \$75,000 for outside consulting costs to study possible future street improvements along Cunningham Avenue. The additional amount will be paid from accumulated fund balance in the Tax Increment Financing District 4 Special Revenue Fund.

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- c. to add \$245,000 for certain street and lighting improvements. The additional amount will be paid from accumulated fund balance in the Capital Improvement and Replacement Capital Projects Fund.
- d. To add \$98,060 for the purchase of equipment. The additional amount will be paid from accumulated fund balance in the Vehicle and Equipment Replacement Special Revenue Fund.
- e. To add \$172,248 for the costs of conducting a special census to help determine the population of the City of Urbana. The additional amount will be paid from accumulated fund balance in the Economic Development 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, 2008, 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	\$18,871,727	
U.S. Government Implied Obligation Agencies	<u>23,501,602</u>	
Subtotal, U.S. Government and It's Agencies	42,373,329	6.1
Certificates of Deposit	<u>5,112,723</u>	1.4
Subtotal Fixed Income or Interest Bearing	47,486,052	
Stock Equity Mutual Funds	20,729,971	n/a
Illinois Metropolitan Investment Trust Fund	<u>353,888</u>	n/a
Total Investments	<u>\$68,569,911</u>	

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Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policies, exposure to declines in fair values are minimized by the following methods:

- (1) For all funds except fiduciary funds, the portfolio is structured 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, the investment policy establishes a goal that the fixed income portion be structured 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 72%) than the goal, underweighted in the 6-10 year maturity cycle (actual 18%), underweighted in the 11-15 year cycle (actual 6%), underweighted in the 16-20 year cycle (actual 4%) and underweighted in 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 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 minimum and maximum level for each category of investment. At June 30, 2008, the fund's investment types are all within the stated minimum and maximum levels.
- (3) For investments in the Police Pension Fiduciary Fund, interest rate risk for the fixed income portion of the portfolio is minimized by selecting an active duration manager. This manager is charged with managing interest rate risk given current economic conditions and the current position in the interest rate cycle. The average weighted maturity of the portfolio varies depending on the decisions of the manager at various times. The Board of the Fund and the fund's investment advisor review any changes in average weighted maturity. At June 30, 2008, the portfolio had an average weighted maturity of 5.3 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 minimum and maximum level for each category of investment. At June 30, 2008, the fund's investments types are all within the stated minimum and maximum levels.

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Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City investment policy helps limit the City's exposure to credit risk by only allowing investments 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, 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 by policy 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 (\$353,888) 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 investment in the Illinois Public Treasurer's Pool (\$2,110,148) carries no real credit risk in that while not guaranteed, amounts are fully collateralized by high quality instruments such as U.S. Treasury obligations and the pool has been rated AAAM by Standard and Poors. At June 30, 2008, the City had \$448,498 invested in money market accounts (\$220,425 in a money market account rated AAA by Standard and Poors). The remaining balance of money market accounts (\$228,073) 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, 2008, 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):

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

At June 30, 2008, 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.	5%	-	10%	-
Federal Home Loan Mortgage Corp.	16%	10%	-	10%
Federal National Mortgage Association	10%	7%	9%	9%

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

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, 2008, the amount of \$7,721 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.

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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 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. Based on a 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, 2008, and for the year then ended, is as follows:

Total Assets	\$130,354
Total Liabilities	<u>11,783</u>
Total Fund Equity	<u>\$118,571</u>
Total Revenues	\$ 32,894
Total Expenses	<u>45,004</u>
Net Loss	<u>\$ (12,110)</u>

C. Capital Assets:

1) A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
Governmental Activities:				
Land (not being depreciated)	\$ <u>3,551,037</u>	\$ <u> --</u>	\$ <u> --</u>	\$ <u>3,551,037</u>
Capital assets being Depreciated:				
Buildings and Improvements	18,490,599	258,660	(243,280)	18,505,979
Accum. Deprn.	<u>(3,550,417)</u>	<u>(305,057)</u>	<u>243,280</u>	<u>(3,612,194)</u>
Buildings and Improvements Net	<u>14,940,182</u>	<u>(46,397)</u>	<u> --</u>	<u>14,893,785</u>
Equipment	9,021,095	1,330,346	(214,452)	10,136,989
Accum. Deprn.	<u>(5,574,466)</u>	<u>(736,250)</u>	<u>212,559</u>	<u>(6,098,157)</u>
Equipment Net	<u>3,446,629</u>	<u>594,096</u>	<u>(1,893)</u>	<u>4,038,832</u>

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	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
Infrastructure	68,365,022	5,075,014	--	74,070,036
Accum. Depn.	<u>(20,314,978)</u>	<u>(2,179,693)</u>	<u>--</u>	<u>(22,494,671)</u>
Infrastructure Net	<u>48,050,044</u>	<u>3,525,321</u>	<u>--</u>	<u>51,575,365</u>
 Total, Governmental Activities, Net Capital Assets	 <u>\$69,987,892</u>	 <u>\$4,073,020</u>	 <u>\$ (1,893)</u>	 <u>\$74,059,019</u>
 Business-type Activities:				
Land (not being depreciated)	<u>\$ 3,721,624</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,721,624</u>
 Capital assets being Depreciated:				
Buildings and Improvements	6,218,512	8,440	(3,800)	6,223,152
Accum. Depn.	<u>(4,225,793)</u>	<u>(245,069)</u>	<u>--</u>	<u>(4,470,862)</u>
Buildings and Improvements Net	<u>1,992,719</u>	<u>(236,629)</u>	<u>(3,800)</u>	<u>1,752,290</u>
 Equipment	 520,391	 20,499		 540,890
Accum. Depn.	<u>(286,394)</u>	<u>(26,410)</u>	<u>--</u>	<u>(312,804)</u>
Equipment Net	<u>233,997</u>	<u>(5,911)</u>	<u>--</u>	<u>228,086</u>
 Total, Business-type Activities, Net Capital Assets	 <u>\$5,948,340</u>	 <u>\$ (242,540)</u>	 <u>\$ (3,800)</u>	 <u>\$5,702,000</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 419,326
Highways and Streets	2,546,443
General Government	66,215
Urban Redevelopment and Housing	24,049
Library	<u>164,967</u>
 Total Depreciation Expense, Governmental Activities	 <u>\$3,221,000</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

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Notes to Financial Statements

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obligation bonds. As of June 30, 2008, 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 \$1,386,762 were accrued at June 30, 2008. During the year, \$1,602,118 was retired and \$1,736,122 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, 2008, \$286,500 remains outstanding to be paid over the next 10 years. These costs should be paid out of amounts to be provided in future periods, rather than from resources currently available. Each year, this estimate of costs is subject to changes resulting from inflation, technology, or applicable laws. The City has applied the Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs, and has included in long-term debt the liability for the estimated costs to close and maintain the landfill.

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

5) Revenue Bonds – The City of Urbana also issues bonds where income from the acquired or constructed assets is used to pay debt service. At June 30, 2008, 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 5 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>
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>\$ 675,000</u>	<u>\$ 73,731</u>

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During the year, \$105,000 principal was paid and \$25,070 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 9 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>
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>\$ 133,981</u>	<u>\$ 68,548</u>

During the year, \$9,121 of principal was paid and \$12,483 interest was expensed.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2008, including interest of \$180,853 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2009	\$ 159,724
2010	166,273
2011	172,299
2012	177,762
2013	182,673
2014	22,000
2015	22,000
2016	22,000
2017	<u>26,529</u>
	<u>\$951,260</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2008:

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June 30, 2008

	<u>Payable 6/30/07</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts Payable 6/30/08</u>	<u>Due Within One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$1,252,758</u>	<u>\$1,602,118</u>	<u>\$1,736,122</u>	<u>\$1,386,762</u>	<u>\$822,214</u>
Landfill Post-closure Monitoring	<u>\$ 315,150</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 286,500</u>	<u>\$ 28,650</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$ 780,000	\$ 105,000	\$ --	\$ 675,000	\$ 115,000
2002 Tepper Note	<u>143,102</u>	<u>9,121</u>	<u>--</u>	<u>133,981</u>	<u>9,942</u>
Total	<u>\$ 923,102</u>	<u>\$ 114,121</u>	<u>\$ --</u>	<u>\$ 808,981</u>	<u>\$ 124,942</u>

G. Pension and Retirement Fund Commitments:

1. Illinois Municipal Retirement Fund (IMRF):

The City of Urbana contributes to the Illinois Municipal Retirement Fund ("IMRF"), a defined benefit pension plan that provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. I.M.R.F. is an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments 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 2007 was 9.96% and for 2008 is 9.73% of payroll. The employer contribution is established and may be amended by the I.M.R.F. Board of Trustees. For December 31, 2007, the City of Urbana's annual pension cost of \$835,439 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional salary increases ranging from .4% to 10% 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

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the 2007 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, 2007 was 25 years.

