



Urbana Lincoln Hotel
Constructed in 1923—Joseph Royer, Architect
Scheduled to reopen in 2011



1833 - 2010

Comprehensive Annual Financial Report

For the Year Ended
June 30, 2010

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2010

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December 22, 2010

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, 2010.

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

Bray, Drake, Liles & Richardson, LLP, have issued an unqualified "clean" opinion on the City of Urbana financial statements for the year ended June 30, 2010. 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 11.7 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, Parking (on enterprise basis)
Community Development Services:	Planning and Zoning Enforcement, Building Inspection, Economic Development, and Housing Improvement
Other Services:	Library Services, Human Relations

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

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

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

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

Local Economy.

The economic recession has slowed the local Champaign County economy significantly. This is especially reflected in the jump in the local unemployment rate from a rate three years ago of 3.9% to the current rate of 10.4%. Both the University of Illinois and the health service industry receive significant revenues from the State of Illinois. Because the State of Illinois has experienced very negative impacts from the recession, these shared revenues have been severely reduced. This has caused the University of Illinois and the health service industry to reduce payrolls.

For the next 12 months, economic growth is expected to remain fairly stagnant. Sales tax, which amounts to approximately 31% of general fund revenues decreased 3.5% for FY09-10 and is projected to only increase 1.9% for FY10-11. The state income tax, which amounts to approximately 12% of general fund revenues decreased 10% for FY09-10 and is projected to remain flat for next year. The utility tax, which amounts to 13% of general fund revenues decreased 3% in FY09-10 and is projected to increase 7% next year, as the City has imposed a new use tax on the purchases of natural gas.

Two revenue sources more directly under control of the city are the property tax and licenses, fees and service charges. The City of Urbana has been very aggressive in encouraging new housing and business development and in annexing properties into the City limits. This stability and aggressive development posture has allowed property values to average 1.5% increase last year, even though this is considerably below previous years. Licenses, fees and service charges are 20% of general fund revenues and increased 2% in FY09-10 and are projected to increase 7% next year as building permit activity is anticipated to rebound.

During the past ten years, the percentage of the total governmental expenditures in any of the government's activities has remained fairly constant, with less than a 2% variation in any activity.

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.

Fund balance available for spending in the governmental funds was \$29,268,413 (71% of total expenditure levels) and was \$6,018,226 in the general fund (23% of total expenditure levels). This level is adequate for financing any required future costs and provides the City a adequate amount of fund balance to meet the short-term financial concerns.

Relevant Financial Policies.

The City has established several policies to guide its financial operations. Some of the most significant policies include:

- Operating or recurring expenditures will be funded from recurring revenue sources.
- The property tax levy rate will remain the same.
- A reserve fund balance in the General Fund will be maintained at a level of at least 20% of the amount of expenditure.
- Long-term debt should not be issued for a time period that is greater than the useful life of the asset being financed.
- All current pension fund costs shall be fully funded and past-service costs shall be funded under accepted methods and legally required time period.
- All funds shall maintain a balanced budget. Balanced is defined as expenditures for the year do not exceed the total of budgeted revenues and unreserved, undesignated fund balance at the beginning of the year.

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, Cunningham Avenue North, and the Pointe, of which all involve retail sales.
- b) Monitor the initial stages of construction of a broadband computer access system to service underserved areas of the City. This system will be funded in large part by a federal and state grant that was awarded to both the Cities of Champaign, University of Illinois, and the City of Urbana.
- c) Continue to monitor the downturn in national and state economy and the impact on Urbana tax revenues. A prolonged economic downturn or failure of the State of Illinois to balance its budget may significantly impact the City's ability to finance the current level of services in the future.
- d) Monitor the renegotiation of a new employee bargaining agreement with the union that represents the police officers. The current agreement expired on

June 30, 2010 and as of yet the City and the employee union have not been able to reach an agreement.

For the future, three areas of emphasis will be:


- b) Continue to identify and implement improvements in efficiency and new technology that will allow continued service delivery at the lowest possible cost. 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 are two of these identified improvements.
- c) Reduce the energy footprint of the City of Urbana by implementing energy conservation policies in all of the city buildings, encouraging citizens to utilize alternative methods of transportation other than automobiles, and to encourage and facilitate energy efficient home construction.
- d) Monitor the impact the emerald ash tree borer insect may have on the many trees of the city. Urbana is a charter recipient of the Tree City USA designation and has a considerable investment in it's tree stock. It is very likely that Urbana will have to institute various actions in an effort to mitigate this possible damage.

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, 2009. This was the 22nd 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, 2009

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



A stylized handwritten signature in black ink.

President

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

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2010

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Aldерwoman
Heather Stevenson

Aldерwoman
Diane Marlin

Alderman
Charles Smyth

Alderman
David Gehrig

Alderman
Dennis Roberts

Alderman
Robert E. Lewis

Alderman
Brandon Bowersox

Administrative Officers

Police Chief
Patrick Connolly

Fire Chief
Michael Dilley

Public Works Director
William Gray

Community Development Director
Libby Tyler

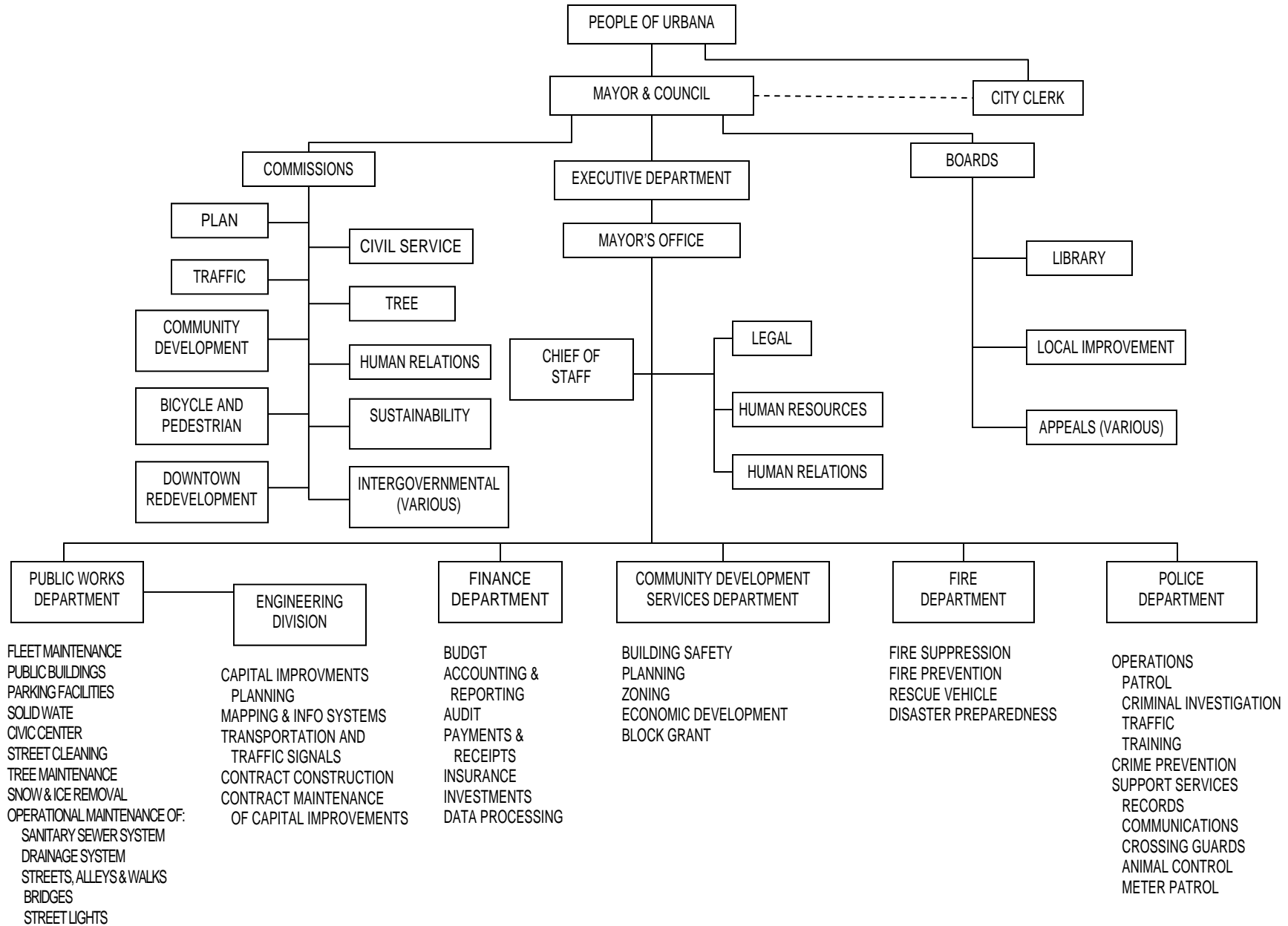
Corporation Counsel
Ronald O'Neal, Jr.

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



FINANCIAL SECTION



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BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

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CURTIS D. LILES, CPA
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Urbana, Illinois 61802-7446

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JAMES P. BRAY, CPA (RETIRED)

December 29, 2010

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, 2010, 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 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, 2010, 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, the Urbana Free Library Fund, the Tax Increment Financing District 2, and the Tax Increment Financing District 3 Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 29, 2010, 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 22 and the Schedule of Funding Progress for I.M.R.F. Pension Plan on page 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Urbana, Illinois' financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund budgetary comparison financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Bray, Drake, Liles & Richardson LLP
BRAY, DRAKE, LILES & RICHARDSON LLP

Management's Discussion and Analysis

June 30, 2010

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, 2010. 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 1-5 of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2010, by \$124,641,302. Of this amount \$36,783,738 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1,432,033 (+1.7%) during the year.
- At June 30, 2010, the governmental funds reported combined fund balances of \$29,601,724, of which \$26,737,936 was available for spending at the City's discretion (assigned and unassigned fund balance).
- Governmental fund balances decreased \$1,806,212 (6%) during the year.
- The City's long-term debt decreased \$6,526 due to debt principal retirements of \$164,486, a net increase in accumulated compensated employee absences of \$86,792, and a net increase in other postemployment benefits of \$71,168.

Overview of the Financial Statements:

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

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

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

Management's Discussion and Analysis

June 30, 2010

- 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, the Urbana Free

Management's Discussion and Analysis

June 30, 2010

Library Fund, the Tax Increment Financing District 2 Fund, and the Tax Increment Financing District 3 Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

- The City of Urbana adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.
- The basic governmental fund financial statements can be found on pages 25-34 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, 2010

Notes to the Financial Statements:

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

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the City's I.M.R.F. employee pension obligation. Required supplementary information can be found on page 73 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 74-98 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$44,412	\$43,985	\$3,359	\$3,725	\$47,771	\$47,710
Capital assets	<u>79,853</u>	<u>77,101</u>	<u>6,007</u>	<u>5,701</u>	<u>85,860</u>	<u>82,802</u>
Total assets	<u>124,265</u>	<u>121,086</u>	<u>9,366</u>	<u>9,426</u>	<u>133,631</u>	<u>130,512</u>
Long-term liabilities	2,447	2,318	548	684	2,995	3,002
Other liabilities	<u>5,824</u>	<u>4,146</u>	<u>171</u>	<u>155</u>	<u>5,995</u>	<u>4,301</u>
Total liabilities	<u>8,271</u>	<u>6,464</u>	<u>719</u>	<u>839</u>	<u>8,990</u>	<u>7,303</u>
Net assets						
Invested in capital assets	79,853	77,101	5,458	5,017	85,311	82,118
Restricted	2,546	2,556	--	--	2,546	2,556

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June 30, 2010

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Unrestricted	<u>33,595</u>	<u>34,965</u>	<u>3,189</u>	<u>3,570</u>	<u>36,784</u>	<u>38,535</u>
Total net assets	<u>\$115,994</u>	<u>\$114,622</u>	<u>\$8,647</u>	<u>\$8,587</u>	<u>\$124,641</u>	<u>\$123,209</u>

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

There was an increase in net assets from governmental activities of \$1,372,974; the investment in capital assets increased \$2,752,077; therefore, net assets from governmental activities other than capital assets decreased \$1,379,103. There was an increase in net assets from business-type activities of \$59,059 and an increase of \$441,039 in the investment in capital assets from business-type activities (net of related debt); therefore, net assets from business-type activities other than capital assets decreased \$381,980.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,676	\$ 6,449	\$1,034	\$ 1,101	\$ 6,710	\$ 7,550
Operating Grants & Contributions	2,200	1,798	--	--	2,200	1,798
Capital Grants & Contributions	34	252	--	--	34	252
General Revenues:						
Property Tax	10,401	10,968	--	--	10,401	10,968
Utility Tax	3,694	3,832	--	--	3,694	3,832
State Sales Tax	4,930	5,159	--	--	4,930	5,159
Intergovernmental, Not Restricted to Specific Programs	5,824	5,422	--	--	5,824	5,422
Investment Income	1,152	954	122	111	1,274	1,065
Municipal Sales Tax	3,492	3,577	--	--	3,492	3,577
Other Taxes	1,660	1,530	--	--	1,660	1,530
Other	<u>143</u>	<u>85</u>	<u>--</u>	<u>--</u>	<u>143</u>	<u>85</u>
Total Revenues	<u>\$39,206</u>	<u>\$40,026</u>	<u>\$1,156</u>	<u>\$1,212</u>	<u>\$40,362</u>	<u>\$41,238</u>

Management's Discussion and Analysis

June 30, 2010

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Expenses:						
Public Safety	\$14,368	\$14,151	\$ --	\$ --	\$14,368	\$14,151
Highways & Streets	10,956	10,591	--	--	10,956	10,591
General Government	3,376	3,264	--	--	3,376	3,264
Urban Redevelopment And Housing	5,790	5,561	--	--	5,790	5,561
Library Services	3,693	3,641	--	--	3,693	3,641
Motor Vehicle Parking	--	--	747	715	747	715
Total Expenses	<u>\$38,183</u>	<u>\$37,208</u>	<u>\$ 747</u>	<u>\$ 715</u>	<u>\$38,930</u>	<u>\$37,923</u>
Increase in Net Assets						
Before Transfers	\$1,023	\$ 2,817	\$ 409	\$ 497	\$ 1,432	\$ 3,314
Transfers In (Out)	<u>350</u>	<u>201</u>	<u>(350)</u>	<u>(201)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 1,373	\$ 3,018	\$ 59	\$ 296	1,432	3,314
Net Assets, Beg. Year	<u>114,621</u>	<u>111,603</u>	<u>8,588</u>	<u>8,292</u>	<u>123,209</u>	<u>119,895</u>
Net Assets, End Year	<u>\$115,994</u>	<u>\$114,621</u>	<u>\$8,647</u>	<u>\$8,588</u>	<u>\$124,641</u>	<u>\$123,209</u>

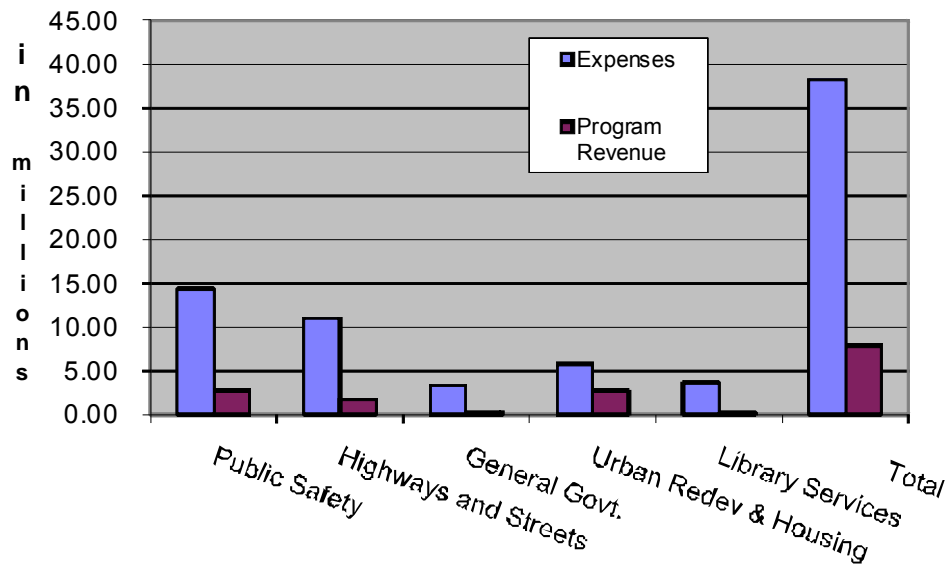
- As noted, net assets from governmental activities increased \$1,372,974 (1.2% growth). This is less than last year when net assets from government activities increased \$3,018,794 (2.7% growth). Total revenues decreased \$818,747 (2.0% compared to last year). Reasons for significant revenue changes were:
 - Charges for services decreased \$773,198 or 12%. This decrease was to two reasons: (1) in 2009, the City completed a unusual amount of capital improvement projects in which private developers were charged and reimbursed the City for a portion of these costs and (2) a general lower level of business permit activity due to the economy. The amount in 2011 is expected to be similar to 2010 amounts.
 - Investment income increased \$198,552 or 21% due to increases in the fair value of investments during 2010. This revenue increase should be considered of a non-recurring nature.
 - Intergovernmental, not restricted to specific programs increased \$401,795 or 7% due to the receipt in 2010 of additional motor fuel tax monies from the State of Illinois. The amount in 2011 should return to 2009 levels.

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- Most other revenues such as property tax, utility, and sales tax experienced decreases in the range of 3-5% due to the general economic decline.
- Expenses from governmental activities increased \$975,496 (2.6%). Significant expense changes were:
 - Individual program increases were very similar (1.4% to 3.9%) and were due to minimal scheduled salary adjustments under bargaining agreements and increases in employee insurance and pension costs.
- Expense amounts in 2011 should be slightly lower than 2010 increases as no cost of living adjustments in salaries are expected.
- Program revenues paid for 21% of expenses in 2010, a decrease from last year's amount of 25%. The reasons for this decrease were highlighted under significant revenues-charges for services changes above. The 21% in 2010 is a more normal level.

Expenses and Program Revenues – Governmental Activities

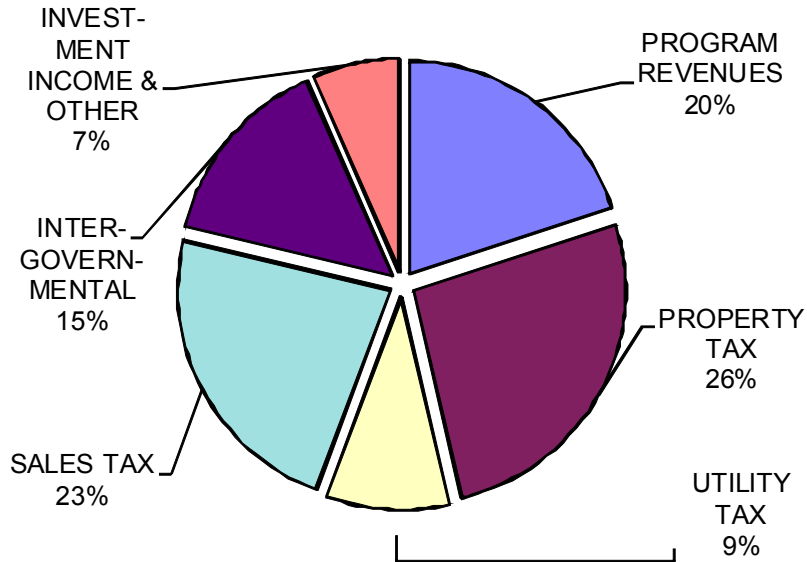


- Revenues for the City are generated from a number of different sources and for the most part are dependent on different financial factors. This relative mix of different revenue sources, as illustrated in the chart below, provides long-term stability.

Management's Discussion and Analysis

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Revenues by Sources – Governmental Activities



Financial Analysis of the Government's Funds:

As noted earlier, the City of Urbana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Urbana's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Fund balance of governmental funds may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City of Urbana's governmental funds reported combined ending fund balances of \$29,601,724 (99% is available for spending), a decrease of \$1,806,212 over last year (6% of beginning fund balance).

The general fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the general fund by 272,375. Planned transfers of \$637,517 to various other funds mainly for certain other operating expenses meant the fund balance decreased \$909,892 for the year to \$6,317,743 at June 30, 2010. Management believes this is an acceptable level of fund balance (23% of total expenditures and transfers; 28% last year). This decrease is unusual and higher than the amount considered normal range by management. However, it reflects management's decision to draw down accumulated fund balance in the general fund to pay for activity costs in lieu of the decline in revenues.

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Other Major Governmental Funds:

Vehicle and Equipment Replacement Fund. Expenditures exceeded revenues by \$1,104,859. Planned transfers of \$932,740 from other funds, mainly to finance equipment purchases, meant the fund balance decreased \$172,119 for the year to \$4,388,390. It is not unusual for this fund to fluctuate with significant increases and decreases in fund balance, as this fund is accumulating or spending monies to pay for certain equipment purchases. Management believes the amount of fund balance is acceptable.

Urbana Free Library Fund. Expenditures exceeded revenues by \$300,283. Planned transfers of \$394,144 from other funds, mainly to finance employee retirement costs, meant the fund balance increased \$93,861 for the year to \$1,860,261. Management believes the amount of fund balance is acceptable.

Tax Increment Financing District 2 Fund. Revenues exceeded expenditures and planned transfers out by \$91,189 leaving a fund balance at the end of the year was \$4,282,275. This fund is accumulating fund balance in order to finance future economic development projects.

Tax Increment Financing District 3 Fund. Revenues exceeded expenditures and planned transfers out by \$425,079 leaving a fund balance at the end of the year was \$3,282,761. This fund is also accumulating fund balance in order to finance future economic development projects.

Other Non-Major Governmental Funds:

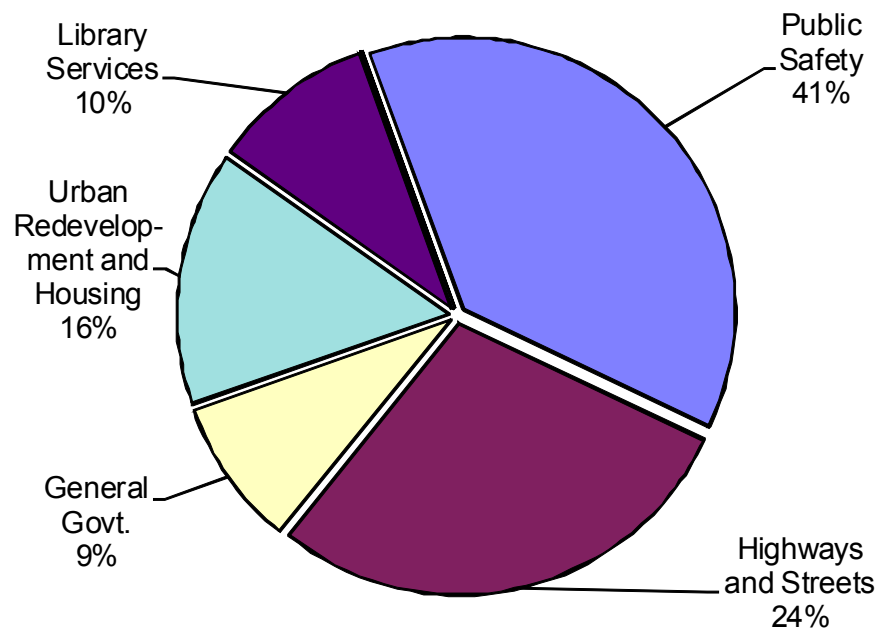
During the year, expenditures exceeded revenues in other non-major governmental funds by \$1,018,094. Net planned transfers of \$316,236 to other funds mainly for certain operating expenses meant the fund balance decreased \$1,334,330 for the year to a combined total of \$9,470,294 at June 30, 2010. This decrease was due to higher than normal capital outlays. Management believes this is an acceptable level of fund balance.

Management's Discussion and Analysis

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

Current Expenditures by Program – Governmental Activities



Proprietary Funds:

The only City of Urbana proprietary fund is the Motor Vehicle Parking Fund. This fund provides the same information found in the government-wide financial statements, but in more detail. Net assets of the Motor Vehicle Parking Fund at June 30, 2010 were \$8,646,877 which was an increase of \$59,059 over last year. Management believes this level of fund balance is acceptable.

General Fund Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (total decrease of \$124,893). This decrease was due to a lower level of public safety pension costs than originally expected.

Total revenues were \$2,151,810 lower than the original and final budget (8% variance). This negative variance was due to the general economic decline in the State of Illinois and in the local economy as reflected in the following taxes and revenue decreases:

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property tax \$190,503 due to lower than expected assessed values; utility tax \$404,321 due to lower pricing for natural gas; various sales taxes \$1,110,919 due to lower local sales levels; \$565,477 due to lower state-shared income tax; and \$288,812 in licenses, fines, and service charges, due to lower business permit activity. Total expenditures were \$3,752,175 lower than the original budget and \$3,627,282 lower than the final budget (12% variance). Thirty-three percent of the total difference (\$1,210,474) was in personnel services reported in the same proportion as personnel costs reported in the city's 5 programs. This amount in personnel services can be considered unusual and was due to the city intentionally not filling personnel vacancies during the year. The difference in other services and charges (60% of the total difference) was due to the City incurring lower utility and certain service contractual amounts in Public Safety and Highways and Streets. Unspent amounts in other areas were in the range of 4-5%, 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, 2010, was \$85,311,369 (net of accumulated depreciation and related debt for business-type activities), an increase of \$3,193,116 over last year. This increase is similar to last year's increase of \$3,041,273. Infrastructure improvements can fluctuate 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 \$6,432,023 in total capital assets
- Addition of \$4,174,323 in infrastructure, of which \$626,903 was spent in improving Green Street, \$575,400 for the Windsor Road improvement, \$493,867 for the Goodwin Avenue improvement, \$349,371 for the North Shore Drive sewer improvement, and \$457,396 in the annual asphalt/concrete patching city-wide project. All other individual infrastructure improvements cost less than \$260,000.
- Addition of \$629,197 in land for the acquisition of a number of properties on Green Street.
- Addition of \$522,652 in parking lot and area improvements.
- Addition of \$1,598,427 in equipment, of which \$812,660 was spent to purchase 6 new dump trucks with snow plows and \$276,206 was spent to purchase a new sewer cleaning machine. All other equipment additions cost less than \$100,000.
- Depreciation expense of \$3,679,946 was charged (\$2,485,640 was for infrastructure).
- Assets of \$1,066,871 were taken out of service during the year. All of these assets were fully depreciated.

Management's Discussion and Analysis

June 30, 2010

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

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 4,779	\$ 4,149	\$3,722	\$ 3,722	\$ 8,501	\$ 7,871
Building and Improvements	14,862	15,174	2,054	1,775	16,916	16,949
Equipment	5,408	4,663	231	204	5,639	4,867
Infrastructure	<u>54,804</u>	<u>53,115</u>	<u>--</u>	<u>--</u>	<u>54,804</u>	<u>53,115</u>
Total Net Capital Assets	<u>\$79,853</u>	<u>\$77,101</u>	<u>\$6,007</u>	<u>\$ 5,701</u>	<u>\$85,860</u>	<u>\$82,802</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 \$548,203 at June 30, 2010. This entire amount is backed by the full faith and credit of the City of Urbana although reported as a business-type activity. Following is a comparative statement of outstanding debt (in thousands):

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Special revenue bonds	\$ --	\$ --	\$ 548	\$ 684	\$ 548	\$684
Accumulated employee Absences	2,075	1,988	--	--	2,075	1,988
Landfill post-closure Monitoring	229	258	--	--	229	258
Other postemployment Benefits	<u>143</u>	<u>72</u>	<u>--</u>	<u>--</u>	<u>143</u>	<u>72</u>
Total	\$2,447	\$2,318	\$ 548	\$ 684	\$2,995	\$3,002

During the year, \$135,836 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$2,365,159 of accumulated employee absences was retired; \$2,451,950 in additional accumulated employee absences was accrued; \$50,438 of other postemployment benefits was retired; and \$121,606 in other post employment benefits was accrued.

Management's Discussion and Analysis

June 30, 2010

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 Factors and Next Year's Budget.

Revenues in next year's budget are expected to be at the approximate same level as 2010. Assessed valuation is expected to increase only 1.5%. We believe the future of the local real estate market remains strong, although growth in assessed value is estimated to be closer to a 1-2% increase in the next 2 years.

The economic depression in the U.S. and the State of Illinois has had a significant negative impact on sales and income taxes in the City of Urbana. As a result of this stagnant growth in revenues, management has taken actions to control spending, including maintaining salary and contractual expense levels at the same amounts as 2010, not filling certain personnel vacancies for the entire year, deferring the purchase of certain major pieces of equipment, and also reducing transfers from the general fund for certain capital improvements for next year.

The general fund budget for next year has decreased \$16,907. It is expected that costs will be similar to this same amount for the immediate future.

Request for Information.