Trend Information

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$835,439	100%	\$0
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

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

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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	\$ 1,243,507
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	1,243,507
Contributions Made	<u>1,680,480</u>
Increase (Decrease) in Net Pension Obligation	(436,973)
Net Pension Obligation, Beginning of Year	<u>(2,840,919)</u>
Net Pension Obligation, End of Year	<u><u>\$(3,277,892)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2007, 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 30 year closed period. The negative net pension obligation of \$3,277,892 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, 2005	\$1,048,121	133.9%	(\$2,470,019)
June 30, 2006	\$1,143,288	132.4%	(\$2,840,919)
June 30, 2007	\$1,243,507	135.1%	(\$3,277,892)

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	6/30/05	6/30/06	6/30/07
Actuarial Value Date			
Actuarial Value of Plan Assets	\$16,832,623	\$17,770,352	\$19,393,353
Actuarial Accrued Liability			
(Entry Age Normal Cost)	\$26,849,061	\$28,563,558	\$30,495,402
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$10,016,438	\$10,793,206	\$11,102,049
Funded Ratio	62.7%	62.2%	63.6%
Covered Payroll	\$ 2,760,252	\$2,954,205	\$3,245,524
Unfunded (Overfunded)			
Actuarial Accrued Liability			
As % Covered Payroll	362.9%	365.4%	342.1%

3. Firemen's Pension Fund:

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

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

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

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

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

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Annual Required Contribution	\$ 777,163
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual Pension Cost	777,163
Contributions Made	<u>961,372</u>
Increase (decrease) in Net Pension Obligation	(184,209)
Net Pension Obligation, Beginning of Year	<u>(932,554)</u>
Net Pension Obligation, End of Year	<u><u>\$(1,116,763)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2007, 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 38 year closed period. The negative net pension obligation of \$1,116,763 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, 2005	\$800,420	128.9%	\$ (747,616)
June 30, 2006	\$795,816	123.3%	\$ (932,554)
June 30, 2007	\$777,163	123.7%	\$(1,116,763)

Actuarial Value Date	6/30/05	6/30/06	6/30/07
Actuarial Value of Plan Assets	\$22,450,509	\$23,641,009	\$25,593,372
Actuarial Accrued Liability (Entry Age Normal Cost)	\$27,747,673	\$28,901,672	\$29,931,803
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$ 5,297,164	\$5,260,663	\$4,338,431
Funded Ratio	80.9%	81.8%	85.5%
Covered Payroll	\$ 2,552,316	\$2,652,704	\$2,780,694
Unfunded (Overfunded)			
Actuarial Accrued Liability			
As % Covered Payroll	207.5%	198.3%	156.0%

Notes to Financial Statements

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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, 2008 is not readily ascertainable.

J. Receivables:

At June 30, 2008 the City of Urbana has accrued the following receivables in both the government-wide and governmental fund financial statements (amounts received after the end of the year):

	<u>General</u>	<u>Veh. & Eq. Replacement</u>	<u>Urbana Free Library</u>
Unrestricted:			
Property Tax	\$ 539,767	\$ --	\$1,288,559
Accounts	154,144	--	--
Accrued Interest	--	--	--
Notes (due beyond 1 year)	--	--	--
Due from Other Governments:			
State:			
Income Tax	336,702	--	--
Sales Tax	1,948,776	--	--
Corp. Personal Repl. Tax	60,888	--	14,844
Telecomm. Tax	305,104	--	--
Grants	23,402	--	--
Service Charges	17,500	--	--
Federal, Grants	--	--	--
Other, Service Charges	3,190	--	--
Other Taxes:			
Utility Tax	181,652	--	--
Hotel/Motel Tax	57,072	--	--
Local Sales Tax	26,583	--	--
San. Sewer Tax	--	--	--
Recycling Tax	31,080	--	--
Total	<u>\$3,685,860</u>	<u>\$ --</u>	<u>\$1,303,403</u>

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	<u>General</u>	<u>Veh. & Eq. Replacement</u>	<u>Urbana Free Library</u>
Restricted:			
Accrued Interest	\$ --	\$ --	\$ 440
Due from Other Govt. - State Motor Fuel Tax	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 440</u>
		<u>Other Government</u>	<u>Government Total</u>
Unrestricted (cont'd):			
Property Tax		\$1,415,626	\$3,243,952
Accounts		--	154,144
Accrued Interest		106,274	106,274
Notes		50,000	50,000
Due from Other Governments:			
State:			
Income Tax		--	336,702
Sales Tax		--	1,948,776
Corp Personal Repl Tax		--	75,732
Telecomm. Tax		--	305,104
Grants		62,097	85,499
Service Charges		--	17,500
Federal, Grants		65,328	65,328
Other, Service Charges		322,302	325,492
Other Taxes:			
Utility Tax		--	181,652
Hotel/Motel Tax		--	57,072
Local Sales Tax		--	26,583
San. Sewer Tax		202,654	202,654
Recycling Tax		<u>--</u>	<u>31,080</u>
Total		<u>\$2,224,281</u>	<u>\$7,213,544</u>
Restricted:			
Accrued Interest		\$ --	\$ 440
Due from Other Govt. - State Motor Fuel Tax		<u>73,927</u>	<u>73,927</u>
Total		<u>\$ 73,927</u>	<u>\$ 74,367</u>

K. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

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June 30, 2008

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ --	\$454,045
Vehicle & Equipment Replacement	--	2,611
Urbana Free Library	89,941	--
Other Govt. Funds, Non-Restricted	300,173	78,313
Other Govt. Funds, Restricted	78,378	--
Internal Service Funds:		
Central Garage	<u>72,217</u>	<u>--</u>
Total, Governmental Activities	\$540,709	\$534,969
	<u>Due From</u>	<u>Due To</u>
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>5,740</u>
Total	<u>\$540,709</u>	<u>\$540,709</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	\$ --	\$1,850,230
Veh. & Eq. Replacement	785,767	--
Urbana Free Library	392,883	--
Other Govt. Funds	<u>426,724</u>	<u>--</u>
Total, Govt. Activities	\$1,605,374	\$1,850,230
Business-type Activities:		
Motor Vehicle Parking	<u>244,856</u>	<u>--</u>
Total	<u>\$1,850,230</u>	<u>\$1,850,230</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:

- \$1,175,764 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund to provide for future capital improvements.
- \$893,917 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$480,000 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$396,160 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.

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- \$199,630 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$243,369 from the Motor Vehicle Parking Enterprise Fund to the Tax Increment Financing District 2 Special Revenue Fund as reimbursement for the local match of a state grant.
- \$163,559 from the General Fund to the Tax Stabilization Special Revenue Fund as a planned transfer for future savings.
- \$267,458 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.
- \$807,810 from the Tax Stabilization Special Revenue Fund to the Motor Vehicle Parking Enterprise 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, 2008. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2008. There have been no significant reductions in coverage from the prior year and all

Notes to Financial Statements

June 30, 2008

settlements have been below coverage. Changes in claims liabilities during the past two years are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid Claims, Beginning of Year	\$ 220,521	\$ 348,492
Incurred Claims	69,939	125,370
Claim Payments	<u>(80,595)</u>	<u>(253,341)</u>
Unpaid Claims, End of Year	<u>\$ 209,865</u>	<u>\$ 220,521</u>

B. Deferred Compensation Plan:

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

C. Related Party Transactions:

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

The City of Urbana made payments to the City of Champaign under an agreement that provided police and fire dispatching services to Urbana. These payments totaled \$392,435 in 2008, 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 \$1,392,652 in 2008, and were reported under Intergovernmental Revenues in the General Fund.

D. Subsequent Events:

Subsequent to year end, the market values of the Firemen's and Policemen's Employee Pension Trust Fund's investment in stock mutual funds declined significantly. As of October 7, 2008, the value had declined \$5,337,050 to a total of \$15,547,479. Management of the fund considers this decline to be a function of the normal cyclical changes in the U.S. stock market, although this approximate 26% decline is considered more severe than previous declines in the last 20 years. Since investments in stock mutual funds are considered a long-term investment, the city has no intention of selling

CITY OF URBANA

Notes to Financial Statements

June 30, 2008

this investment until the value returns to a normal level. If this stock market decline continues for a 2 or 3 year period, it will cause the amount required to be contributed to the pension funds to increase, as computed by the annual actuarial valuation .

E. Contingent Liabilities:

1. There are several lawsuits in which the City may potentially be involved. 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. 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 \$10,196,578 to be paid in varying annual payments over the next 15 years.

F. Construction Commitments:

At June 30, 2008, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Area 4B St. Lighting.	Capital Improvement	\$380,000
Harvey St. Impr.	Comm. Dev. Block Grant	240,000
2008 Sewer Lining.	Sanitary Sewer Const.	168,843
Cunningham Ave. Impr.	Tax Increment District 3	119,000
2008 Bridge Impr.	Capital Improvement	69,390
E. Urbana Sewer Interceptor	Sanitary Sewer Const.	62,640
Downtown Parking Study.	Motor Vehicle Parking	33,794
Goodwin Ave. Impr.	Motor Fuel Tax	<u>33,452</u>
		<u>\$1,107,119</u>

Notes to Financial Statements

June 30, 2008

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

G. Single Audit:

The Federal Single Audit Act Amendment of 1996 requires an annual audit of certain major federal grant programs. The annual audit reports for the year ended June 30, 2008, have been issued separately. These reports contain information concerning whether grant activity is presented fairly in the financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met.