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

Statement of Net Assets

June 30, 2010

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	\$ 3,197	\$ 350	\$ 3,547
Checking	40,537	-	40,537
Savings	4,848,411	265,015	5,113,426
Illinois Public Treasurer's Pool	82,223	-	82,223
Money Market Funds	124,863	-	124,863
Investments	23,740,554	3,056,986	26,797,540
Receivables (Net of Uncollectibles)	9,397,088	24,470	9,421,558
Internal Balances	(6,228)	6,228	-
Prepaid Items	333,311	1,650	334,961
Inventory of Supplies, at Cost	91,834	4,196	96,030
Investment in Joint Venture	43,404	-	43,404
Overfunded Net Pension Obligation	5,712,768	-	5,712,768
Capital Assets:			
Land	4,778,670	3,721,624	8,500,294
Other Capital Assets (Net of Accumulated Depreciation):			
Buildings and Improvements	14,861,988	2,053,591	16,915,579
Equipment	5,408,586	231,403	5,639,989
Infrastructure	54,803,710	-	54,803,710
Total Assets	\$ 124,264,916	\$ 9,365,513	\$ 133,630,429
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 4,320,196	\$ 27,274	\$ 4,347,470
Accrued Interest	-	9,770	9,770
Accrued Salaries and Taxes	706,833	5,364	712,197
Unearned Revenues	796,422	128,025	924,447
Non-Current Liabilities:			
Due Within One Year	811,340	146,812	958,152
Due After More Than One Year	1,635,700	401,391	2,037,091
Total Liabilities	8,270,491	718,636	8,989,127
Net Assets:			
Invested in Capital Assets, Net of Related Debt	79,852,954	5,458,415	85,311,369
Street/Sewer Maintenance & Improvements	2,546,195	-	2,546,195
Unrestricted	33,595,276	3,188,462	36,783,738
Total Net Assets	115,994,425	8,646,877	124,641,302
Total Liabilities and Net Assets	\$ 124,264,916	\$ 9,365,513	\$ 133,630,429

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2010

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 14,367,664	\$ 2,717,294	\$ 33,823	\$ 12,485	\$ (11,604,062)	\$ -	\$ (11,604,062)
Highways and Streets	10,955,805	1,741,859	-	21,437	(9,192,509)	-	(9,192,509)
General Government	3,375,978	359,678	-	-	(3,016,300)	-	(3,016,300)
Urban Redevelopment & Housing	5,789,975	702,651	2,048,363	-	(3,038,961)	-	(3,038,961)
Library Services	3,693,620	154,403	117,787	-	(3,421,430)	-	(3,421,430)
Total Governmental Activities	38,183,042	5,675,885	2,199,973	33,922	(30,273,262)	-	(30,273,262)
Business-Type Activities:							
Motor Vehicle Parking	747,307	1,033,691	-	-	-	286,384	286,384
Total Functions/Programs	<u>\$ 38,930,349</u>	<u>\$ 6,709,576</u>	<u>\$ 2,199,973</u>	<u>\$ 33,922</u>	<u>(30,273,262)</u>	<u>286,384</u>	<u>(29,986,878)</u>
General Revenues:							
Property Tax					10,401,139	-	10,401,139
Utility Tax					3,693,989	-	3,693,989
State Sales Tax					4,930,291	-	4,930,291
Sewer Benefit Tax					1,021,601	-	1,021,601
Hotel/Motel Tax					638,070	-	638,070
Intergovernmental, Not Restricted to Specific Functions/Programs					5,823,989	-	5,823,989
Investment Income					1,152,308	122,315	1,274,623
Other					138,673	-	138,673
Municipal Sales Tax					3,492,070	-	3,492,070
Increase in Investment in Joint Venture					4,466	-	4,466
Transfers					349,640	(349,640)	-
Total General Revenues and Transfers					<u>31,646,236</u>	<u>(227,325)</u>	<u>31,418,911</u>
Change in Net Assets					1,372,974	59,059	1,432,033
Net Assets, Beginning of Year:					<u>114,621,451</u>	<u>8,587,818</u>	<u>123,209,269</u>
Net Assets, End of Year					<u>\$ 115,994,425</u>	<u>\$ 8,646,877</u>	<u>\$ 124,641,302</u>

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

CITY OF URBANA
Governmental Funds - Combined Balance Sheet
June 30, 2010

ASSETS	General	Vehicle and Equipment Replacement	Urbana Free Library	Tax Increment Financing District 2	Tax Increment Financing District 3	Other Governmental Funds	Totals
Cash and Cash Equivalents:							
Cash on Hand	\$ 2,581	\$ -	\$ 516	\$ -	\$ -	\$ 100	\$ 3,197
Checking	11,060	-	28,433	-	-	1,044	40,537
Savings	879,791	158,168	1,472,593	12,461	42,483	2,197,357	4,762,853
Illinois Public Treasurer's Pool	68,407	-	13,582	-	-	234	82,223
Money Market Funds	-	-	97,233	-	-	27,630	124,863
Investments	3,885,089	4,230,362	121,038	4,194,331	3,986,325	7,323,409	23,740,554
Receivables (Net of Uncollectibles)	5,517,767	-	1,474,089	613,745	495,393	1,296,094	9,397,088
Due from Other Funds	343,565	12,333	-	12,291	9,750	9,569	387,508
Prepaid Expenditures	299,517	-	-	-	-	33,794	333,311
Total Assets	<u>\$ 11,007,777</u>	<u>\$ 4,400,863</u>	<u>\$ 3,207,484</u>	<u>\$ 4,832,828</u>	<u>\$ 4,533,951</u>	<u>\$ 10,889,231</u>	<u>\$ 38,872,134</u>
 LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ 17,195	\$ -	\$ -	\$ 446,215	\$ 463,410
Accounts Payable	2,761,057	6,735	16,572	86,306	351,101	437,455	3,659,226
Claims Payable	629,437	-	-	-	-	-	629,437
Accrued Salaries and Taxes	587,795	-	107,702	1,236	1,312	1,195	699,240
Deferred Revenues	711,745	5,738	1,205,754	463,011	898,777	534,072	3,819,097
Total Liabilities	<u>4,690,034</u>	<u>12,473</u>	<u>1,347,223</u>	<u>550,553</u>	<u>1,251,190</u>	<u>1,418,937</u>	<u>9,270,410</u>
Fund Balance:							
Non-spendable-prepaid expenditures	299,517	-	-	-	-	33,794	333,311
Restricted:							
Street maintenance & improvements	-	-	-	-	-	2,530,477	2,530,477
Assigned:							
Vehicle & Equipment replacement	-	4,388,390	-	-	-	-	4,388,390
Library services	-	-	1,860,261	-	-	-	1,860,261
Other infrastructure improvements	-	-	-	-	-	909,847	909,847
Economic development	-	-	-	4,282,275	3,282,761	2,399,076	9,964,112
Worker compensation claims	-	-	-	-	-	3,113,598	3,113,598
Other purposes	-	-	-	-	-	483,502	483,502
Unassigned	6,018,226	-	-	-	-	-	6,018,226
Total Fund Balance	<u>6,317,743</u>	<u>4,388,390</u>	<u>1,860,261</u>	<u>4,282,275</u>	<u>3,282,761</u>	<u>9,470,294</u>	<u>29,601,724</u>
Total Liabilities and Fund Balance	<u>\$ 11,007,777</u>	<u>\$ 4,400,863</u>	<u>\$ 3,207,484</u>	<u>\$ 4,832,828</u>	<u>\$ 4,533,951</u>	<u>\$ 10,889,231</u>	<u>\$ 38,872,134</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, 2010

Total fund balances, governmental funds	\$	29,601,724
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.		79,760,833
Other long-term assets are not available to pay for current-period expenditures revenue in the funds.		8,778,847
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.		300,061
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(2,447,040)</u>
Net assets of governmental activities	\$	<u><u>115,994,425</u></u>

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

CITY OF URBANA
Governmental Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2010

	General	Vehicle and Equipment Replacement	Urbana Free Library	Tax Increment Financing District 2	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:							
Property Tax	\$ 4,285,885	\$ -	\$ 2,880,059	\$ 1,139,875	\$ 971,713	\$ 1,255,639	\$ 10,533,171
Utility Tax	3,693,989	-	-	-	-	-	3,693,989
State Sales Tax	4,930,291	-	-	-	-	-	4,930,291
Sewer Benefit Tax	-	-	-	-	-	1,021,601	1,021,601
Hotel/Motel Tax	638,070	-	-	-	-	-	638,070
Intergovernmental	5,187,313	47,596	187,061	-	-	4,550,816	9,972,786
Net Investment Earnings	515,622	161,272	14,617	146,287	112,781	201,729	1,152,308
Licenses, Fines, and Service Charges	3,445,958	34,229	154,403	-	-	126,393	3,760,983
Other	-	106,439	27,588	-	-	4,646	138,673
Municipal Sales Tax	3,492,070	-	-	-	-	-	3,492,070
Total Revenues	26,189,198	349,536	3,263,728	1,286,162	1,084,494	7,160,824	39,333,942
Expenditures:							
Current:							
Public Safety	14,476,312	65,083	-	-	-	10,283	14,551,678
Highways and Streets	7,163,316	-	-	-	-	940,138	8,103,454
General Government	3,059,951	-	-	-	-	213,230	3,273,181
Urban Redevelopment and Housing	1,728,782	-	-	208,653	602,629	3,215,268	5,755,332
Library Services	-	-	3,507,372	-	-	-	3,507,372
Capital Outlay	33,212	1,389,312	56,639	962,829	56,786	3,799,999	6,298,777
Total Expenditures	26,461,573	1,454,395	3,564,011	1,171,482	659,415	8,178,918	41,489,794
Excess of Revenues Over (Under) Expenditures	(272,375)	(1,104,859)	(300,283)	114,680	425,079	(1,018,094)	(2,155,852)
Other Financing Sources (Uses):							
Transfers In	-	932,740	394,144	-	-	985,899	2,312,783
Transfers Out	(637,517)	-	-	(23,491)	-	(1,302,135)	(1,963,143)
Total Other Financing Sources (Uses)	(637,517)	932,740	394,144	(23,491)	-	(316,236)	349,640
Net Changes in Fund Balances	(909,892)	(172,119)	93,861	91,189	425,079	(1,334,330)	(1,806,212)
Fund Balance, Beginning of Year:	7,227,635	4,560,509	1,766,400	4,191,086	2,857,682	10,804,624	31,407,936
Fund Balance, End of Year	\$ 6,317,743	\$ 4,388,390	\$ 1,860,261	\$ 4,282,275	\$ 3,282,761	\$ 9,470,294	\$ 29,601,724

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

CITY OF URBANA
 Reconciliation of the Statement of
 Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 Fiscal Year Ended June 30, 2010

Net change in fund balance, total governmental funds \$ (1,806,212)

Amounts reported for governmental activities
 in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,750,810

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.

(132,032)

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.

713,151

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.

(125,344)

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.

(27,399)

Change in net assets of governmental activities

\$ 1,372,974

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 4,476,388	\$ 4,476,388	\$ 4,285,885	\$ (190,503)
Utility Tax	4,098,310	4,098,310	3,693,989	(404,321)
State Sales Tax	5,486,100	5,486,100	4,930,291	(555,809)
Hotel/Motel Tax	718,310	718,310	638,070	(80,240)
Intergovernmental	5,752,790	5,752,790	5,187,313	(565,477)
Net Investment Earnings:				
Interest	107,400	107,400	371,897	264,497
Net Increase (Decrease) in Fair Value of Investments	-	-	143,725	143,725
Subtotal, Net Investment Earnings	107,400	107,400	515,622	408,222
Licenses, Fines, and Service Charges	3,734,770	3,734,770	3,445,958	(288,812)
Municipal Sales Tax	3,966,940	3,966,940	3,492,070	(474,870)
Total Revenues	<u>\$ 28,341,008</u>	<u>\$ 28,341,008</u>	<u>\$ 26,189,198</u>	<u>\$ (2,151,810)</u>
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 7,209,337	\$ 7,161,703	\$ 6,867,781	\$ 293,922
Materials & Supplies	54,850	54,850	34,938	19,912
Other Services & Charges	1,532,856	1,532,856	902,961	629,895
Total Police	<u>8,797,043</u>	<u>8,749,409</u>	<u>7,805,680</u>	<u>943,729</u>
Fire:				
Personnel Services	6,384,852	6,330,702	6,023,366	307,336
Materials & Supplies	70,590	70,590	66,710	3,880
Other Services & Charges	1,135,082	1,135,082	580,556	554,526
Total Fire	<u>7,590,524</u>	<u>7,536,374</u>	<u>6,670,632</u>	<u>865,742</u>
Total Public Safety	<u>16,387,567</u>	<u>16,285,783</u>	<u>14,476,312</u>	<u>1,809,471</u>
Highways and Streets:				
Personnel Services	4,823,715	4,792,926	4,549,416	243,510
Materials & Supplies	620,850	620,850	601,796	19,054
Other Services & Charges	2,764,047	2,767,047	2,012,104	754,943
Total Highways and Streets	<u>8,208,612</u>	<u>8,180,823</u>	<u>7,163,316</u>	<u>1,017,507</u>

(Continued)

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 1,187,559	\$ 1,189,529	\$ 1,058,711	\$ 130,818
Materials & Supplies	25,010	25,010	23,270	1,740
Other Services & Charges	321,869	321,869	231,050	90,819
Total Executive	<u>1,534,438</u>	<u>1,536,408</u>	<u>1,313,031</u>	<u>223,377</u>
Finance:				
Personnel Services	1,395,540	1,397,840	1,241,826	156,014
Materials & Supplies	57,580	57,580	40,435	17,145
Other Services & Charges	278,774	278,774	219,330	59,444
Total Finance	<u>1,731,894</u>	<u>1,734,194</u>	<u>1,501,591</u>	<u>232,603</u>
City Clerk:				
Personnel Services	182,510	182,510	175,702	6,808
Materials & Supplies	2,880	2,880	2,879	1
Other Services & Charges	30,156	30,156	23,937	6,219
Total City Clerk	<u>215,546</u>	<u>215,546</u>	<u>202,518</u>	<u>13,028</u>
Legislative:				
Personnel Services	42,510	42,920	42,153	767
Materials & Supplies	750	750	79	671
Other Services & Charges	9,300	9,300	579	8,721
Total Legislative	<u>52,560</u>	<u>52,970</u>	<u>42,811</u>	<u>10,159</u>
Total General Government	<u>3,534,438</u>	<u>3,539,118</u>	<u>3,059,951</u>	<u>479,167</u>
Urban Redevelopment and Housing:				
Personnel Services	1,224,300	1,224,300	1,153,001	71,299
Materials & Supplies	18,520	18,520	12,021	6,499
Other Services & Charges	663,227	663,227	563,760	99,467
Total Urban Redevelopment and Housing	<u>1,906,047</u>	<u>1,906,047</u>	<u>1,728,782</u>	<u>177,265</u>
Total Current Expenditures	30,036,664	29,911,771	26,428,361	3,483,410
Capital Outlay	177,084	177,084	33,212	143,872
Total Expenditures	<u>\$ 30,213,748</u>	<u>\$ 30,088,855</u>	<u>\$ 26,461,573</u>	<u>\$ 3,627,282</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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 47,596	\$ 20,596
Investment Earnings:				
Interest	92,500	92,500	120,380	27,880
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	40,892	40,892
Total Net Investment Earnings	92,500	92,500	161,272	68,772
Licenses, Fines and Service Charges	89,994	89,994	34,229	(55,765)
Other	30,000	30,000	106,439	76,439
Total Revenues	239,494	239,494	349,536	110,042
Expenditures:				
Current:				
Public Safety:				
Materials and Supplies	68,903	68,903	20,292	48,611
Contractual Services	111,283	111,283	44,791	66,492
Total Current Expenditures	180,186	180,186	65,083	115,103
Capital Outlay	2,769,078	2,769,078	1,389,312	1,379,766
Total Expenditures	2,949,264	2,949,264	1,454,395	1,494,869
Net Revenues Over (Under) Expenditures	(2,709,770)	(2,709,770)	(1,104,859)	1,604,911
Other Financing Sources (Uses):				
Transfers In	922,580	922,580	932,740	10,160
Net Change in Fund Balance	(1,787,190)	(1,787,190)	(172,119)	1,615,071
Fund Balance, Beginning of Year	4,560,509	4,560,509	4,560,509	-
Fund Balance, End of Year	\$ 2,773,319	\$ 2,773,319	\$ 4,388,390	\$ 1,615,071

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,958,410	\$ 2,958,413	\$ 2,880,059	\$ (78,354)
Intergovernmental	179,160	179,160	187,061	7,901
Net Investment Earnings - Interest	16,600	16,600	14,617	(1,983)
Licenses, Fines, and Service Charges	142,500	142,500	154,403	11,903
Other-Donations	-	-	27,588	27,588
	<u>3,296,670</u>	<u>3,296,673</u>	<u>3,263,728</u>	<u>(32,945)</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	2,598,218	2,599,432	2,541,945	57,487
Materials and Supplies	660,422	659,211	477,568	181,643
Contractual Services	527,181	527,181	487,859	39,322
	<u>3,785,821</u>	<u>3,785,824</u>	<u>3,507,372</u>	<u>278,452</u>
Total Library Services				
Capital Outlay	56,639	56,639	56,639	-
	<u>3,842,460</u>	<u>3,842,463</u>	<u>3,564,011</u>	<u>278,452</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(545,790)	(545,790)	(300,283)	245,507
Other Financing Sources (Uses):				
Transfers In	309,470	309,470	394,144	84,674
	<u>(236,320)</u>	<u>(236,320)</u>	<u>93,861</u>	<u>330,181</u>
Net Change in Fund Balance				
Fund Balance, Beginning of Year	1,766,400	1,766,400	1,766,400	-
	<u>\$ 1,530,080</u>	<u>\$ 1,530,080</u>	<u>\$ 1,860,261</u>	<u>\$ 330,181</u>
Fund Balance, End of Year				

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

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,080,000	\$ 1,080,000	\$ 1,139,875	\$ 59,875
Investment Earnings:				
Interest	60,000	60,000	109,059	49,059
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	37,228	37,228
Total Net Investment Earnings	60,000	60,000	146,287	86,287
Total Revenues	1,140,000	1,140,000	1,286,162	146,162
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	55,710	56,010	56,000	10
Contractual Services	931,398	931,098	152,653	778,445
Total Urban Redevelopment and Housing	987,108	987,108	208,653	778,455
Capital Outlay	3,081,901	3,393,901	962,829	2,431,072
Total Expenditures	4,069,009	4,381,009	1,171,482	3,209,527
Net Revenues Over (Under) Expenditures	(2,929,009)	(3,241,009)	114,680	3,355,689
Other Financing Sources (Uses):				
Transfers In (Out)	(41,089)	(41,089)	(23,491)	17,598
Net Change in Fund Balance	(2,970,098)	(3,282,098)	91,189	3,373,287
Fund Balance, Beginning of Year	4,191,086	4,191,086	4,191,086	-
Fund Balance, End of Year	\$ 1,220,988	\$ 908,988	\$ 4,282,275	\$ 3,373,287

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

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,021,000	\$ 1,021,000	\$ 971,713	\$ (49,287)
Investment Earnings:				
Interest	65,000	65,000	84,055	19,055
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	28,726	28,726
Total Net Investment Earnings	65,000	65,000	112,781	47,781
Total Revenues	1,086,000	1,086,000	1,084,494	(1,506)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	58,630	58,630	56,094	2,536
Contractual Services	1,367,679	1,367,679	546,535	821,144
Total Urban Redevelopment and Housing	1,426,309	1,426,309	602,629	823,680
Capital Outlay	1,084,061	1,084,061	56,786	1,027,275
Total Expenditures	2,510,370	2,510,370	659,415	1,850,955
Net Change in Fund Balance	(1,424,370)	(1,424,370)	425,079	1,849,449
Fund Balance, Beginning of Year:	2,857,682	2,857,682	2,857,682	-
Fund Balance, End of Year	\$ 1,433,312	\$ 1,433,312	\$ 3,282,761	\$ 1,849,449

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

CITY OF URBANA
 Proprietary Funds
 Statement of Net Assets
 June 30, 2010

	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	265,015	154,434	85,558
Total Cash and Cash Equivalents	<u>265,365</u>	<u>154,784</u>	<u>85,558</u>
Investments (At Fair Value)	3,056,986	3,585,489	-
Receivables (Net of Uncollectibles):			
Accounts	24,470	18,460	-
Due from Other Funds	6,228	-	69,674
Inventory of Supplies	4,196	7,598	91,834
Prepaid Expense	1,650	-	-
Total Current Assets	<u>3,358,895</u>	<u>3,766,331</u>	<u>247,066</u>
Capital Assets:			
Land	3,721,624	3,721,624	-
Buildings and Improvements	7,015,500	6,492,848	-
Equipment	478,905	420,710	227,526
Less Accumulated Depreciation	<u>(5,209,411)</u>	<u>(4,933,767)</u>	<u>(135,405)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,006,618</u>	<u>5,701,415</u>	<u>92,121</u>
Total Assets	<u>9,365,513</u>	<u>9,467,746</u>	<u>339,187</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	41,362	-
Accounts Payable	27,274	27,092	31,533
Accrued Interest	9,770	11,542	-
Accrued Salaries and Taxes	5,364	3,879	7,593
Deferred Revenue	128,025	112,014	-
General Obligation Bonds-Current	146,812	135,836	-
Total Current Liabilities	<u>317,245</u>	<u>331,725</u>	<u>39,126</u>
Non-Current Liabilities:			
General Obligation Bonds	<u>401,391</u>	<u>548,203</u>	<u>-</u>
Total Liabilities	<u>718,636</u>	<u>879,928</u>	<u>39,126</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,458,415	5,017,376	92,121
Unrestricted	<u>3,188,462</u>	<u>3,570,442</u>	<u>207,940</u>
Total Net Assets	<u>\$ 8,646,877</u>	<u>\$ 8,587,818</u>	<u>\$ 300,061</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, 2010

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 765,684	\$ 827,293	\$ -
Parking Rentals	268,007	273,326	-
Charges for Services	-	-	831,532
	<u>1,033,691</u>	<u>1,100,619</u>	<u>831,532</u>
Total Operating Revenues			
Operating Expenses:			
Personnel Services	210,628	176,727	330,716
Supplies	36,627	35,188	15,962
Contractual Services	194,595	195,731	90,221
Equipment Parts	-	-	167,087
Fuel	-	-	239,722
Depreciation	276,792	273,562	15,223
	<u>718,642</u>	<u>681,208</u>	<u>858,931</u>
Total Operating Expenses			
Operating Income (Loss)	<u>315,049</u>	<u>419,411</u>	<u>(27,399)</u>
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	122,315	110,967	-
Interest Expense	(28,665)	(33,242)	-
	<u>93,650</u>	<u>77,725</u>	<u>-</u>
Total Non Operating Revenues (Expenses)			
Income (Loss) Before Transfers	408,699	497,136	(27,399)
Transfers (Out)	(349,640)	(201,217)	-
	<u>59,059</u>	<u>295,919</u>	<u>(27,399)</u>
Change in Net Assets			
Net Assets, Beginning of Year	<u>8,587,818</u>	<u>8,291,899</u>	<u>327,460</u>
Net Assets, End of Year	<u>\$ 8,646,877</u>	<u>\$ 8,587,818</u>	<u>\$ 300,061</u>

The accompanying notes are an integral part of these financial statement

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2010

	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	\$ 996,103	\$ 1,166,503	\$ 855,429
Payments to Employees	(209,143)	(175,549)	(329,650)
Payments to Suppliers	(229,288)	(236,104)	(508,788)
Net Cash Provided by (Used in) Operating Activities	<u>557,672</u>	<u>754,850</u>	<u>16,991</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	<u>(349,640)</u>	<u>(201,217)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Buildings and Improvements	(522,661)	(269,696)	-
Purchase of Equipment	(59,335)	(3,280)	(16,490)
Payment of Interest on Debt	(30,437)	(34,782)	-
Payment of Debt Principal	(135,836)	(124,942)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(748,269)</u>	<u>(432,700)</u>	<u>(16,490)</u>
Cash Flows from Investing Activities:			
(Purchase) Sale of Investments	528,503	(669,312)	-
Investment Income	122,315	110,968	-
Net Cash Provided by (Used in) Investing Activities	<u>650,818</u>	<u>(558,344)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	110,581	(437,411)	501
Beginning Cash and Cash Equivalents	<u>154,784</u>	<u>592,195</u>	<u>85,057</u>
Ending Cash and Cash Equivalents	<u>\$ 265,365</u>	<u>\$ 154,784</u>	<u>\$ 85,558</u>

(Continued)

CITY OF URBANA
 Proprietary Funds
 Statement of Cash Flows, Continued
 Fiscal Year Ended June 30, 2010

	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)	\$ 315,048	\$ 419,410	\$ (27,398)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	276,792	273,562	15,223
Decrease (Increase) in Accounts Receivable	(6,009)	(5,114)	-
Decrease (Increase) in Due from Other Funds	(6,228)	-	23,896
Decrease (Increase) in Prepaid Expense	(1,650)	-	-
(Increase) in Inventory of Supplies	3,402	(7,598)	5,476
Increase (Decrease) in Due to Other Funds	(41,362)	35,622	-
Increase (Decrease) in Accounts Payable	183	2,413	(1,272)
Increase (Decrease) in Accrued Salaries and Taxes	1,485	1,178	1,066
Increase (Decrease) in Deferred Revenues	16,011	35,377	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 557,672</u>	<u>\$ 754,850</u>	<u>\$ 16,991</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, 2010

ASSETS

Cash and Cash Equivalents:

Checking	\$ 6,989
Savings	1,439,732
Money Market Funds	1,455,870
Total Cash and Cash Equivalents	<u>2,902,591</u>

Investments (at Fair Value):

U.S. Government Securities	23,224,947
Certificates of Deposit	3,165,543
Mutual Funds	20,169,155
Total Investments	<u>46,559,645</u>

Receivables (Net of Uncollectibles):

Property Tax	1,525,530
Due from Other Govt.	1,336
Member Loans	21,220
Accrued Interest	160,779
	<u>1,708,865</u>

Total Assets	<u>51,171,101</u>
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LIABILITIES

Accounts Payable	11,610
Accrued Salaries and Taxes	12,864
	<u>24,474</u>

Total Liabilities	<u>24,474</u>
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**NET ASSETS HELD IN TRUST
FOR PENSION BENEFITS**

	<u><u>\$ 51,146,627</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF URBANA
 Fiduciary Funds
 Employee's Pension Trust Funds
 Statement of Changes in Fiduciary Net Assets
 Fiscal Year Ended June 30, 2010

Additions:

Employer Contributions	\$ 3,155,656
Employee Contributions	686,205
Total Contributions	<u>3,841,861</u>
Investment Income:	
Interest and Dividends	1,423,066
Net Increase (Decrease) in Fair Value of Investments	2,945,806
Total Investment Income	<u>4,368,872</u>
Less Investment Expense	(103,061)
Net Investment Income	<u>4,265,811</u>
Total Additions	<u>8,107,672</u>

Deductions:

Benefits	3,092,493
Administrative Costs	38,160
Total Deductions	<u>3,130,653</u>
Change in Net Assets	4,977,019
Net Assets Beginning of Year	<u>46,169,608</u>
Net Assets, End of Year	<u>\$ 51,146,627</u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

June 30, 2010

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

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

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

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

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

D. Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are measurable and available. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to finance any liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. All other governmental fund revenues are considered available if they are collected within one year after year-end.

Notes to Financial Statements

June 30, 2010

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.

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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

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

Tax 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. Expenditure of these revenues is restricted to economic redevelopment and related capital improvements 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 economic redevelopment and related capital improvements within the district.

2) Major Proprietary Fund:

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

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

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

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

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

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

Notes to Financial Statements

June 30, 2010

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 economic redevelopment and related capital improvements 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 economic redevelopment and related capital improvements 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.

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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

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, 2010, there were no certificates of deposit considered to be a cash equivalent. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

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

Notes to Financial Statements

June 30, 2010

- 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 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

An amount of \$91,834 is carried in the Central Garage Internal Service Fund and an amount of \$4,196 in the Motor Vehicle Parking Enterprise Fund for inventory of supplies, 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

4) Fund Balance/Net Assets:

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance are amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside entities for use for a specific purpose. The only restricted fund balance is restricted for street maintenance and improvements under State of Illinois laws concerning how motor fuel taxes may be spent, as reported in the Motor Fuel Tax Capital Projects Fund. Committed fund balance is constrained by formal ordinances of the City Council, which is the highest level of decision making authority. There are no committed fund balances.

Assigned fund balance represents amounts constrained by the City's intent to use for a specific purpose. The authority to assign fund balance has been delegated to the City Comptroller through the approved fund balance policy of the City. Any residual fund balance of the General Fund is reported as unassigned.

The City has established fund balance policies for governmental funds. Fund balance for The Vehicle and Equipment Replacement Special Revenue Fund is assigned for future vehicle and equipment replacement; the Urbana Free Library Special Revenue Fund is assigned for library services; The Tax Increment Financing District 1, Tax Increment Financing District 2, Tax Increment Financing District 3, the Tax Increment Financing District 4, and the Economic Development Special Revenue Funds are assigned for economic development; the Social Service Agencies Fund, the Community Development Special Revenue Fund and the Tax Stabilization Fund assigned for other purposes; the Insurance Financing Special Revenue Fund is assigned for worker compensation claims; and the Building Financing Special Revenue Fund, the Capital Improvement and Replacement Capital Projects Fund, and the Sanitary Sewer Capital Projects Fund are assigned for other infrastructure improvements. There is no minimum level of fund balance in the general fund.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a particular purpose. Invested in capital assets, net of related debt, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

Notes to Financial Statements

June 30, 2010

5) Capital Assets:

Capital assets that include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines Capital assets as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

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

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

6) Compensated Absences:

City employees are granted vacation pay and sick leave in various amounts. Sick leave and vacation benefits may be accumulated; however, upon death or retirement, employees are eligible to receive only a portion of accumulated time. Such amounts are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. 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, 2010.