H. Other Post-Employment Benefits:

In addition to the pension benefits disclosed in Note 4.G, the City provides retired employees an option to remain on the City's group health care and life insurance program. Retired employees are required to reimburse the City for one hundred percent of the cost of the benefits provided under this option. Health care and life insurance costs are recorded net of the reimbursements. At June 30, 2008, 26 retirees were enrolled in the City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was \$112,102 for the year ended June 30, 2008.

I. 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.

J. 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
12/31/07	\$22,665,455	\$24,430,816	\$ 1,765,361	92.77%	\$8,387,946	21.05%
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%)

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2008

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	3,711	-	3,711
Savings	2,239,330	226,683	2,466,013
Illinois Public Treasurer's Pool	40,238	-	40,238
Money Market Funds	7,951	-	7,951
Investments	10,576,817	2,625,225	13,202,042
Receivables (Net of Uncollectibles)	1,939,436	284,845	2,224,281
Due from Other Funds	300,173	-	300,173
Prepaid Expenditures	33,883	-	33,883
Restricted Assets:			
Cash and Cash Equivalents:			
Savings	-	504,065	504,065
Illinois Treasurer's Pool	-	363,445	363,445
Investments	-	1,070,895	1,070,895
Receivables	-	73,927	73,927
Due from Other Funds	-	78,378	78,378
Total Assets	<u>\$ 15,141,639</u>	<u>\$ 5,227,463</u>	<u>\$ 20,369,102</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 78,313	\$ -	\$ 78,313
Accounts Payable	276,220	129,391	405,611
Accrued Salaries and Taxes	2,870	-	2,870
Deferred Revenues	1,223,354	-	1,223,354
Total Liabilities	<u>1,580,757</u>	<u>129,391</u>	<u>1,710,148</u>
Fund Balance:			
Reserved For:			
Prepaid Expenditures	33,883	-	33,883
Loans Receivable	50,000	-	50,000
Unreserved, Designated For:			
Future Capital Outlay	-	5,098,072	5,098,072
Social Service Agencies	639	-	639
Building Replacement	20,072	-	20,072
Urban Housing and Development	9,020,454	-	9,020,454
Worker Compensation Claims	3,520,723	-	3,520,723
Unreserved and Undesignated	915,111	-	915,111
Total Fund Balance	<u>13,560,882</u>	<u>5,098,072</u>	<u>18,658,954</u>
Total Liabilities and Fund Balance	<u>\$ 15,141,639</u>	<u>\$ 5,227,463</u>	<u>\$ 20,369,102</u>

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

Fiscal Year Ended June 30, 2008

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 2,944,340	\$ -	\$ 2,944,340
Sewer Benefit Tax	-	839,160	839,160
Intergovernmental	1,602,903	1,278,781	2,881,684
Investment Income:			
Interest	466,696	216,251	682,947
Net Appreciation (Depreciation) in Fair Value of Investments	267,374	45,273	312,647
 Total Net Investment Earnings	 734,070	 261,524	 995,594
Licenses, Fines, and Services Charges	921,718	1,799,081	2,720,799
Other	-	4,488	4,488
 Total Revenues	 <u>6,203,031</u>	 <u>4,183,034</u>	 <u>10,386,065</u>
Expenditures:			
Current:			
Highways & Streets	-	159,898	159,898
General Government	205,629	-	205,629
Urban Redevelopment and Housing	3,859,910	-	3,859,910
Capital Outlay	715,629	5,146,920	5,862,549
 Total Expenditures	 <u>4,781,168</u>	 <u>5,306,818</u>	 <u>10,087,986</u>
 Excess of Revenues Over (Under) Expenditures	 <u>1,421,863</u>	 <u>(1,123,784)</u>	 <u>298,079</u>
Other Financing Sources (Uses):			
Transfers In	761,369	1,121,522	1,882,891
Transfers (Out)	(976,167)	(480,000)	(1,456,167)
 Total Other Financing Sources (Uses)	 <u>(214,798)</u>	 <u>641,522</u>	 <u>426,724</u>
 Net Changes in Fund Balances	 1,207,065	 (482,262)	 724,803
 Fund Balance, Beginning of Year	 <u>12,353,817</u>	 <u>5,580,334</u>	 <u>17,934,151</u>
 Fund Balance, End of Year	 <u>\$ 13,560,882</u>	 <u>\$ 5,098,072</u>	 <u>\$ 18,658,954</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2008

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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	-	24	44	3,643	-	-
Savings	3,639	339,947	-	-	329,869	354,750
Illinois Public Treasurer's Pool	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-
Investments	-	-	-	-	830,570	2,901,095
Receivables (Net of Uncollectibles)	-	28,675	26,327	16,266	260,657	555,214
Due from Other Funds	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Total Assets	<u>\$ 3,639</u>	<u>\$ 368,646</u>	<u>\$ 26,371</u>	<u>\$ 19,959</u>	<u>\$ 1,421,096</u>	<u>\$ 3,811,059</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ 22,759	\$ 26,371	\$ 19,959	\$ -	\$ -
Accounts Payable	3,000	-	-	-	6,904	108,195
Accrued Salaries and Taxes	-	-	-	-	345	1,146
Deferred Revenues	-	-	-	-	241,090	415,327
Total Liabilities	<u>3,000</u>	<u>22,759</u>	<u>26,371</u>	<u>19,959</u>	<u>248,339</u>	<u>524,668</u>
Fund Balance:						
Reserved for:						
Prepaid Expenditures	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	50,000
Unreserved, Designated For:						
Social Service Agencies	639	-	-	-	-	-
Building Replacement	-	-	-	-	-	-
Urban Housing and Development	-	345,887	-	-	1,172,757	3,236,391
Worker Compensation Claims	-	-	-	-	-	-
Unreserved and Undesignated	-	-	-	-	-	-
Total Fund Balance	<u>639</u>	<u>345,887</u>	<u>-</u>	<u>-</u>	<u>1,172,757</u>	<u>3,286,391</u>
Total Liabilities and Fund Balance	<u>\$ 3,639</u>	<u>\$ 368,646</u>	<u>\$ 26,371</u>	<u>\$ 19,959</u>	<u>\$ 1,421,096</u>	<u>\$ 3,811,059</u>

(Continued)

CITY OF URBANA
Non-Major Special Revenue Funds - Combining Balance Sheet

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June 30, 2008

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ASSETS	Tax Increment Financing District 3	Tax Increment Financing District 4	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Total
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ 100
Checking	-	-	-	-	-	-	3,711
Savings	440,471	238,408	20,072	66,498	445,676	-	2,239,330
Illinois Public Treasurer's Pool	40,238	-	-	-	-	-	40,238
Money Market Funds	-	-	-	7,951	-	-	7,951
Investments	2,489,430	183,910	-	588,101	199,602	3,384,109	10,576,817
Receivables (Net of Uncollectibles)	371,346	278,409	-	296,268	106,274	-	1,939,436
Due from Other Funds	-	-	-	-	163,559	136,614	300,173
Prepaid Expenditures	-	1,465	-	32,418	-	-	33,883
Total Assets	<u>\$3,341,485</u>	<u>\$ 702,192</u>	<u>\$ 20,072</u>	<u>\$ 991,286</u>	<u>\$ 915,111</u>	<u>\$3,520,723</u>	<u>\$15,141,639</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ -	\$ 9,224	\$ -	\$ -	\$ 78,313
Accounts Payable	-	157,889	-	232	-	-	276,220
Accrued Salaries and Taxes	974	-	-	405	-	-	2,870
Deferred Revenues	346,323	220,614	-	-	-	-	1,223,354
Total Liabilities	<u>347,297</u>	<u>378,503</u>	<u>-</u>	<u>9,861</u>	<u>-</u>	<u>-</u>	<u>1,580,757</u>
Fund Balance:							
Reserved for:							
Prepaid Expenditures	-	1,465	-	32,418	-	-	33,883
Loans Receivable	-	-	-	-	-	-	50,000
Unreserved, Designated For:							
Social Service Agencies	-	-	-	-	-	-	639
Building Replacement	-	-	20,072	-	-	-	20,072
Urban Housing and Development	2,994,188	322,224	-	949,007	-	-	9,020,454
Worker Compensation Claims	-	-	-	-	-	3,520,723	3,520,723
Unreserved and Undesignated	-	-	-	-	915,111	-	915,111
Total Fund Balance	<u>2,994,188</u>	<u>323,689</u>	<u>20,072</u>	<u>981,425</u>	<u>915,111</u>	<u>3,520,723</u>	<u>13,560,882</u>
Total Liabilities and Fund Balance	<u>\$3,341,485</u>	<u>\$ 702,192</u>	<u>\$ 20,072</u>	<u>\$ 991,286</u>	<u>\$ 915,111</u>	<u>\$3,520,723</u>	<u>\$15,141,639</u>

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2008

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	Social Service Agencies	Community Development			Tax Increment Financing District 1	Tax Increment Financing District 2
		Special	Home	Block Grant		
Revenues:						
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 605,526	\$ 1,008,453
Intergovernmental	-	250,230	687,530	363,816	-	296,129
Investment Income:						
Interest	-	20,667	-	-	44,647	126,362
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	-	-	11,476	33,614
Total Net Investment Earnings	-	20,667	-	-	56,123	159,976
Licenses, Fines and Services Charges	-	8,500	24,045	27,021	-	-
Total Revenues	-	<u>279,397</u>	<u>711,575</u>	<u>390,837</u>	<u>661,649</u>	<u>1,464,558</u>
Expenditures:						
Current:						
General Government	203,161	-	-	-	-	-
Urban Redevelopment and Housing	-	252,996	749,377	336,137	519,933	495,687
Library Services	-	-	-	-	-	-
Capital Outlay	-	67,500	-	40,000	-	363,438
Total Expenditures	<u>203,161</u>	<u>320,496</u>	<u>749,377</u>	<u>376,137</u>	<u>519,933</u>	<u>859,125</u>
Excess of Revenues Over (Under) Expenditures	<u>(203,161)</u>	<u>(41,099)</u>	<u>(37,802)</u>	<u>14,700</u>	<u>141,716</u>	<u>605,433</u>
Other Financing Sources (Uses):						
Transfers In	199,630	-	37,802	-	-	223,764
Transfers (Out)	-	-	-	(14,700)	(145,657)	-
Total Other Financing Sources (Uses)	<u>199,630</u>	<u>-</u>	<u>37,802</u>	<u>(14,700)</u>	<u>(145,657)</u>	<u>223,764</u>
Net Change in Fund Balances	<u>(3,531)</u>	<u>(41,099)</u>	<u>-</u>	<u>-</u>	<u>(3,941)</u>	<u>829,197</u>
Fund Balance, Beginning of Year	<u>4,170</u>	<u>386,986</u>	<u>-</u>	<u>-</u>	<u>1,176,698</u>	<u>2,457,194</u>
Fund Balance, End of Year	<u>\$ 639</u>	<u>\$ 345,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,172,757</u>	<u>\$ 3,286,391</u>

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2008

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	Tax Increment Financing District 3	Tax Increment Financing District 4	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Total
Revenues:							
Property Tax	\$ 820,373	\$ 509,988	\$ -	\$ -	\$ -	\$ -	\$ 2,944,340
Intergovernmental	-	-	-	5,198	-	-	1,602,903
Investment Income:							
Interest	89,239	22,670	-	15,056	26,812	121,243	466,696
Net Appreciation (Depreciation) in Fair Value of Investments	131,690	3,057.00	-	35,615	3,566	48,356	267,374
Total Net Investment Earnings	220,929	25,727	-	50,671	30,378	169,599	734,070
Licenses, Fines and Service Charges	-	-	-	54,342	807,810	-	921,718
Total Revenues	<u>1,041,302</u>	<u>535,715</u>	<u>-</u>	<u>110,211</u>	<u>838,188</u>	<u>169,599</u>	<u>6,203,031</u>
Expenditures:							
Current:							
General Government	-	-	-	-	2,468	-	205,629
Urban Redevelopment and Housing	712,598	418,511	-	374,671	-	-	3,859,910
Library Services	-	-	-	-	-	-	-
Capital Outlay	46,568	117,370	-	-	80,753	-	715,629
Total Expenditures	<u>759,166</u>	<u>535,881</u>	<u>-</u>	<u>374,671</u>	<u>83,221</u>	<u>-</u>	<u>4,781,168</u>
Excess of Revenues Over (Under) Expenditures	<u>282,136</u>	<u>(166)</u>	<u>-</u>	<u>(264,460)</u>	<u>754,967</u>	<u>169,599</u>	<u>1,421,863</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	-	163,559	136,614	761,369
Transfers (Out)	-	-	-	(8,000)	(807,810)	-	(976,167)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>	<u>(644,251)</u>	<u>136,614</u>	<u>(214,798)</u>
Net Change in Fund Balances	282,136	(166)	-	(272,460)	110,716	306,213	1,207,065
Fund Balance, Beginning of Year	<u>2,712,052</u>	<u>323,855</u>	<u>20,072</u>	<u>1,253,885</u>	<u>804,395</u>	<u>3,214,510</u>	<u>12,353,817</u>
Fund Balance, End of Year	<u>\$ 2,994,188</u>	<u>\$ 323,689</u>	<u>\$ 20,072</u>	<u>\$ 981,425</u>	<u>\$ 915,111</u>	<u>\$ 3,520,723</u>	<u>\$ 13,560,882</u>

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 203,800	\$ 203,800	\$ 203,161	\$ 639
Other Financing Sources:				
Transfers In	199,630	199,630	199,630	-
Net Change in Fund Balance	(4,170)	(4,170)	(3,531)	639
Fund Balance, Beginning of Year	4,170	4,170	4,170	-
Fund Balance, End of Year	\$ -	\$ -	\$ 639	\$ 639

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ -	\$ 3,150	\$ 24,591	\$ 21,441
Federal Grants	227,654	227,654	225,639	(2,015)
Total Intergovernmental	227,654	230,804	250,230	19,426
Net Investment Earnings - Interest	2,000	2,000	20,667	18,667
Licenses, Fines and Service Charges	6,900	6,900	8,500	1,600
Total Revenues	236,554	239,704	279,397	39,693
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	5,660	5,660	5,595	65
Supplies	179	179	56	123
Contractual Services	280,224	283,374	247,345	36,029
Total Current Expenditures	286,063	289,213	252,996	36,217
Capital Outlay	100,000	100,000	67,500	32,500
Total Expenditures	386,063	389,213	320,496	68,717
Net Change in Fund Balance	(149,509)	(149,509)	(41,099)	108,410
Fund Balance, Beginning of Year	386,986	386,986	386,986	-
Fund Balance, End of Year	\$ 237,477	\$ 237,477	\$ 345,887	\$ 108,410

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 1,199,588	\$ 1,199,588	\$ 687,530	\$ (512,058)
Licenses, Fines, and Service Charges	35,000	35,000	24,045	(10,955)
Total Revenues	<u>1,234,588</u>	<u>1,234,588</u>	<u>711,575</u>	<u>(523,013)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	150,290	150,290	143,483	6,807
Supplies	2,510	2,510	1,932	578
Contractual Services	<u>2,580,956</u>	<u>2,580,956</u>	<u>603,962</u>	<u>1,976,994</u>
Total Expenditures	<u>2,733,756</u>	<u>2,733,756</u>	<u>749,377</u>	<u>1,984,379</u>
Net Revenues Over (Under) Expenditures	(1,499,168)	(1,499,168)	(37,802)	1,461,366
Other Financing Sources (Uses):				
Transfers In (Out)	<u>46,446</u>	<u>46,446</u>	<u>37,802</u>	<u>(8,644)</u>
Net Change in Fund Balance	(1,452,722)	(1,452,722)	-	1,452,722
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1,452,722)</u>	<u>\$ (1,452,722)</u>	<u>\$ -</u>	<u>\$ 1,452,722</u>

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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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 520,345	\$ 520,345	\$ 363,816	\$ (156,529)
Licenses, Fines, and Service Charges	10,000	10,000	27,021	17,021
Total Revenues	<u>530,345</u>	<u>530,345</u>	<u>390,837</u>	<u>(139,508)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	160,860	160,860	160,688	172
Materials and Supplies	1,900	1,900	875	1,025
Contractual Services	512,889	512,899	174,574	338,325
Total Urban Redevelopment and Housing	675,649	675,659	336,137	339,522
Capital Outlay	281,057	281,057	40,000	241,057
Total Expenditures	<u>956,706</u>	<u>956,716</u>	<u>376,137</u>	<u>580,579</u>
Net Revenues Over (Under) Expenditures	(426,361)	(426,371)	14,700	(441,071)
Other Financing Sources (Uses):				
Transfers In (Out)	(14,700)	(14,700)	(14,700)	-
Net Change in Fund Balance	(441,061)	(441,071)	-	(441,071)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ (441,061)</u>	<u>\$ (441,071)</u>	<u>\$ -</u>	<u>\$ (441,071)</u>

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 699,000	\$ 699,000	\$ 605,526	\$ (93,474)
Investment Earnings:				
Interest	50,000	50,000	44,647	(5,353)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	11,476	11,476
Total Net Investment Earnings	50,000	50,000	56,123	6,123
Total Revenues	749,000	749,000	661,649	(87,351)
Expenditures:				
Current-Urban Redevelopment and Housing:				
Personnel Services	17,800	17,800	16,436	1,364
Contractual Services	552,084	552,084	503,497	48,587
Total, Urbana Redevelopment and Housing	569,884	569,884	519,933	49,951
Capital Outlay	265,564	265,564	-	265,564
Total Expenditures	835,448	835,448	519,933	315,515
Net Revenues Over (Under) Expenditures	(86,448)	(86,448)	141,716	228,164
Other Financing Uses:				
Transfers (Out)	(145,666)	(145,666)	(145,657)	9
Net Change in Fund Balance	(232,114)	(232,114)	(3,941)	228,173
Fund Balance, Beginning of Year	1,176,698	1,176,698	1,176,698	-
Fund Balance, End of Year	\$ 944,584	\$ 944,584	\$ 1,172,757	\$ 228,173