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

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

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

Forty Percent of the amount of property tax receivable is deferred in the governmental funds	\$3,022,675
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	43,404
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>5,712,768</u>
Total	<u>\$8,778,847</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	\$2,075,004
Future landfill monitoring	229,200
Unfunded post-employment benefits	<u>142,836</u>
Total	<u>\$2,447,040</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:

Notes to Financial Statements

June 30, 2010

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

Capital outlays	\$6,430,756
Depreciation	<u>(3,679,946)</u>
Total	<u>\$2,750,810</u>

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was decreased by the increase in the investment in the joint venture, which is shown as an asset.	\$ 4,466
Amortization of long-term liability for future landfill monitoring	28,650
Recognition of unfunded other post employment benefits	(71,668)
Accumulated employee compensated absences	<u>(86,792)</u>
Total	<u>\$ (125,344)</u>

Note 3 – Stewardship, Compliance, and Accountability:

Budgetary Information – The Mayor and Budget Officer (City Comptroller 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 Budget 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 \$5,890,452 for all funds, with additional revenues of \$5,489,403 also being added and \$401,049 being paid from accumulated fund balance. Significant budget changes that were approved were:

- a. to add \$5,000,000 for engineering and design costs of a major street construction project reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. The same amount was added as a

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

revenue, from a federal grant, reported as intergovernmental revenues in this fund.

- b. to add \$100,000 for the purchase of a snow plow and dump truck. The additional amount will be paid from accumulated fund balance in the Capital Improvement and Replacement Capital Projects Fund.
- c. to add \$185,200 for energy conservation improvements in city buildings, reported in the Capital Improvement and Replacement Capital Projects Fund. This cost is paid for by a federal grant and reported as intergovernmental revenue.
- d. To add \$298,790 for certain street improvements reported in the Community Development Block Grant Special Revenue Fund. These costs will be paid by a supplemental federal grant, reported as intergovernmental revenue.
- e. To add \$312,000 for the purchase of certain property, reported in the Tax Increment Financing District 2 Special Revenue Fund, as capital outlay. The additional amount will be paid from accumulated fund balance.

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, 2010, the City of Urbana had the following investments:

	<u>Fair Value</u>	<u>Weighted Avg. Maturity (Yr.)</u>
Fixed Income or Interest Bearing:		
U.S. Government and Primary Obligation Agencies	\$19,197,424	
U.S. Government Implied Obligation Agencies	<u>20,189,496</u>	
Subtotal, U.S. Government and It's Agencies	39,386,920	4.4
Certificates of Deposit	<u>13,543,711</u>	1.2
Subtotal Fixed Income or Interest Bearing	52,930,631	
Stock Equity Mutual Funds	20,169,155	n/a
Illinois Metropolitan Investment Trust Fund	<u>257,400</u>	n/a
Total Investments	<u>\$73,357,186</u>	

Notes to Financial Statements

June 30, 2010

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 70%) than the goal, correctly weighted in the 6-10 year maturity cycle (actual 18%), underweighted in the 11-15 year cycle (actual 9%), underweighted in the 16-20 year cycle (actual 3%) and underweighted in the 21-25 year cycle (actual 0%). This variance in weight is because 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, 2010, 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, 2010, the portfolio had an average weighted maturity of 4.3 years, down from the average of 5.2 years previously. 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

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level for each category of investment. At June 30, 2010, the fund's investments types are all within the stated minimum and maximum levels.

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 (\$257,400) 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 (\$82,223) 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, 2010, the City had \$1,580,733 invested in money market accounts (\$124,863 in a money market account rated AAA by Standard and Poors). The remaining balance of money market accounts (\$1,455,870) 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 and their duration is acceptable.

Concentration of Credit Risk: At June 30, 2010, 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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June 30, 2010

	Primary <u>Govt</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Federal Financing Corp	6%	-	11%	6%
Federal Home Loan Mortgage Corp	13%	10%	6%	9%
Federal National Mortgage Association	8%	8%	8%	8%
Federal Home Loan Bank	8%	-	-	-

At June 30, 2010, 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	-	-	11%	-
Federal Home Loan Mortgage Corp	-	8%	6%	-
Federal National Mortgage Association	-	7%	8%	-

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 \$250,000. Investments for the Firemen's and Policemen's Pension Funds are insured in an amount equal to \$250,000 for the fund plus an amount for each member's beneficial interest in the deposits, limited to an amount equal to \$250,000 divided by the largest beneficial interest percentage of a member. It is the policy of the City that deposits above insured limits will generally 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, 2010, the amount of \$3,777,525 was not insured or covered by collateral. This uninsured and uncollateralized amount is invested in certificates of deposit at Busey Bank in Urbana. After a review of the financial condition of Busey Bank, management of the City believes the credit risk for this amount is acceptable.

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, registered, or held by the City's agent in the City's name.

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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 landfill was operated on an enterprise basis with its revenues derived primarily from user charges. The co-directors of the joint venture, the Mayor of Urbana and the City Manager of Champaign, have equal voting rights in respect to the system's operations. The annual budget is approved by both City Councils. Financial responsibility is based on the population of the two cities, at the time of the venture's establishment. Based on this proportionate share of population, the City of Urbana owns 38.2% of the net worth of the joint venture. This amount is shown as an asset called Investment in Joint Venture in the government-wide statement of net assets. The proportionate share of the loss is reported as an expense in Highways and Streets activity. 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, 2010, and for the year then ended, is as follows:

Total Assets	\$120,993
Total Liabilities	<u>7,369</u>
Total Fund Equity	<u>\$113,624</u>
Total Revenues	\$ 42,096
Total Expenses	<u>30,403</u>
Net Loss	<u>\$ 11,693</u>

C. Capital Assets:

A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/10</u>
Governmental Activities:				
Land (not being depreciated)	<u>\$ 4,149,473</u>	<u>\$ 629,197</u>	<u>\$ --</u>	<u>\$ 4,778,670</u>
Capital assets being depreciated:				
Buildings and Improvements	19,113,898	30,076	--	19,143,974
Accum. Depn.	<u>(3,940,050)</u>	<u>(341,936)</u>	<u>\$ --</u>	<u>(4,281,986)</u>
Buildings and Improvements Net	<u>15,173,848</u>	<u>(311,860)</u>	<u>\$ --</u>	<u>14,861,988</u>

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	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/10</u>
Equipment	10,422,568	1,598,427	(1,063,434)	10,957,561
Accum. Deprn.	<u>(5,760,039)</u>	<u>(852,370)</u>	<u>1,063,434</u>	<u>(5,548,975)</u>
Equipment Net	<u>4,662,529</u>	<u>746,057</u>	<u>--</u>	<u>5,408,586</u>
Infrastructure	77,947,387	4,174,323	(3,437)	82,118,273
Accum. Deprn.	<u>(24,832,360)</u>	<u>(2,485,640)</u>	<u>3,437</u>	<u>(27,314,563)</u>
Infrastructure Net	<u>53,115,027</u>	<u>1,688,683</u>	<u>--</u>	<u>54,803,710</u>
Total, Governmental Activities, Net Capital Assets	<u>\$77,100,877</u>	<u>\$2,752,077</u>	<u>\$ --</u>	<u>\$79,852,954</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	6,492,848	522,652	--	7,015,500
Accum. Deprn.	<u>(4,717,526)</u>	<u>(244,383)</u>	<u>--</u>	<u>(4,961,909)</u>
Buildings and Improvements Net	<u>1,775,322</u>	<u>278,269</u>	<u>--</u>	<u>2,053,591</u>
Equipment	420,710	59,335	(1,140)	478,905
Accum. Deprn.	<u>(216,241)</u>	<u>(32,401)</u>	<u>1,140</u>	<u>(247,502)</u>
Equipment Net	<u>204,469</u>	<u>26,934</u>	<u>--</u>	<u>231,403</u>
Total, Business-type Activities, Net Capital Assets	<u>\$5,701,415</u>	<u>\$305,203</u>	<u>\$ --</u>	<u>\$6,006,618</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 482,971
Highways and Streets	2,923,210
General Government	71,898
Urban Redevelopment and Housing	26,532
Library	<u>175,335</u>
Total Depreciation Expense, Governmental Activities	<u>\$3,679,946</u>

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Notes to Financial Statements

June 30, 2010

D. Long-Term Debt:

1) General Obligation Bonds – The City of Urbana issues general obligation bonds (direct obligations that carry the full faith and credit of the City) to provide funds for the acquisition and construction of major capital assets and to refund general obligation bonds. As of June 30, 2010, 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 \$2,075,004 were accrued at June 30, 2010. During the year, \$2,365,159 was retired and \$2,451,950 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, 2010, \$229,200 remains outstanding to be paid over the next 8 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) Other Post Employment Benefits – The City of Urbana provides limited health insurance benefits to retired employees (employees are allowed to remain on the city's health insurance plan but must pay 100% of the cost). In 2009, the City of Urbana implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the City to accrued the implied actuarial amount owed less any amounts contributed. At June 30, 2010, this amount was \$142,836. During the year, \$50,438 was contributed and \$121,606 was added.

6) 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, 2010, 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 3 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

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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>
2011	3.36	\$135,000	\$15,299
2012	3.51	145,000	10,762
2013	3.66	155,000	5,673
		<u>\$ 435,000</u>	<u>\$ 31,734</u>

During the year, \$125,000 principal was paid and \$17,949 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 7 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>
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	24,338	2,191
		<u>\$ 113,203</u>	<u>\$ 45,326</u>

During the year, \$10,836 of principal was paid and \$10,717 interest was expensed.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2010, including interest of \$77,060 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2011	\$172,299
2012	177,762
2013	182,673
2014	22,000
2015	22,000
2016	22,000
2017	26,529
	<u>\$625,263</u>

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F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2010:

	<u>Payable</u> <u>6/30/09</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts</u> <u>Payable</u> <u>6/30/10</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$1,988,212</u>	<u>\$2,365,159</u>	<u>\$2,451,950</u>	<u>\$2,075,004</u>	<u>\$782,690</u>
Landfill Post-closure Monitoring	<u>\$ 257,850</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 229,200</u>	<u>\$ 28,650</u>
Other Post Employment Benefits	<u>\$ 71,668</u>	<u>\$ 50,438</u>	<u>\$ 121,606</u>	<u>\$ 142,836</u>	<u>\$ 0</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$ 560,000	\$ 125,000	\$ --	\$ 435,000	\$ 135,000
2002 Tepper Note	<u>124,039</u>	<u>10,836</u>	<u>--</u>	<u>113,203</u>	<u>11,812</u>
Total	<u>\$ 684,039</u>	<u>\$ 135,836</u>	<u>\$ --</u>	<u>\$ 548,203</u>	<u>\$ 146,812</u>

G. Pension and Retirement Fund Commitments:

1. Illinois Municipal Retirement Fund (IMRF):

Plan Description. 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 on-line at www.imrf.org.

Funding Policy. 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 the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.64% and for 2010 is 10.6% of payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level.

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Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For 2009, the City of Urbana's annual pension cost of \$891,601 was equal to the City of Urbana's required and actual contributions.

Trend Information for the Regular Plan

<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$891,601	100%	\$0
12/31/08	\$842,987	100%	\$0
12/31/07	\$835,439	100%	\$0

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2007, 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) post retirement benefit increases of 3% per year. The actuarial value of the employer regular plan 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 between the actuarial and market value of assets. The assumptions used for the 2008 actuarial valuation were based on the 2002-2004 experience study. The regular plan'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 23 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 75.55% funded. The actuarial accrued liability for benefits was \$28,443,258 and the actuarial value of assets was \$21,488,352, resulting in an underfunded actuarial accrued liability *UAAL) of \$6,954,906. The covered payroll (annual payroll of active employees covered by the plan) was \$9,248,972 and the ratio of the UAAL to the covered payroll was 75%. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five year period, with a 15% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis. A schedule of funding progress is presented in the Required Supplemental Information Section, following the notes, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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June 30, 2010

2. Police Pension Fund:

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

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

Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois General Assembly. The City of Urbana accounts for the plan as a fiduciary pension trust fund.

The Police Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Urbana Police Pension Fund, 400 S. Vine Street, Urbana, Illinois 61801.

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

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

Annual Required Contribution	\$ 1,225,637
Interest on Net Pension Obligation	(263,003)
Adjustment to Annual Required Contribution	<u>184,909</u>
Annual Pension Cost	1,147,543
Contributions Made	<u>1,604,475</u>
Increase (Decrease) in Net Pension Obligation	(456,932)
Net Pension Obligation, Beginning of Year	<u>(3,656,694)</u>
Net Pension Obligation, End of Year	<u><u>\$(4,113,626)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2009, actuarial valuation using the entry age actuarial cost method. The

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actuarial assumptions included (a) 7% investment rate of return including inflation at 3% [net of administrative expenses], (b) projected salary increases of 5.25% per year including inflation at 3%, 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 28 year closed period. The negative net pension obligation of \$4,113,626 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:

Fiscal Yr. Ended	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2008	\$1,076,610	140.6%	(\$3,247,740)
June 30, 2009	\$1,171,037	143.5%	(\$3,656,694)
June 30, 2010	\$1,147,543	139.8%	(\$4,113,626)
Actuarial Value Date	6/30/07	6/30/08	6/30/09
Actuarial Value of Plan Assets	\$19,393,353	\$21,577,066	\$22,465,851
Actuarial Accrued Liability (Entry Age Normal Cost)	\$30,495,402	\$31,979,564	\$35,361,320
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$11,102,049	\$10,402,498	\$12,895,469
Funded Ratio	63.6%	67.5%	63.5%
Covered Payroll	\$3,245,524	\$3,392,030	\$3,516,159
Unfunded (Overfunded)			
Actuarial Accrued Liability As % Covered Payroll	342.1%	306.7%	366.7%

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.

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

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

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

Annual Required Contribution	\$1,025,535
Interest on Net Pension Obligation	(98,245)
Adjustment to Annual Required Contribution	<u>68,186</u>
Annual Pension Cost	995,476
Contributions Made	<u>1,251,695</u>
Increase (decrease) in Net Pension Obligation	(256,219)
Net Pension Obligation, Beginning of Year	<u>(1,342,923)</u>
Net Pension Obligation, End of Year	<u><u>\$(1,599,142)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return including inflation at 3% [net of administrative expenses], (b) projected salary increases of 5.25% per year including inflation at 3%, 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 36 year closed period. The negative net pension obligation of \$1,599,142 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.