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 812,700	\$ 812,700	\$ 1,008,453	\$ 195,753
Intergovernmental-State Grant	150,000	150,000	296,129	146,129
Investment Earnings:				
Interest	60,000	60,000	126,362	66,362
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	33,614	33,614
Total Net Investment Earnings	60,000	60,000	159,976	99,976
 Total Revenues	 1,022,700	 1,022,700	 1,464,558	 441,858
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	49,950	49,950	38,674	11,276
Contractual Services	1,198,556	1,250,356	457,013	793,343
Total Urban Redevelopment and Housing	1,248,506	1,300,306	495,687	804,619
Capital Outlay	1,398,104	1,398,104	363,438	1,034,666
Total Expenditures	2,646,610	2,698,410	859,125	1,839,285
Net Revenues Over (Under) Expenditures	(1,623,910)	(1,675,710)	605,433	2,281,143
Other Financing Sources (Uses):				
Transfers In (Out)	93,330	93,330	223,764	130,434
 Net Change in Fund Balance	 (1,530,580)	 (1,582,380)	 829,197	 2,411,577
Fund Balance, Beginning of Year	2,457,194	2,457,194	2,457,194	-
Fund Balance, End of Year	\$ 926,614	\$ 874,814	\$ 3,286,391	\$ 2,411,577

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 902,000	\$ 902,000	\$ 820,373	\$ (81,627)
Investment Earnings:				
Interest	65,000	65,000	89,239	24,239
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	131,690	131,690
Total Net Investment Earnings	65,000	65,000	220,929	155,929
Licenses, Fines and Service Charges	150,000	150,000	-	(150,000)
Total Revenues	1,117,000	1,117,000	1,041,302	(75,698)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	50,270	50,270	50,252	18
Contractual Services	1,357,966	1,357,966	662,346	695,620
Total Urban Redevelopment and Housing	1,408,236	1,408,236	712,598	695,638
Capital Outlay	1,207,700	1,207,700	46,568	1,161,132
Total Expenditures	2,615,936	2,615,936	759,166	1,856,770
Net Change in Fund Balance	(1,498,936)	(1,498,936)	282,136	1,781,072
Fund Balance, Beginning of Year:	2,712,052	2,712,052	2,712,052	-
Fund Balance, End of Year	\$1,213,116	\$1,213,116	\$2,994,188	\$ 1,781,072

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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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 472,300	\$ 472,300	\$ 509,988	\$ 37,688
Investment Income:				
Interest	9,000	9,000	22,670	13,670
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	3,057	3,057
Net Investment Earnings	9,000	9,000	25,727	16,727
Total Revenues	481,300	481,300	535,715	54,415
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	612,468	612,468	418,511	193,957
Capital Outlay	115,000	190,000	117,370	72,630
Total Expenditures	727,468	802,468	535,881	266,587
Net Change in Fund Balance	(246,168)	(321,168)	(166)	321,002
Fund Balance, Beginning of Year	323,855	323,855	323,855	-
Fund Balance, End of Year	\$ 77,687	\$ 2,687	\$ 323,689	\$ 321,002

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	<u>20,072</u>	<u>20,072</u>	<u>-</u>	<u>20,072</u>
Net Change in Fund Balance	(20,072)	(20,072)	-	20,072
Fund Balance, Beginning of Year	<u>20,072</u>	<u>20,072</u>	<u>20,072</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$20,072</u></u>	<u><u>\$ 20,072</u></u>

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,199	\$ 1,199	\$ 5,198	\$ 3,999
Investment Income:				
Interest	21,803	21,803	15,056	(6,747)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	35,615	35,615
Total Net Investment Earnings	21,803	21,803	50,671	28,868
Licenses, Fines and Service Charges	66,998	66,998	54,342	(12,656)
Total Revenues	90,000	90,000	110,211	20,211
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	17,300	66,955	58,929	8,026
Contractual Services	1,001,655	1,124,248	315,742	808,506
Total Expenditures	1,018,955	1,191,203	374,671	816,532
Net Revenues Over (Under) Expenditures	(928,955)	(1,101,203)	(264,460)	836,743
Other Financing Sources (Uses):				
Transfers In (Out)	(805,000)	(805,000)	(8,000)	797,000
Net Change in Fund Balance	(1,733,955)	(1,906,203)	(272,460)	1,633,743
Fund Balance, Beginning of Year	1,253,885	1,253,885	1,253,885	-
Fund Balance, End of Year	\$ (480,070)	\$ (652,318)	\$ 981,425	\$ 1,633,743

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income:				
Interest	\$ 25,000	\$ 25,000	\$ 26,812	\$ 1,812
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	3,566	3,566
Net Investment Earnings	25,000	25,000	30,378	5,378
Licenses, Fines and Service Charges	-	900,000	807,810	(92,190)
Total Revenues	25,000	925,000	838,188	(86,812)
Expenditures:				
Current:				
Highways and Streets:				
Contractual Services	2,850	2,850	-	2,850
General Government:				
Contractual Services	46,519	80,219	2,468	77,751
Capital Outlay	80,753	80,753	80,753	-
Total Expenditures	130,122	163,822	83,221	80,601
Net Revenues Over (Under) Expenditures	(105,122)	761,178	754,967	(6,211)
Other Financing Sources (Uses):				
Transfers In	239,714	239,714	163,559	(76,155)
Transfers (Out)	-	(900,000)	(807,810)	92,190
Total Other Financing Sources (Uses)	239,714	(660,286)	(644,251)	16,035
Net Change in Fund Balance	134,592	100,892	110,716	9,824
Fund Balance, Beginning of Year	804,395	804,395	804,395	-
Fund Balance, End of Year	\$ 938,987	\$ 905,287	\$ 915,111	\$ 9,824

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 150,000	\$ 150,000	\$ 121,243	\$ (28,757)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	48,356	48,356
Total Net Investment Earnings	150,000	150,000	169,599	19,599
Other Financing Sources (Uses):				
Transfers In (Out)	156,310	156,310	136,614	(19,696)
Net Change in Fund Balance	306,310	306,310	306,213	(97)
Fund Balance, Beginning of Year	3,214,510	3,214,510	3,214,510	-
Fund Balance, End of Year	<u>\$ 3,520,820</u>	<u>\$ 3,520,820</u>	<u>\$ 3,520,723</u>	<u>\$ (97)</u>

Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2008

ASSETS	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Cash and Cash Equivalents:				
Savings	\$ 172,202	\$ 54,481	\$ -	\$ 226,683
Investments	2,471,660	153,565	-	2,625,225
Receivables (Net of Uncollectibles):				
Due from Other Governments	82,191	-	-	82,191
Other Taxes	-	202,654	-	202,654
Restricted Assets:				
Cash and Cash Equivalents:				
Savings	-	-	504,065	504,065
Illinois Treasurer's Pool	-	-	363,445	363,445
Investments	-	-	1,070,895	1,070,895
Receivables	-	-	73,927	73,927
Due from Other Funds	78,378	-	-	78,378
Total Assets	\$ 2,804,431	\$ 410,700	\$ 2,012,332	\$ 5,227,463
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 87,011	\$ 42,380	\$ -	\$ 129,391
Fund Balance:				
Unreserved, Designated for Future Capital Outlay:				
General Construction	2,717,420	-	2,012,332	4,729,752
Sewer Construction	-	368,320	-	368,320
Total Fund Balance	2,717,420	368,320	2,012,332	5,098,072
Total Liabilities and Fund Balance	\$ 2,804,431	\$ 410,700	\$ 2,012,332	\$ 5,227,463

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

Fiscal Year Ended June 30, 2008

	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Revenues:				
Sewer Benefit Tax	\$ -	\$ 839,160	\$ -	\$ 839,160
Intergovernmental	116,923	-	1,161,858	1,278,781
Investment Earnings:				
Interest	117,080	21,418	77,753	216,251
Net Appreciation (Depreciation) in Fair Value Investments	25,385	3,253	16,635	45,273
Total Net Investment Earnings	142,465	24,671	94,388	261,524
Licenses, Fines, and Service Charges	1,796,167	2,914	-	1,799,081
Other	4,488	-	-	4,488
Total Revenues	2,060,043	866,745	1,256,246	4,183,034
Expenditures:				
Current - Highways and Streets	130,852	29,046	-	159,898
Capital Outlay:				
Street and Light Improvements	2,159,971	-	1,775,793	3,935,764
Sewer Construction	408,704	695,625	-	1,104,329
Public Safety	72,491	-	-	72,491
General Buildings	34,336	-	-	34,336
Total Capital Outlay	2,675,502	695,625	1,775,793	5,146,920
Total Expenditures	2,806,354	724,671	1,775,793	5,306,818
Net of Revenues Over (Under) Expenditures	(746,311)	142,074	(519,547)	(1,123,784)
Other Financing Sources (Uses):				
Transfers In	1,121,522	-	-	1,121,522
Transfers (Out)	-	(480,000)	-	(480,000)
Total Other Financing Sources (Uses)	1,121,522	(480,000)	-	641,522
Net Change in Fund Balances	375,211	(337,926)	(519,547)	(482,262)
Fund Balance, Beginning of Year	2,342,209	706,246	2,531,879	5,580,334
Fund Balance, End of Year	\$ 2,717,420	\$ 368,320	\$ 2,012,332	\$ 5,098,072

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 521,000	\$ 683,000	\$ 116,923	\$ (566,077)
Investment Earnings:				
Interest	103,790	103,790	117,080	13,290
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	25,385	25,385
Total Net Investment Earnings	103,790	103,790	142,465	38,675
Licenses, Fines, and Service Charges	1,589,315	1,603,315	1,796,167	192,852
Other	5,000	5,000	4,488	(512)
 Total Revenues	 2,219,105	 2,395,105	 2,060,043	 (335,062)
Expenditures:				
Current - Highways and Streets	271,540	270,390	130,852	139,538
Capital Outlay:				
Street and Light Improvements	5,272,619	5,697,619	2,159,971	3,537,648
Sewer Construction	417,618	417,618	408,704	8,914
Public Safety	246,000	239,150	72,491	166,659
General Buildings	67,336	67,336	34,336	33,000
 Total Capital Outlay	 6,003,573	 6,421,723	 2,675,502	 3,746,221
 Total Expenditures	 6,275,113	 6,692,113	 2,806,354	 3,885,759
 Net of Revenues Over (Under) Expenditures	 (4,056,008)	 (4,297,008)	 (746,311)	 3,550,697
Other Financing Sources (Uses):				
Transfers In	1,617,374	1,617,374	1,121,522	(495,852)
 Net Change in Fund Balance	 (2,438,634)	 (2,679,634)	 375,211	 3,054,845
 Fund Balance, Beginning of Year	 2,342,209	 2,342,209	 2,342,209	 -
 Fund Balance, End of Year	 \$ (96,425)	 \$ (337,425)	 \$ 2,717,420	 \$ 3,054,845

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 895,000	\$ 895,000	\$ 839,160	\$ (55,840)
Investment Earnings:				
Interest	24,351	24,351	21,418	(2,933)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	3,253	3,253
Total Net Investment Earnings	24,351	24,351	24,671	320
Licenses, Fines and Service Charges	2,500	2,500	2,914	414
Total Revenues	921,851	921,851	866,745	(55,106)
Expenditures:				
Current - Highways and Streets	54,073	54,073	29,046	25,027
Capital Outlay - Sewer Construction	1,062,292	1,062,292	695,625	366,667
Total Expenditures	1,116,365	1,116,365	724,671	391,694
Net of Revenues Over (Under) Expenditures	(194,514)	(194,514)	142,074	336,588
Other Financing Sources (Uses):				
Transfers (Out)	(480,000)	(480,000)	(480,000)	-
Net Change in Fund Balance	(674,514)	(674,514)	(337,926)	336,588
Fund Balance, Beginning of Year	706,246	706,246	706,246	-
Fund Balance, End of Year	\$ 31,732	\$ 31,732	\$ 368,320	\$ 336,588

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

Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,085,000	\$ 1,085,000	\$ 1,037,858	\$ (47,142)
State Reimbursements	242,000	242,000	124,000	(118,000)
Other Reimbursements	150,000	150,000	-	(150,000)
Total, Intergovernmental	<u>1,477,000</u>	<u>1,477,000</u>	<u>1,161,858</u>	<u>(315,142)</u>
Investment Earnings:				
Interest	126,909	126,909	77,753	(49,156)
Net Appreciation (Depreciation) in Fair Value Investments	-	-	16,635	16,635
Total Net Investment Earnings	<u>126,909</u>	<u>126,909</u>	<u>94,388</u>	<u>(32,521)</u>
Total Revenues	<u>1,603,909</u>	<u>1,603,909</u>	<u>1,256,246</u>	<u>(347,663)</u>
Expenditures-Capital Outlay:				
Street Improvements	4,122,522	4,122,522	1,745,793	2,376,729
Signal Improvements	30,000	30,000	30,000	-
Total Expenditures	<u>4,152,522</u>	<u>4,152,522</u>	<u>1,775,793</u>	<u>2,376,729</u>
Net of Revenues Over (Under) Expenditures	(2,548,613)	(2,548,613)	(519,547)	2,029,066
Other Financing Sources (Uses):				
Transfers In	185,000	185,000	-	(185,000)
Net Change in Fund Balance	(2,363,613)	(2,363,613)	(519,547)	1,844,066
Fund Balance, Beginning of Year	<u>2,531,879</u>	<u>2,531,879</u>	<u>2,531,879</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 168,266</u>	<u>\$ 168,266</u>	<u>\$ 2,012,332</u>	<u>\$ 1,844,066</u>

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 849,970	\$ 849,970	\$ 829,939	\$ (20,031)
Parking Rentals	242,090	242,090	273,432	31,342
Total Operating Revenues	<u>1,092,060</u>	<u>1,092,060</u>	<u>1,103,371</u>	<u>11,311</u>
Operating Expenses:				
Personnel Services	168,890	168,890	162,659	6,231
Supplies	44,110	44,110	37,362	6,748
Contractual Services	162,240	162,240	158,616	3,624
Depreciation	288,000	288,000	271,479	16,521
Total Operating Expenses	<u>663,240</u>	<u>663,240</u>	<u>630,116</u>	<u>33,124</u>
Operating Income	<u>428,820</u>	<u>428,820</u>	<u>473,255</u>	<u>44,435</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	70,000	70,000	129,551	59,551
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	31,704	31,704
Total Net Investment Earnings	<u>70,000</u>	<u>70,000</u>	<u>161,255</u>	<u>91,255</u>
Interest Expense	<u>(143,230)</u>	<u>(143,230)</u>	<u>(37,553)</u>	<u>105,677</u>
Total Non-Operating Revenues (Expenses)	<u>(73,230)</u>	<u>(73,230)</u>	<u>123,702</u>	<u>196,932</u>
Income (Loss) Before Transfers	355,590	355,590	596,957	241,367
Transfers (Out)	<u>(500,350)</u>	<u>(500,350)</u>	<u>244,856</u>	<u>745,206</u>
Change in Net Assets	<u>(144,760)</u>	<u>(144,760)</u>	<u>841,813</u>	<u>986,573</u>
Net Assets, Beginning of Year	<u>7,450,086</u>	<u>7,450,086</u>	<u>7,450,086</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 7,305,326</u>	<u>\$ 7,305,326</u>	<u>\$ 8,291,899</u>	<u>\$ 986,573</u>

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, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 965,070	\$ 965,070	\$ 935,897	\$ (29,173)
Operating Expenses:				
Personnel Services	318,490	318,490	296,667	21,823
Supplies	18,270	18,270	15,296	2,974
Contractual Services	141,230	141,230	88,304	52,926
Equipment Parts	175,000	175,000	173,847	1,153
Fuel	300,000	302,820	302,814	6
Depreciation	27,400	27,400	13,404	13,996
Total Operating Expenses	980,390	983,210	890,332	92,878
Operating Income (Loss)	(15,320)	(18,140)	45,565	63,705
Non Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense)	-	-	8,614	8,614
Change in Net Assets	(15,320)	(18,140)	54,179	72,319
Net Assets, Beginning of Year	253,857	253,857	253,857	-
Net Assets, End of Year	\$ 238,537	\$ 235,717	\$ 308,036	\$ 72,319

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

June 30, 2008

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ -	\$ 2,100	\$ 2,100
Savings	518,253	1,434,377	1,952,630
Money Market Funds	61,573	158,549	220,122
Total Cash and Cash Equivalents	<u>579,826</u>	<u>1,595,026</u>	<u>2,174,852</u>
Investments, at Fair Value:			
U.S. Government Securities	12,978,425	10,211,107	23,189,532
Certificates of Deposit	2,192,952	-	2,192,952
Mutual Funds	11,582,193	9,147,778	20,729,971
Total Investments	<u>26,753,570</u>	<u>19,358,885</u>	<u>46,112,455</u>
Receivables (Net of Uncollectibles)			
Property Tax	438,763	827,119	1,265,882
Member Loans	-	34,834	34,834
Accrued Interest	32,721	123,220	155,941
Total Receivables (Net of Uncollectibles)	<u>471,484</u>	<u>985,173</u>	<u>1,456,657</u>
Total Assets	<u>27,804,880</u>	<u>21,939,084</u>	<u>49,743,964</u>
 LIABILITIES			
Accounts Payable	3,494	20,470	23,964
Accrued Salaries and Taxes	-	11,196	11,196
Total Liabilities	<u>3,494</u>	<u>31,666</u>	<u>35,160</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 27,801,386</u>	<u>\$ 21,907,418</u>	<u>\$ 49,708,804</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2008

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	\$ 961,372	\$ 1,680,480	\$ 2,641,852
Employee Contributions to Purchase Prior Service Time	-	646,575	646,575
Employee Contributions	279,249	326,341	605,590
Total Contributions	<u>1,240,621</u>	<u>2,653,396</u>	<u>3,894,017</u>
Investment Income:			
Interest and Dividends	1,412,146	778,719	2,190,865
Net Increase (Decrease) in Fair Value of Investments	<u>(1,052,058)</u>	<u>(895,520)</u>	<u>(1,947,578)</u>
Total Investment Income	360,088	(116,801)	243,287
Less Investment Expense	<u>(7,211)</u>	<u>(87,270)</u>	<u>(94,481)</u>
Net Investment Income	<u>352,877</u>	<u>(204,071)</u>	<u>148,806</u>
Total Additions	<u>1,593,498</u>	<u>2,449,325</u>	<u>4,042,823</u>
Deductions:			
Benefits	1,544,282	1,311,872	2,856,154
Refunds to Resigning Members	-	134,456	134,456
Administrative Costs	<u>15,423</u>	<u>19,260</u>	<u>34,683</u>
Total Deductions	<u>1,559,705</u>	<u>1,465,588</u>	<u>3,025,293</u>
Change in Net Assets	33,793	983,737	1,017,530
Net Assets, Beginning of Year	<u>27,767,593</u>	<u>20,923,681</u>	<u>48,691,274</u>
Net Assets, End of Year	<u>\$ 27,801,386</u>	<u>\$ 21,907,418</u>	<u>\$ 49,708,804</u>