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June 30, 2010

Three-Year Trend Information:

Fiscal Yr. Ended	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2008	\$772,771	126.9%	\$ (1,098,846)
June 30, 2009	\$750,280	128.1%	\$(1,342,923)
June 30, 2010	\$995,476	125.7%	\$(1,599,142)

Actuarial Value Date	6/30/07	6/30/08	6/30/09
Actuarial Value of Plan Assets	\$25,593,372	\$27,274,554	\$27,875,775
Actuarial Accrued Liability (Entry Age Normal Cost)	\$29,931,803	\$33,489,938	\$35,217,262
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$4,338,431	\$6,215,384	\$7,341,487
Funded Ratio	85.5%	81.4%	79.2%
Covered Payroll	\$2,780,694	\$3,012,087	\$3,249,911
Unfunded (Overfunded)			
Actuarial Accrued Liability			
As % Covered Payroll	156.0%	206.3%	225.9%

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, 2010 is not readily ascertainable.

J. Receivables:

At June 30, 2010 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):

Notes to Financial Statements

June 30, 2010

	General	Urbana Free Library	Tax Increment Financing District 2	Tax Increment Financing District 3	Other Government	Government Total
Unrestricted						
Property Tax	\$ 570,756	\$ 1,463,706	\$ 563,745	\$ 495,393	\$ 651,755	\$ 3,745,355
Accounts	173,668	-	-	-	10,930	184,598
Accrued Interest	119,955	313	-	-	-	120,268
Notes (due within 1 year)	-	-	50,000	-	-	50,000
Due from Other Govt:	-	-	-	-	-	-
State						-
Income Tax	1,734,647	-	-	-	-	1,734,647
Sales Tax	1,806,372	-	-	-	-	1,806,372
Corp. Personal						-
Repl. Tax	13,491	10,070	-	-	-	23,561
Telecomm. Tax	279,085	-	-	-	-	279,085
Grants	-	-	-	-	14,101	14,101
Service Charges	418,062	-	-	-	21,422	439,484
State Motor Fuel Taxes	-	-	-	-	108,808	108,808
Federal Grants	-	-	-	-	127,177	127,177
Other, Service Charges	70,754	-	-	-	104,626	175,380
Other Taxes:						-
Utility Tax	216,523	-	-	-	-	216,523
Hotel/Motel Tax	55,458	-	-	-	-	55,458
Local Sales Tax	26,186	-	-	-	-	26,186
San. Sewer Tax	-	-	-	-	257,275	257,275
Recycling Tax	32,810	-	-	-	-	32,810
Total	<u>\$ 5,517,767</u>	<u>\$ 1,474,089</u>	<u>\$ 613,745</u>	<u>\$ 495,393</u>	<u>\$ 1,296,094</u>	<u>\$ 9,397,088</u>

Notes to Financial Statements

June 30, 2010

K. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 343,565	\$ --
Vehicle & Equipment Replacement	12,333	--
Urbana Free Library	--	17,195
Tax Increment Financing District 2, Restricted	12,291	--
Tax Increment Financing District 3, Restricted	9,750	--
Other Govt. Funds, Non-Restricted	--	446,215
Other Govt. Funds, Restricted	9,569	--
Internal Service Funds:		
Central Garage	<u>69,674</u>	<u>--</u>
Total, Governmental Activities	\$457,182	\$463,410
Business-type Activities:		
Motor Vehicle Parking	<u>6,228</u>	<u>--</u>
Total	<u>\$463,410</u>	<u>\$463,410</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 interfold transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$ 637,517
Veh. & Eq. Replacement	932,740	--
Urbana Free Library	394,144	--
Tax Increment Financing District 2	--	23,491
Other Govt. Funds	<u>985,899</u>	<u>1,302,135</u>
Total, Govt. Activities	\$2,312,783	\$1,963,143
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>349,640</u>
Total	<u>\$2,312,783</u>	<u>\$2,312,783</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:

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

- \$909,740 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$526,650 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$432,620 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$215,620 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$322,750 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.
- \$132,890 from the Tax Stabilization Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund for future capital improvements.
- \$572,144 from the General Fund to the Tax Stabilization Special Revenue Fund for certain future costs

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

Notes to Financial Statements

June 30, 2010

all amounts above \$450,000 per individual claim. Estimated losses have been determined based upon workers compensation claims made through June 30, 2010.

Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2010. There have been no significant reductions in coverage from the prior year and all settlements have been below coverage. Changes in claims liabilities during the past two years are as follows:

	<u>2010</u>	<u>2009</u>
Unpaid Claims, Beginning of Year	\$ 420,997	\$ 209,865
Incurred Claims	392,144	403,686
Claim Payments	<u>(183,704)</u>	<u>(192,554)</u>
Unpaid Claims, End of Year	<u>\$ 629,437</u>	<u>\$ 420,997</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 \$287,541 in 2010, 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 \$1,647,700 in 2010, and were reported under Intergovernmental Revenues in the General Fund.

D. Contingent Liabilities:

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

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 \$8,947,137 to be paid in varying annual payments over the next 13 years.

E. Construction Commitments:

At June 30, 2010, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Windsor Road Impr.	Motor Fuel Tax	\$1,249,540
Boneyard Design	T.I.F. Two	300,000
Goodwin Ave. Impr.	Motor Fuel Tax & Motor Vehicle Parking	<u>422,880</u>
		<u>\$1,972,420</u>

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

F. Single Audit:

The Federal Single Audit Act Amendment of 1996 requires an annual audit of certain major federal grant programs. The annual audit reports for the year ended June 30, 2010, 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.

Notes to Financial Statements

June 30, 2010

G. Other Post-Employment Benefits (OPEB):

The City of Urbana provides limited health care coverage for eligible retired employees (employees are eligible after working for at least 10 continuous years) by allowing these retired employees to remain on the City's health insurance plan. These employees are required to pay 100% of the current premium cost. The benefit levels are the same as provided active employees. This is a single-employer plan with employee contributions and benefit levels governed by the City through its personnel manual and employee bargaining contracts. Membership in the plan consisted of the following as of June 30, 2010:

Retirees and beneficiaries receiving benefits	36
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	151
Active non-vested plan members	<u>107</u>
Total	294
Number of participating employers	1

Schedule of Funding Progress (information before 6/30/09 is not available):

Actuarial Valuation Date	06/30/07	06/30/08	06/30/09
Actuarial Value Assets	n/a	n/a	0
Actuarial Accrued Liability (AAL) – Entry Age	n/a	n/a	1,767,772
Unfunded AAL (UAAL)	n/a	n/a	1,767,772
Funded Ratio	n/a	n/a	0%
Covered Payroll (actives)	n/a	n/a	14,499,682
UAAL as a % of Covered Payroll	n/a	n/a	12.2%

Annual OPEB Cost and Net OPEB Obligation as of June 30, 2010:

Annual Required Contribution	\$121,606
Interest on net OPEB Obligation	0
Adjustment to Annual Required Contribution	<u>0</u>
Annual OPEB Cost	121,606
Contributions Made	<u>(50,438)</u>
Increase in Net OPEB Obligation	71,168
Net OPEB Obligation, Beg. Year	<u>71,668</u>
Net OPEB Obligation, End Year	\$142,836

CITY OF URBANA

Notes to Financial Statements

June 30, 2010

Three-Year Trend Information:

Fiscal Year End	06/30/08	06/30/09	06/30/10
Annual OPEB Cost	n/a	\$122,877	\$121,606
% of Annual OPEB Cost Contributed	n/a	41.7%	41.5%
Net OPEB Obligation	n/a	\$ 71,668	\$142,836

Annual Required Contribution for 2010:

Service Cost	\$ 56,890
Amortization	58,926
Interest	<u>5,791</u>
Annual Required Contribution	\$121,606

In the June 30, 2009 actuarial valuation (latest valuation), the entry-age actuarial cost method was used. The actuarial assumptions included 5% investment rate of return (net of administrative expenses), an initial health care cost trend rate of 8% and an ultimate health care cost trend rate of 6%. Both rates include a 3% inflation assumption. The implicit provided benefit assumes 20% of 50% of eligible employees payable to age 65. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was 30 years. Since this is a plan that is not funded and there are no assets, the City does not publish a separate audited financial report. The latest actuarial report may be obtained by writing to the City of Urbana, 400 S. Vine Street, Urbana, Illinois 61801.

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

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

CITY OF URBANA

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

Unaudited

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (Entry Age)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	\$ 21,488,352	\$ 28,443,258	\$ 6,954,906	75.55%	\$ 9,248,972	75.20%
12/31/08	\$ 20,977,955	\$ 26,712,943	\$ 5,734,988	78.53%	\$ 8,663,797	66.19%
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%

CITY OF URBANA
Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2010

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	1,044	-	1,044
Savings	1,319,618	877,739	2,197,357
Illinois Treasurer's Pool	-	234	234
Money Market Funds	27,630	-	27,630
Investments	4,689,946	2,633,463	7,323,409
Receivables (Net of Uncollectibles)	883,558	412,536	1,296,094
Due from Other Funds	3,928	5,641	9,569
Prepaid Expenditures	33,794	-	33,794
Total Assets	<u>\$ 6,959,618</u>	<u>\$ 3,929,613</u>	<u>\$ 10,889,231</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 251,970	\$ 194,245	\$ 446,215
Accounts Payable	131,379	306,076	437,455
Accrued Salaries and Taxes	1,195	-	1,195
Deferred Revenues	525,032	9,040	534,072
Total Liabilities	<u>909,576</u>	<u>509,361</u>	<u>1,418,937</u>
Fund Balance:			
Non-spendable, Prepaid expenditures	33,794	-	33,794
Restricted for street/sewer maintenance and improvements	-	2,530,477	2,530,477
Assigned for:			
Other infrastructure improvements	20,072	889,775	909,847
Economic development	2,399,076	-	2,399,076
Worker compensation claims	3,113,598	-	3,113,598
Other purposes	483,502	-	483,502
Total Fund Balance	<u>6,050,042</u>	<u>3,420,252</u>	<u>9,470,294</u>
Total Liabilities and Fund Balance	<u>\$ 6,959,618</u>	<u>\$ 3,929,613</u>	<u>\$ 10,889,231</u>

CITY OF URBANA
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2010

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 1,255,639	\$ -	\$ 1,255,639
Sewer Benefit Tax	-	1,021,601	1,021,601
Intergovernmental	2,168,363	2,382,453	4,550,816
Investment Income:			
Interest	55,787	94,801	150,588
Net Appreciation (Depreciation) in Fair Value of Investments	18,874	32,267	51,141
Total Net Investment Earnings	74,661	127,068	201,729
Licenses, Fines, and Services Charges	82,530	43,863	126,393
Other	-	4,646	4,646
Total Revenues	<u>3,581,193</u>	<u>3,579,631</u>	<u>7,160,824</u>
Expenditures:			
Current:			
Public Safety	10,283	-	10,283
Highways & Streets	572,144	367,994	940,138
General Government	213,230	-	213,230
Urban Redevelopment and Housing	3,215,268	-	3,215,268
Capital Outlay	145,675	3,654,324	3,799,999
Total Expenditures	<u>4,156,600</u>	<u>4,022,318</u>	<u>8,178,918</u>
Excess of Revenues Over (Under) Expenditures	<u>(575,407)</u>	<u>(442,687)</u>	<u>(1,018,094)</u>
Other Financing Sources (Uses):			
Transfers In	985,899	-	985,899
Transfers (Out)	(561,461)	(740,674)	(1,302,135)
Total Other Financing Sources (Uses)	<u>424,438</u>	<u>(740,674)</u>	<u>(316,236)</u>
Net Changes in Fund Balances	(150,969)	(1,183,361)	(1,334,330)
Fund Balance, Beginning of Year	<u>6,201,011</u>	<u>4,603,613</u>	<u>10,804,624</u>
Fund Balance, End of Year	<u>\$ 6,050,042</u>	<u>\$ 3,420,252</u>	<u>\$ 9,470,294</u>

CITY OF URBANA
Non-Major Special Funds - Combining Balance Sheet
June 30, 2010

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ASSETS	Social Service Agencies	<u>Community Development</u>			Tax Increment Financing District 1	Tax Increment Financing District 4
		Special	Home	Block Grant		
Cash and Cash Equivalents:						
Cash on Hand	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -
Checking	-	55	97	892	-	-
Savings	16,912	35,816	-	-	304,979	336,072
Money Market Funds	-	-	-	-	-	-
Investments	-	146,522	-	-	765,977	451,680
Receivables (Net of Uncollectibles)	-	6,211	54,321	66,645	294,909	356,846
Due from Other Funds	-	-	-	-	2,471	1,457
Prepaid Expenditures	-	-	-	-	-	1,528
Total Assets	<u>\$ 16,912</u>	<u>\$ 188,604</u>	<u>\$ 54,418</u>	<u>\$ 67,587</u>	<u>\$ 1,368,336</u>	<u>\$ 1,147,583</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ 6,021	\$ 54,418	\$ 67,587	\$ -	\$ -
Accounts Payable	-	9,654	-	-	14,669	102,953
Accrued Salaries and Taxes	-	-	-	-	875	-
Deferred Revenues	-	7,500	-	-	245,019	272,513
Total Liabilities	<u>-</u>	<u>23,175</u>	<u>54,418</u>	<u>67,587</u>	<u>260,563</u>	<u>375,466</u>
Fund Balance:						
Non-spendable, prepaid expenditures	-	-	-	-	-	1,528
Assigned for:						
Other infrastructure improvements	-	-	-	-	-	-
Economic development	-	-	-	-	1,107,773	770,589
Worker Compensation Claims	-	-	-	-	-	-
Other Purposes	16,912	165,429	-	-	-	-
Total Fund Balance	<u>16,912</u>	<u>165,429</u>	<u>-</u>	<u>-</u>	<u>1,107,773</u>	<u>772,117</u>
Total Liabilities and Fund Balance	<u>\$ 16,912</u>	<u>\$ 188,604</u>	<u>\$ 54,418</u>	<u>\$ 67,587</u>	<u>\$ 1,368,336</u>	<u>\$ 1,147,583</u>