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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>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>	<u>2008</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	\$74,059
Restricted	INFORMATION BEFORE 2001		3,552	4,192	5,270	3,430	3,376	3,661	2,848	2,386
Unrestricted	NOT 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>	<u>35,158</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>\$105,505</u>	<u>\$111,603</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	\$4,893
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>	<u>3,399</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>	<u>\$8,292</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	\$78,952
Restricted			3,552	4,192	5,270	3,430	3,376	3,661	2,848	2,386
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>	<u>38,557</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>	<u>\$119,895</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>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>	<u>2008</u>
Expenses:										
Governmental activities:										
Public Safety			\$9,345	\$9,840	\$10,120	\$10,387	\$10,838	\$11,563	\$11,982	\$12,536
Highways and Streets			7,910	6,955	7,354	7,554	9,773	9,049	9,411	9,728
General Government			1,999	2,091	2,234	2,338	2,475	2,783	3,109	3,019
Urban Redevelopment and Housing		INFORMATION BEFORE 2001	3,579	3,250	3,413	3,841	4,390	4,842	5,903	5,480
Interest on Long-term Debt		NOT AVAILABLE	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>	<u>3,298</u>
Total governmental activities, expenses			25,232	24,565	25,451	26,581	30,143	31,038	33,508	34,061
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>	<u>668</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>	<u>\$34,729</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Public Safety			\$2,578	\$2,348	\$2,215	\$2,416	\$2,229	\$2,653	\$2,315	\$3,847
Highways and Streets			995	1,467	1,424	1,614	1,543	1,704	1,559	2,292
Other Activities			811	690	1,076	1,218	1,443	1,891	1,292	1,938
Operating Grants			2,281	2,284	1,364	2,012	2,345	2,800	1,837	1,720
Capital Grants			<u>1,019</u>	<u>6</u>	<u>471</u>	<u>450</u>	<u>9</u>	<u>372</u>	<u>22</u>	<u>46</u>
Total Governmental Activities Program Revenues			7,684	6,795	6,550	7,710	7,568	9,420	7,025	9,843
Business-type Activities:										
Charges for Services:										
Motor Vehicle Parking			<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>	<u>1,103</u>
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>	<u>\$10,946</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>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>	<u>2008</u>
Net (Expense) Revenue:										
Governmental Activities			\$ (17,549)	\$ (17,769)	\$ (18,901)	\$ (18,870)	\$ (22,575)	\$ (21,618)	\$ (26,483)	\$ (24,218)
Business-type Activities			<u>307</u>	<u>382</u>	<u>476</u>	<u>432</u>	<u>490</u>	<u>513</u>	<u>421</u>	<u>436</u>
Total Primary Government										
Net (Expense) Revenue			\$ <u>(17,242)</u>	\$ <u>(17,388)</u>	\$ <u>(18,425)</u>	\$ <u>(18,425)</u>	\$ <u>(22,084)</u>	\$ <u>(21,105)</u>	\$ <u>(26,062)</u>	\$ <u>(23,782)</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	\$ 9,430
Utility Tax			3,675	3,392	3,859	3,861	3,922	4,120	3,832	3,757
State Sales Tax			3,451	3,545	3,383	3,511	3,684	4,085	5,034	5,244
Other Taxes			3,384	3,385	3,529	3,602	3,765	4,019	4,611	5,143
Intergovernmental			4,615	5,824	5,901	5,558	5,104	4,544	5,300	5,311
Investment Income			1,632	933	1,305	162	959	618	1,712	1,487
Other			593	713	506	481	157	122	87	88
Transfers			<u>(133)</u>	<u>(169)</u>	<u>70</u>	<u>39</u>	<u>43</u>	<u>490</u>	<u>500</u>	<u>(245)</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>	<u>30,215</u>
Business-type Activities										
Investment Income			93	44	23	7	70	44	136	161
Transfers			<u>133</u>	<u>169</u>	<u>(70)</u>	<u>(39)</u>	<u>(43)</u>	<u>(490)</u>	<u>(500)</u>	<u>245</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>	<u>406</u>
Total Primary Government			\$ <u>23,637</u>	\$ <u>24,049</u>	\$ <u>25,321</u>	\$ <u>24,375</u>	\$ <u>25,470</u>	\$ <u>25,872</u>	\$ <u>29,793</u>	\$ <u>30,622</u>
Change in Net Assets:										
Governmental Activities			\$ 5,862	\$ 6,112	\$ 6,466	\$ 5,537	\$ 2,867	\$ 4,700	\$ 3,674	\$ 5,997
Business-type Activities			<u>533</u>	<u>594</u>	<u>429</u>	<u>400</u>	<u>517</u>	<u>67</u>	<u>57</u>	<u>842</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>	\$ <u>6,839</u>

**INFORMATION
BEFORE 2001
NOT
AVAILABLE**

CITY OF URBANA

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

	<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>	<u>2008</u>
General Fund:										
Reserved	\$ 196	\$ 233	\$ 226	\$ 286	\$ 264	\$ 290	\$ 284	\$ 282	\$ 287	\$ 352
Unreserved	<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>	<u>6,035</u>
Total, General Fund	<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>	<u>\$ 6,387</u>
All Other Governmental Funds:										
Reserved, Reported in Special Revenue Funds	\$ --	\$ --	\$ --	\$ --	\$ -	\$ 186	\$ 351	\$ 384	\$ 79	\$ 84
Unreserved, Reported in:										
Special Revenue Funds	14,037	16,209	19,695	23,365	22,773	21,856	19,371	21,233	18,724	13,477
Capital Project Funds	<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>	<u>5,098</u>
Total All Other Governmental Funds	<u>\$16,627</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>	<u>\$18,659</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>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>	<u>2008</u>
Revenues:										
Property Tax	\$ 5,527	\$ 5,881	\$ 6,081	\$ 6,305	\$6,674	\$7,557	\$7,695	\$8,187	\$8,830	\$9,258
Utility Tax	3,093	3,296	3,675	3,392	3,859	3,861	3,922	4,120	3,832	3,757
State Sales Tax	3,181	3,487	3,451	3,545	3,383	3,511	3,684	4,084	5,034	5,244
Other Taxes	2,947	3,105	3,384	3,385	3,529	3,602	3,765	4,019	4,611	5,142
Intergovernmental	7,832	7,984	9,014	9,292	8,951	9,411	8,781	9,140	8,602	8,598
Investment Income	793	1,069	1,632	933	1,297	155	959	618	1,712	1,479
Licenses, Fines and Service Charges	3,425	3,011	3,379	3,360	3,499	3,858	3,891	4,824	3,723	6,556
Other	<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>	<u>93</u>
Total Revenues	<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>	<u>40,127</u>
Expenditures:										
Public Safety	7,988	8,539	9,049	9,528	9,918	10,552	11,141	11,938	12,489	13,113
Highways and Streets	4,146	4,419	4,487	4,659	5,052	5,236	5,676	6,126	6,494	6,729
General Government	1,787	1,845	1,928	2,016	2,195	2,261	2,400	2,685	3,078	2,942
Urban Redevelopment and Housing	2,721	3,383	3,566	3,237	3,402	3,822	4,383	4,806	5,886	5,463
Library Services	2,018	2,097	2,258	2,359	2,274	2,383	2,533	2,696	2,980	3,118
Debt Service	255	260	257	256	482	--	--	--	--	--
Capital Projects	<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>	<u>7,315</u>
Total Expenditures	<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>	<u>38,680</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>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>	<u>2008</u>
Excess of Revenues Over (Under) Expenses	1,562	2,637	4,668	2,473	(618)	(778)	(214)	1,574	(314)	1,447
Other Financing Sources (Uses): Transfers in (out)	<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>	<u>(245)</u>
Net Changes in Fund Balance	<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>	<u>\$1,202</u>
Debt Service as a % Of Non-capital Expenditures	<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>	<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				
2008	\$325,902,257	\$216,421,955	\$542,324,212	\$0.012942	\$1,626,972,636	33%
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%

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>2008</u>	<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>
City of Urbana:										
Library	.4752	.4822	.4787	.4950	.5262	.5474	.5433	.5235	.5251	.5482
General	.3472	.3357	.3326	.3269	.2941	.2954	.3429	.4302	.4387	.4879
Police Pension	.3034	.2921	.2913	.2851	.2909	.2933	.3040	.2860	.2953	.3008
Fire Pension	.1684	.1842	.2094	.2050	.2008	.1817	.1412	.1328	.1314	.1287
Subtotal, City	1.2942	1.2942	1.3120	1.3120	1.3120	1.3178	1.3314	1.3725	1.3905	1.4656
School District	4.2880	4.3377	4.3178	4.4758	4.5961	4.6701	4.7448	4.7245	4.7839	4.8976
Champaign County	.7389	.7616	.7801	.7981	.7048	.7117	.6200	.6201	.6425	.6768
Park District	.6961	.7066	.7218	.7463	.7534	.7767	.7939	.7960	.8122	.8456
Parkland College	.4688	.4720	.4776	.4847	.4838	.4652	.4556	.4469	.4659	.4692
Mass Transit	.2544	.2592	.2623	.2677	.2695	.2728	.2772	.2764	.2813	.2839
Cunningham Town	.1917	.1919	.1932	.1988	.2017	.2048	.2051	.1547	.2265	.2372
Public Health	.1049	.1060	.1087	.1126	.1135	.1152	.1172	.1170	.1206	.1300
Forest Preserve	.0779	.0800	.0818	.0839	.0840	.0850	.0859	.0855	.0885	.0922
Total	8.1149	8.2092	8.2553	8.4799	8.5188	8.6193	8.6311	8.5936	8.8119	9.0981

Source: Champaign County Clerk

Notes: Tax Rates per \$100 Assessed Valuation

CITY OF URBANA
Principal Property Taxpayers
June 30, 2008

Name of Company	2008			1999		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Carle Foundation (Health Care)	\$54,964,390	1	10.1%	\$14,139,640	1	5.0%
Campus Property Management (Residential Housing)	11,805,640	2	2.2%	2,310,980	7	0.8%
Town and Country Apartments (Residential Housing)	8,340,230	3	1.5%	5,124,080	2	1.8%
Lincoln Blvd. (Melrose) Association (Residential Housing)	6,644,930	4	1.2%	0	-	-
Urbana Associates (Capstone) (Residential Housing)	5,278,310	5	1.1%	0	-	-
Walmart (Retail Sales)	5,003,350	6	0.9%	0	-	-
Flex-N-Gate (Manufacturing)	4,914,560	7	0.9%	943,188	-	-
Clark Lindsey Village (Residential Retirement)	4,579,440	8	0.8%	3,160,750	5	1.2%
J. M. Jones Company (Food Service)	4,292,870	9	0.8%	4,998,570	3	1.9%
C-U Partners, Holiday Inn (Hotel)	3,772,640	10	0.7%	1,565,520	8	0.6%
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%
Hampton Inn (Hotel)	-	-	-	1,373,130	9	0.5%
Solo Cup (Manufacturing)	-	-	-	<u>1,327,450</u>	10	0.5%
Totals	<u>\$109,596,360</u>		<u>20.2%</u>	<u>\$41,436,715</u>		<u>14.6%</u>

Source: Cunningham Township Assessor

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>
2008	\$7,018,760	\$3,509,185	50%	\$ 0	\$3,509,185	50%
2007	\$6,544,459	\$3,347,995	51%	\$3,170,172	\$6,518,167	100%
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%

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>				
2008	\$ 0	\$ 0	\$ 808,981	\$ 808,981	0.07%	\$20.20
2007	\$ 0	\$ 0	\$ 923,102	\$ 923,102	0.08%	\$24.88
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

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>
2008	\$ --	\$ --	\$ --	0%	\$0.00
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

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, 2008

<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	\$28,030,639	84%	\$23,453,804
Champaign County	57,757,693	16%	9,502,902
Forest Preserve	97,000	16%	15,774
Urbana Park District	<u>1,155,000</u>	98%	<u>1,130,761</u>
Subtotal, Overlapping Debt			34,103,244
City of Urbana Direct Debt			<u>0</u>
Total Direct and Overlapping Debt			<u>\$34,103,244</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>
2005	\$1,509,482	\$358,637	\$1,150,845	\$114,121	\$37,553	\$151,674	7.59
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

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. (1) Revenues include operating revenues, Interest income, and operating transfers in.(2) Total expenses exclusive of interest and depreciation, including transfers out; (3) net revenues available for Debt Service divided by Debt Service Payments. The only outstanding revenue bonds during this time were Parking Revenue Bonds issued in 1977, Downtown Parking Revenue Bonds, issued in 1981, which were refunded early by the 1985 Parking Bonds, which in turn were refunded by the 1994 Parking Bonds, which were refunded by the 2005 Parking Bonds.

CITY OF URBANA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	(1) <u>Population</u>	(2) Personal Income expressed in <u>thousands</u>	(2) <u>Per Capita Income</u>	(1) <u>Median Age</u>	(1) <u>Education Level in Years of Formal Schooling</u>	(3) <u>School Enrollment</u>	(4) <u>Unemployment Rate</u>
2008	40,050	\$1,206,626	\$30,128	24.6	13.1	4,141	4.4%
2007	37,090	1,068,192	28,800	24.6	13.1	4,088	3.9%
2006	36,590	1,080,100	29,519	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%

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	10,900	9.0%
2.	Carle Clinic	Health Care	2,919	2.4%
3.	Carle Hospital	Health Care	2,750	2.3%
4.	Champaign Schools	Education	1,378	1.1%
5.	Kraft Food	Manufacturing	1,340	1.1%
6.	Provena Hospital	Health Care	1,200	1.0%
7.	Kirby Solo Cup	Manufacturing	950	0.8%
8.	Christie Clinic	Health Care	740	0.6%
9.	Urbana School District	Education	730	0.6%
10.	Hobbico	Model Distributor	700	0.6%
	Total		23,607	19.5%

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>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>	<u>2008</u>
Public Safety:										
Police Safety	69	70	70	71	72	72	72	75	76	77
Fire Safety	59	59	59	59	59	59	59	59	59	59
Highways and Streets:										
Maintenance	63	65	65	66	67	67	67	67	67	68
Engineering	9	10	10	10	10	10	10	12	12	12
General Government	33	33	33	33	34	34	34	34	35	36
Urban Redevelopment And Housing	22	22	22	22	23	23	23	23	24	24
Library Services	<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>	<u>47</u>
Total	298	302	302	304	309	309	309	315	320	323

Source: City Finance Department.

CITY OF URBANA

Operating Indicators, by Function

(Page 1 of 2)

Last Ten Fiscal Years

Function:	<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>	<u>2008</u>
Public Safety:										
Police Safety:										
Arrests	4,614	4,835	5,592	5,793	5,986	6,750	6,730	7,509	7,281	7,584
Service Calls	20,134	20,617	20,506	22,205	21,470	22,737	22,916	19,681	20,479	21,480
Reports Written	6,569	7,001	7,747	7,761	7,505	8,014	8,209	7,649	7,740	6,277
Parking Tickets Issued	94,251	93,574	97,376	87,475	67,212	58,354	53,640	55,451	46,186	42,772
Fire Safety:										
Fire Calls	160	141	173	159	148	179	173	192	179	128
Other Calls	3,616	3,657	3,726	3,666	3,741	3,794	3,817	3,872	4,050	3,937
Inspections	1,226	1,233	1,248	1,224	1,014	1,206	1,061	1,277	1,327	1,240
Highways and Streets:										
St. Resurfacing (Sq. Yd. Asphalt And Concrete)									(information before 2007 is not available)	74,000 41,000
Recycled Tons Waste Collected:										
Household	13.7	13.7	13.8	14.2	14.3	14.3	14.4	14.7	14.9	15.2
Landscape	9.6	9.1	8.7	12.0	11.8	10.3	11.0	12.4	13.5	14.5

CITY OF URBANA

Operating Indicators, by Function

(Page 2 of 2)

Last Ten Fiscal Years

	<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>	<u>2008</u>
General Government:										
Licenses/Permits Processed	1,385	1,263	1,138	1,526	2,919	2,528	2,641	2,645	2,781	2,662
Urban Redevelopment And Housing:										
Permits Issued	1,432	1,634	1,448	1,744	2,326	2,457	2,439	2,121	1,982	1,852
Zoning/Planning Cases Admin.	(information not available before 2001)		78	89	75	63	79	99	86	59
Library Services:										
Items Circulated (in thousands)	746	765	756	797	753	661	777	836	878	904
Reference Questions Answered (in thousands)	109	126	130	134	130	95	105	125	118	119
Persons Attending Library Programs (in thousands)	23	28	27	30	25	24	25	30	29	30

Source: Various city departments.

CITY OF URBANA

Capital Asset Statistics, by Function

Last Ten Fiscal Years

	<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>	<u>2008</u>
Public Safety:										
Police Safety:										
Number Stations	1	1	1	1	1	1	1	1	1	1
Number Patrol Units	23	22	23	23	23	24	25	25	25	25
Fire Safety:										
Number Stations	4	4	4	4	4	4	4	4	4	4
Response Vehicles	8	8	8	8	8	8	8	8	8	8
Highways and Streets:										
Area City Sq. Miles	9.9	10.2	10.2	10.5	11.4	11.5	11.5	11.6	11.6	11.6
Miles Streets	119.7	122.8	122.8	124.5	126.7	127.8	128.3	130.4	141.2	141.6
Miles Sewers	175.5	183.6	183.6	184.2	185.0	199.7	201.8	221.2	222.1	225.7
Street Lights	3,597	3,738	3,738	3,738	3,767	3,767	3,469	3,469	3,744	3,782
City Trees	11,420	11,560	11,700	11,840	11,980	12,120	12,260	12,400	12,550	12,580
Library Services:										
Sq. Feet Library Building	25,000	25,000	25,000	25,000	25,000	27,000	52,000	52,000	52,000	52,000

Source: Various city departments.

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