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2010

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ASSETS	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Total
Cash and Cash Equivalents:					
Cash on Hand	\$ -	\$ 50	\$ -	\$ -	\$ 100
Checking	-	-	-	-	1,044
Savings	20,093	264,055	341,691	-	1,319,618
Money Market Funds	-	27,630	-	-	27,630
Investments	-	212,169	-	3,113,598	4,689,946
Receivables (Net of Uncollectibles)	-	104,626	-	-	883,558
Due from Other Funds	-	-	-	-	3,928
Prepaid Expenditures	-	32,266	-	-	33,794
Total Assets	<u>\$ 20,093</u>	<u>\$ 640,796</u>	<u>\$ 341,691</u>	<u>\$ 3,113,598</u>	<u>\$ 6,959,618</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ 21	\$ 83,393	\$ 40,530	\$ -	\$ 251,970
Accounts Payable	-	4,103	-	-	131,379
Accrued Salaries and Taxes	-	320	-	-	1,195
Deferred Revenues	-	-	-	-	525,032
Total Liabilities	<u>21</u>	<u>87,816</u>	<u>40,530</u>	<u>-</u>	<u>909,576</u>
Fund Balance:					
Non-spendable, prepaid expenditures	-	32,266	-	-	33,794
Assigned for:					
Other infrastructure improvements	20,072	-	-	-	20,072
Economic development	-	520,714	-	-	2,399,076
Worker Compensation Claims	-	-	-	3,113,598	3,113,598
Other Purposes	-	-	301,161	-	483,502
Total Fund Balance	<u>20,072</u>	<u>552,980</u>	<u>301,161</u>	<u>3,113,598</u>	<u>6,050,042</u>
Total Liabilities and Fund Balance	<u>\$ 20,093</u>	<u>\$ 640,796</u>	<u>\$ 341,691</u>	<u>\$ 3,113,598</u>	<u>\$ 6,959,618</u>

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2010

(Page 1 of 2)

	Social Service Agencies	Community Development			Tax Increment Financing District 1	Tax Increment Financing District 4
		Special	Home	Block Grant		
Revenues:						
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 610,444	\$ 645,195
Intergovernmental	-	232,782	1,311,212	623,369	-	-
Investment Income:						
Interest	-	2,141	-	-	23,515	14,151
Net Appreciation (Depreciation) in Fair Value of Investments	-	729	-	-	7,982	4,782
Total Net Investment Earnings	-	2,870	-	-	31,497	18,933
Licenses, Fines and Services Charges	-	15,355	-	1,901	-	-
Total Revenues	-	251,007	1,311,212	625,270	641,941	664,128
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Highways and Streets	-	-	-	-	-	-
General Government	213,230	-	-	-	-	-
Urban Redevelopment and Housing	-	395,672	1,514,707	489,370	400,781	266,319
Capital Outlay	-	-	-	120,000	4,009	21,666
Total Expenditures	213,230	395,672	1,514,707	609,370	404,790	287,985
Excess of Revenues Over (Under) Expenditures	(213,230)	(144,665)	(203,495)	15,900	237,151	376,143
Other Financing Sources (Uses):						
Transfers In	215,260	-	203,495	-	-	-
Transfers (Out)	-	(25,205)	-	(15,900)	(295,826)	-
Total Other Financing Sources (Uses)	215,260	(25,205)	203,495	(15,900)	(295,826)	-
Net Change in Fund Balances	2,030	(169,870)	-	-	(58,675)	376,143
Fund Balance, Beginning of Year	14,882	335,299	-	-	1,166,448	395,974
Fund Balance, End of Year	\$ 16,912	\$ 165,429	\$ -	\$ -	\$ 1,107,773	\$ 772,117

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2010

(Page 2 of 2)

	Building Financing	Economic Development	Tax Stabilization	Insurance Financing	Total
Revenues:					
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 1,255,639
Intergovernmental	-	1,000	-	-	2,168,363
Investment Income:					
Interest	-	15,610	370	-	55,787
Net Appreciation (Depreciation) in Fair Value of Investments	-	5,231	150	-	18,874
Total Net Investment Earnings	-	20,841	520	-	74,661
Licenses, Fines and Service Charges	-	65,274	-	-	82,530
Total Revenues	-	87,115	520	-	3,581,193
Expenditures:					
Current:					
Public Safety	-	-	10,283	-	10,283
Highways and Streets	-	-	572,144	-	572,144
General Government	-	-	-	-	213,230
Urban Redevelopment and Housing	-	144,309	4,110	-	3,215,268
Capital Outlay	-	-	-	-	145,675
Total Expenditures	-	144,309	586,537	-	4,156,600
Excess of Revenues Over (Under) Expenditures	-	(57,194)	(586,017)	-	(575,407)
Other Financing Sources (Uses):					
Transfers In	-	-	567,144	-	985,899
Transfers (Out)	-	(8,720)	-	(215,810)	(561,461)
Total Other Financing Sources (Uses)	-	(8,720)	567,144	(215,810)	424,438
Net Change in Fund Balances	-	(65,914)	(18,873)	(215,810)	(150,969)
Fund Balance, Beginning of Year	20,072	618,894	320,034	3,329,408	6,201,011
Fund Balance, End of Year	<u>\$ 20,072</u>	<u>\$ 552,980</u>	<u>\$ 301,161</u>	<u>\$ 3,113,598</u>	<u>\$ 6,050,042</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 217,260	\$ 217,260	\$ 213,230	\$ 4,030
Other Financing Sources:				
Transfers In	215,260	215,260	215,260	-
Net Change in Fund Balance	(2,000)	(2,000)	2,030	4,030
Fund Balance, Beginning of Year	14,882	14,882	14,882	-
Fund Balance, End of Year	<u>\$ 12,882</u>	<u>\$ 12,882</u>	<u>\$ 16,912</u>	<u>\$ 4,030</u>

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ 81,394	\$ 81,394	\$ 35,867	\$ (45,527)
Federal Grants	196,879	196,879	196,915	36
Total Intergovernmental	<u>278,273</u>	<u>278,273</u>	<u>232,782</u>	<u>(45,491)</u>
Investment Earnings:				
Interest	3,000	3,000	2,141	(859)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	729	729
Net Investment Earnings	<u>3,000</u>	<u>3,000</u>	<u>2,870</u>	<u>(130)</u>
Licenses, Fines and Service Charges	<u>58,600</u>	<u>68,600</u>	<u>15,355</u>	<u>(53,245)</u>
Total Revenues	<u>339,873</u>	<u>349,873</u>	<u>251,007</u>	<u>(98,866)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	61,554	61,554	47,460	14,094
Supplies	745	745	194	551
Contractual Services	<u>701,557</u>	<u>728,457</u>	<u>348,018</u>	<u>380,439</u>
Total Expenditures	<u>763,856</u>	<u>790,756</u>	<u>395,672</u>	<u>395,084</u>
Net Revenues Over (Under) Expenditures	(423,983)	(440,883)	(144,665)	296,218
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(57,853)</u>	<u>(40,953)</u>	<u>(25,205)</u>	<u>15,748</u>
Net Change in Fund Balance	(481,836)	(481,836)	(169,870)	311,966
Fund Balance, Beginning of Year	<u>335,299</u>	<u>335,299</u>	<u>335,299</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (146,537)</u>	<u>\$ (146,537)</u>	<u>\$ 165,429</u>	<u>\$ 311,966</u>

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 3,082,001	\$ 3,082,001	\$ 1,311,212	\$ (1,770,789)
Licenses, Fines, and Service Charges	1,000	1,000	-	(1,000)
Total Revenues	<u>3,083,001</u>	<u>3,083,001</u>	<u>1,311,212</u>	<u>(1,771,789)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	184,482	184,482	178,599	5,883
Supplies	2,360	2,360	1,712	648
Contractual Services	2,941,430	3,115,123	1,334,396	1,780,727
Total Expenditures	<u>3,128,272</u>	<u>3,301,965</u>	<u>1,514,707</u>	<u>1,787,258</u>
Net Revenues Over (Under) Expenditures	(45,271)	(218,964)	(203,495)	15,469
Other Financing Sources (Uses):				
Transfers In (Out)	45,271	218,964	203,495	(15,469)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 567,234	\$ 692,331	\$ 623,369	\$ (68,962)
Licenses, Fines, and Service Charges	34,000	34,000	1,901	(32,099)
Total Revenues	<u>601,234</u>	<u>726,331</u>	<u>625,270</u>	<u>(101,061)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	170,541	170,541	163,252	7,289
Materials and Supplies	1,900	1,900	769	1,131
Contractual Services	565,445	565,445	325,349	240,096
Total Urban Redevelopment and Housing	<u>737,886</u>	<u>737,886</u>	<u>489,370</u>	<u>248,516</u>
Capital Outlay	<u>152,100</u>	<u>277,197</u>	<u>120,000</u>	<u>157,197</u>
Total Expenditures	<u>889,986</u>	<u>1,015,083</u>	<u>609,370</u>	<u>405,713</u>
Net Revenues Over (Under) Expenditures	(288,752)	(288,752)	15,900	304,652
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(15,900)</u>	<u>(15,900)</u>	<u>(15,900)</u>	<u>-</u>
Net Change in Fund Balance	(304,652)	(304,652)	-	304,652
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (304,652)</u>	<u>\$ (304,652)</u>	<u>\$ -</u>	<u>\$ 304,652</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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 635,000	\$ 635,000	\$ 610,444	\$ (24,556)
Investment Earnings:				
Interest	30,000	30,000	23,515	(6,485)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	7,982	7,982
Total Net Investment Earnings	30,000	30,000	31,497	1,497
Total Revenues	665,000	665,000	641,941	(23,059)
Expenditures:				
Current-Urban Redevelopment and Housing:				
Contractual Services	526,643	526,643	400,781	125,862
Capital Outlay	611,071	611,071	4,009	607,062
Total Expenditures	1,137,714	1,137,714	404,790	732,924
Net Revenues Over (Under) Expenditures	(472,714)	(472,714)	237,151	709,865
Other Financing Uses:				
Transfers (Out)	(338,290)	(338,290)	(295,826)	42,464
Net Change in Fund Balance	(811,004)	(811,004)	(58,675)	752,329
Fund Balance, Beginning of Year	1,166,448	1,166,448	1,166,448	-
Fund Balance, End of Year	\$ 355,444	\$ 355,444	\$ 1,107,773	\$ 752,329

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 569,000	\$ 569,000	\$ 645,195	\$ 76,195
Investment Income:				
Interest	4,000	4,000	14,151	10,151
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	4,782	4,782
Net Investment Earnings	4,000	4,000	18,933	14,933
Total Revenues	573,000	573,000	664,128	91,128
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	726,133	726,133	266,319	459,814
Capital Outlay	121,315	161,315	21,666	139,649
Total Expenditures	847,448	887,448	287,985	599,463
Net Change in Fund Balance	(274,448)	(314,448)	376,143	690,591
Fund Balance, Beginning of Year	395,974	395,974	395,974	-
Fund Balance, End of Year	\$ 121,526	\$ 81,526	\$ 772,117	\$ 690,591

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,500	\$ 15,000	\$ 1,000	\$ (14,000)
Investment Income:				
Interest	28,000	28,000	15,610	(12,390)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	5,231	5,231
Total Net Investment Earnings	28,000	28,000	20,841	(7,159)
Licenses, Fines and Service Charges	67,000	67,000	65,274	(1,726)
Total Revenues	102,500	110,000	87,115	(22,885)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	7,900	7,900	6,193	1,707
Contractual Services	853,757	861,257	138,116	723,141
Total Expenditures	861,657	869,157	144,309	724,848
Net Revenues Over (Under) Expenditures	(759,157)	(759,157)	(57,194)	701,963
Other Financing Sources (Uses):				
Transfers In (Out)	(308,720)	(308,720)	(8,720)	300,000
Net Change in Fund Balance	(1,067,877)	(1,067,877)	(65,914)	1,001,963
Fund Balance, Beginning of Year	618,894	618,894	618,894	-
Fund Balance, End of Year	\$ (448,983)	\$ (448,983)	\$ 552,980	\$ 1,001,963

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 40,680	\$ 40,680	\$ -	\$ (40,680)
Investment Income:				
Interest	15,000	15,000	370	(14,630)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	150	150
Net Investment Earnings	<u>15,000</u>	<u>15,000</u>	<u>520</u>	<u>(14,480)</u>
Total Revenues	<u>55,680</u>	<u>55,680</u>	<u>520</u>	<u>(55,160)</u>
Expenditures:				
Current:				
Public Safety:				
Contractual Services	10,328	10,328	10,283	45
Highways and Streets:				
Contractual Services	1,144,288	1,144,288	572,144	572,144
General Government:				
Contractual Services	101,292	101,292	-	101,292
Urban Redevelopment and Housing:				
Contractual Services	32,263	32,263	4,110	28,153
Capital Outlay	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total Expenditures	<u>1,413,171</u>	<u>1,413,171</u>	<u>586,537</u>	<u>826,634</u>
Net Revenues Over (Under) Expenditures	(1,357,491)	(1,357,491)	(586,017)	771,474
Other Financing Sources (Uses):				
Transfers In	<u>1,180,624</u>	<u>1,180,624</u>	<u>567,144</u>	<u>(613,480)</u>
Net Change in Fund Balance	(176,867)	(176,867)	(18,873)	157,994
Fund Balance, Beginning of Year	<u>320,034</u>	<u>320,034</u>	<u>320,034</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 143,167</u>	<u>\$ 143,167</u>	<u>\$ 301,161</u>	<u>\$ 157,994</u>

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings - Interest	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	-	-
Total Net Investment Earnings	140,000	140,000	-	(140,000)
Other Financing Sources (Uses):				
Transfers In (Out)	549,560	549,560	(215,810)	(765,370)
Net Change in Fund Balance	689,560	689,560	(215,810)	(905,370)
Fund Balance, Beginning of Year	3,329,408	3,329,408	3,329,408	-
Fund Balance, End of Year	<u>\$ 4,018,968</u>	<u>\$ 4,018,968</u>	<u>\$ 3,113,598</u>	<u>\$ (905,370)</u>

Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2010

ASSETS	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Cash and Cash Equivalents:				
Savings	\$ 113,564	\$ 1,855	\$ 762,320	\$ 877,739
Illinois Treasurer's Pool	-	-	234	234
Investments	884,161	374	1,748,928	2,633,463
Receivables (Net of Uncollectibles):				
Accounts	1,081	9,849	-	10,930
Due from Other Governments	35,523	-	108,808	144,331
Other Taxes	-	257,275	-	257,275
Due from Other Funds	-	-	5,641	5,641
Total Assets	\$ 1,034,329	\$ 269,353	\$ 2,625,931	\$ 3,929,613
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to Other Funds	\$ 4,245	\$ 190,000	\$ -	\$ 194,245
Accounts Payable	146,987	63,635	95,454	306,076
Deferred Revenues	9,040	-	-	9,040
Total Liabilities	160,272	\$ 253,635	\$ 95,454	\$ 509,361
Fund Balance:				
Restricted for Street Maintenance and Improvements	-	-	2,530,477	2,530,477
Assigned for Other Infrastructure improvements	874,057	15,718	-	889,775
Total Fund Balance	874,057	15,718	2,530,477	3,420,252
Total Liabilities and Fund Balance	\$ 1,034,329	\$ 269,353	\$ 2,625,931	\$ 3,929,613

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

Fiscal Year Ended June 30, 2010

	Capital Improvement and Replacement	Sanitary Sewer Construction	Motor Fuel Tax	Total
Revenues:				
Sewer Benefit Tax	\$ -	\$ 1,021,601	\$ -	\$ 1,021,601
Intergovernmental	371,358	-	2,011,095	2,382,453
Investment Earnings:				
Interest	39,143	996	54,662	94,801
Net Appreciation (Depreciation) in Fair Value Investments	13,327	374	18,566	32,267
Total Net Investment Earnings	52,470	1,370	73,228	127,068
Licenses, Fines, and Service Charges	13,378	30,485	-	43,863
Other	4,646	-	-	4,646
Total Revenues	441,852	1,053,456	2,084,323	3,579,631
Expenditures:				
Current - Highways and Streets	306,197	61,797	-	367,994
Capital Outlay:				
Street and Light Improvements	992,243	-	1,730,816	2,723,059
Sewer Construction	177,087	733,872	-	910,959
General Buildings	20,306	-	-	20,306
Total Capital Outlay	1,189,636	733,872	1,730,816	3,654,324
Total Expenditures	1,495,833	795,669	1,730,816	4,022,318
Net of Revenues Over (Under) Expenditures	(1,053,981)	257,787	353,507	(442,687)
Other Financing Sources (Uses):				
Transfers (Out)	(214,024)	(526,650)	-	(740,674)
Net Change in Fund Balances	(1,268,005)	(268,863)	353,507	(1,183,361)
Fund Balance, Beginning of Year	2,142,062	284,581	2,176,970	4,603,613
Fund Balance, End of Year	\$ 874,057	\$ 15,718	\$ 2,530,477	\$ 3,420,252

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 311,940	\$ 5,506,181	\$ 371,358	\$ (5,134,823)
Investment Earnings:				
Interest	85,930	85,930	39,143	(46,787)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	13,327	13,327
Total Net Investment Earnings	85,930	85,930	52,470	(33,460)
Licenses, Fines, and Service Charges	27,000	27,000	13,378	(13,622)
Other	5,000	5,000	4,646	(354)
 Total Revenues	 429,870	 5,624,111	 441,852	 (5,182,259)
Expenditures:				
Current - Highways and Streets	509,452	558,952	306,197	252,755
Capital Outlay:				
Street and Light Improvements	2,721,799	7,859,799	992,243	6,867,556
Sewer Construction	203,985	203,955	177,087	26,868
Public Safety	40,663	40,663	-	40,663
General Buildings	-	185,200	20,306	164,894
 Total Capital Outlay	 2,966,447	 8,289,617	 1,189,636	 7,099,981
 Total Expenditures	 3,475,899	 8,848,569	 1,495,833	 7,352,736
 Net of Revenues Over (Under) Expenditures	 (3,046,029)	 (3,224,458)	 (1,053,981)	 2,170,477
Other Financing Sources (Uses):				
Transfers In	716,828	754,828	(214,024)	(968,852)
 Net Change in Fund Balance	 (2,329,201)	 (2,469,630)	 (1,268,005)	 1,201,625
 Fund Balance, Beginning of Year	 2,142,062	 2,142,062	 2,142,062	 -
 Fund Balance, End of Year	 \$ (187,139)	 \$ (327,568)	 \$ 874,057	 \$ 1,201,625

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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 1,126,180	\$ 1,126,180	\$ 1,021,601	\$ (104,579)
Investment Earnings:				
Interest	24,700	24,700	996	(23,704)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	374	374
Total Net Investment Earnings	<u>24,700</u>	<u>24,700</u>	<u>1,370</u>	<u>(23,330)</u>
Licenses, Fines and Service Charges	<u>323,430</u>	<u>323,430</u>	<u>30,485</u>	<u>(292,945)</u>
Total Revenues	<u>1,474,310</u>	<u>1,474,310</u>	<u>1,053,456</u>	<u>(420,854)</u>
Expenditures:				
Current - Highways and Streets	118,094	118,094	61,797	56,297
Capital Outlay - Sewer Construction	<u>1,282,011</u>	<u>1,282,011</u>	<u>733,872</u>	<u>548,139</u>
Total Expenditures	<u>1,400,105</u>	<u>1,400,105</u>	<u>795,669</u>	<u>604,436</u>
Net of Revenues Over (Under) Expenditures	74,205	74,205	257,787	183,582
Other Financing Sources (Uses):				
Transfers (Out)	<u>(526,650)</u>	<u>(526,650)</u>	<u>(526,650)</u>	<u>-</u>
Net Change in Fund Balance	(452,445)	(452,445)	(268,863)	183,582
Fund Balance, Beginning of Year	<u>284,581</u>	<u>284,581</u>	<u>284,581</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (167,864)</u>	<u>\$ (167,864)</u>	<u>\$ 15,718</u>	<u>\$ 183,582</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,050,600	\$ 1,050,600	\$ 1,040,785	\$ (9,815)
Federal Reimbursements	1,020,000	1,020,000	567,500	(452,500)
Other Reimbursements	116,060	116,060	402,810	286,750
Total, Intergovernmental	<u>2,186,660</u>	<u>2,186,660</u>	<u>2,011,095</u>	<u>(175,565)</u>
Investment Earnings:				
Interest	118,190	118,190	54,662	(63,528)
Net Appreciation (Depreciation) in Fair Value Investments	-	-	18,566	18,566
Total Net Investment Earnings	<u>118,190</u>	<u>118,190</u>	<u>73,228</u>	<u>(44,962)</u>
Total Revenues	<u>2,304,850</u>	<u>2,304,850</u>	<u>2,084,323</u>	<u>(220,527)</u>
Expenditures-Capital Outlay:				
Street Improvements	4,885,629	4,885,629	1,730,816	3,154,813
Signal Improvements	8,000	8,000	-	8,000
Total Expenditures	<u>4,893,629</u>	<u>4,893,629</u>	<u>1,730,816</u>	<u>3,162,813</u>
Net Change in Fund Balance	(2,588,779)	(2,588,779)	353,507	2,942,286
Fund Balance, Beginning of Year	<u>2,176,970</u>	<u>2,176,970</u>	<u>2,176,970</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (411,809)</u>	<u>\$ (411,809)</u>	<u>\$ 2,530,477</u>	<u>\$ 2,942,286</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 823,420	\$ 823,420	\$ 765,684	\$ (57,736)
Parking Rentals	275,720	275,720	268,007	(7,713)
Total Operating Revenues	<u>1,099,140</u>	<u>1,099,140</u>	<u>1,033,691</u>	<u>(65,449)</u>
Operating Expenses:				
Personnel Services	198,140	198,140	210,628	(12,488)
Supplies	44,340	44,340	36,627	7,713
Contractual Services	323,670	323,670	194,595	129,075
Depreciation	290,000	290,000	276,792	13,208
Total Operating Expenses	<u>856,150</u>	<u>856,150</u>	<u>718,642</u>	<u>137,508</u>
Operating Income	<u>242,990</u>	<u>242,990</u>	<u>315,049</u>	<u>72,059</u>
Non-Operating Revenues (Expenses):				
Investment Income (Net of Investment Expense):				
Interest	115,000	115,000	91,178	(23,822)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	31,137	31,137
Total Net Investment Earnings	<u>115,000</u>	<u>115,000</u>	<u>122,315</u>	<u>7,315</u>
Interest Expense	<u>(167,000)</u>	<u>(167,000)</u>	<u>(28,665)</u>	<u>138,335</u>
Total Non-Operating Revenues (Expenses)	<u>(52,000)</u>	<u>(52,000)</u>	<u>93,650</u>	<u>145,650</u>
Income (Loss) Before Transfers	190,990	190,990	408,699	217,709
Transfers (Out)	<u>(350,710)</u>	<u>(350,710)</u>	<u>(349,640)</u>	<u>1,070</u>
Change in Net Assets	<u>(159,720)</u>	<u>(159,720)</u>	<u>59,059</u>	<u>218,779</u>
Net Assets, Beginning of Year	<u>8,587,818</u>	<u>8,587,818</u>	<u>8,587,818</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 8,428,098</u>	<u>\$ 8,428,098</u>	<u>\$ 8,646,877</u>	<u>\$ 218,779</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, 2010

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 1,054,570	\$ 1,054,570	\$ 831,532	\$ (223,038)
Operating Expenses:				
Personnel Services	363,230	363,230	330,716	32,514
Supplies	18,270	18,270	15,962	2,308
Contractual Services	146,860	146,860	90,221	56,639
Equipment Parts	192,500	192,500	167,087	25,413
Fuel	330,000	330,000	239,722	90,278
Depreciation	27,400	27,400	15,223	12,177
Total Operating Expenses	<u>1,078,260</u>	<u>1,078,260</u>	<u>858,931</u>	<u>219,329</u>
Operating Income (Loss)	(23,690)	(23,690)	(27,399)	(3,709)
Net Assets, Beginning of Year	<u>327,460</u>	<u>327,460</u>	<u>327,460</u>	<u>-</u>
Net Assets, End of Year	<u><u>\$ 303,770</u></u>	<u><u>\$ 303,770</u></u>	<u><u>\$ 300,061</u></u>	<u><u>\$ (3,709)</u></u>

CITY OF URBANA

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

June 30, 2010

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ 5,185	\$ 1,804	\$ 6,989
Savings	564,385	875,347	1,439,732
Money Market Funds	30,090	1,425,780	1,455,870
Total Cash and Cash Equivalents	<u>599,660</u>	<u>2,302,931</u>	<u>2,902,591</u>
Investments, at Fair Value:			
U.S. Government Securities	12,806,202	10,418,745	23,224,947
Certificates of Deposit	2,865,543	300,000	3,165,543
Mutual Funds	10,998,899	9,170,256	20,169,155
Total Investments	<u>26,670,644</u>	<u>19,889,001</u>	<u>46,559,645</u>
Receivables (Net of Uncollectibles)			
Property Tax	657,372	868,158	1,525,530
Due from Other Govt.	688	648	1,336
Member Loans	-	21,220	21,220
Accrued Interest	35,898	124,881	160,779
Total Receivables (Net of Uncollectibles)	<u>693,958</u>	<u>1,014,907</u>	<u>1,708,865</u>
Total Assets	<u>27,964,262</u>	<u>23,206,839</u>	<u>51,171,101</u>
 LIABILITIES			
Accounts Payable	482	11,128	11,610
Accrued Salaries and Taxes	-	12,864	12,864
Total Liabilities	<u>482</u>	<u>23,992</u>	<u>24,474</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 27,963,780</u>	<u>\$ 23,182,847</u>	<u>\$ 51,146,627</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2010

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	\$ 1,372,080	\$ 1,783,576	\$ 3,155,656
Employee Contributions to Purchase Prior Service Time	16,883.00	-	16,883
Employee Contributions	318,797	350,525	669,322
Total Contributions	<u>1,707,760</u>	<u>2,134,101</u>	<u>3,841,861</u>
Investment Income:			
Interest and Dividends	801,861	621,205	1,423,066
Net Increase (Decrease) in Fair Value of Investments	1,661,609	1,284,197	2,945,806
Total Investment Income	<u>2,463,470</u>	<u>1,905,402</u>	<u>4,368,872</u>
Less Investment Expense	(5,710)	(97,351)	(103,061)
Net Investment Income	<u>2,457,760</u>	<u>1,808,051</u>	<u>4,265,811</u>
Total Additions	<u>4,165,520</u>	<u>3,942,152</u>	<u>8,107,672</u>
Deductions:			
Benefits	1,571,164	1,518,026	3,089,190
Refunds to Resigning Members	-	3,303	3,303
Administrative Costs	17,692	20,468	38,160
Total Deductions	<u>1,588,856</u>	<u>1,541,797</u>	<u>3,130,653</u>
Change in Net Assets	2,576,664	2,400,355	4,977,019
Net Assets, Beginning of Year	<u>25,387,116</u>	<u>20,782,492</u>	<u>46,169,608</u>
Net Assets, End of Year	<u>\$ 27,963,780</u>	<u>\$ 23,182,847</u>	<u>\$ 51,146,627</u>

STATISTICAL SECTION

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

	Page
Financial Trends	99
<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	105
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources.</p>	
Debt Capacity	109
<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	114
<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	116
<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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	\$77,101	\$79,853
Restricted	3,552	4,192	5,270	3,430	3,376	3,661	2,848	2,386	2,177	2,546
Unrestricted	<u>25,113</u>	<u>27,255</u>	<u>25,975</u>	<u>28,640</u>	<u>28,939</u>	<u>31,053</u>	<u>32,769</u>	<u>35,158</u>	<u>35,343</u>	<u>33,595</u>
Total governmental activities, net assets	<u>74,473</u>	<u>\$80,585</u>	<u>\$87,051</u>	<u>\$94,363</u>	<u>\$94,363</u>	<u>\$101,932</u>	<u>\$105,505</u>	<u>\$111,603</u>	<u>\$114,621</u>	<u>115,994</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	\$5,017	\$5,458
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>	<u>3,571</u>	<u>3,189</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>	<u>\$8,588</u>	<u>8,647</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	\$82,118	\$85,311
Restricted	3,552	4,192	5,270	3,430	3,376	3,661	2,848	2,386	2,177	2,546
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>	<u>38,914</u>	<u>36,784</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>	<u>\$123,209</u>	<u>\$124,641</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:										
Governmental activities:										
Public Safety	\$9,345	\$9,840	\$10,120	\$10,387	\$10,838	\$11,563	\$11,982	\$12,536	\$14,151	\$14,368
Highways and Streets	7,910	6,955	7,354	7,554	9,773	9,049	9,411	9,728	10,591	10,956
General Government	1,999	2,091	2,234	2,338	2,475	2,783	3,109	3,019	3,264	3,376
Urban Redevelopment and Housing	3,579	3,250	3,413	3,841	4,390	4,842	5,903	5,480	5,561	5,790
Interest on Long-term Debt	39	26	4	--	--	--	--	--	--	--
Library Services	<u>2,360</u>	<u>2,404</u>	<u>2,326</u>	<u>2,461</u>	<u>2,666</u>	<u>2,801</u>	<u>3,103</u>	<u>3,298</u>	<u>3,641</u>	<u>3,693</u>
Total governmental activities, expenses	25,232	24,565	25,451	26,581	30,143	31,038	33,508	34,061	37,208	38,183
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>	<u>715</u>	<u>747</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>	<u>\$37,922</u>	<u>\$38,930</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	3,089	2,717
Highways and Streets	995	1,467	1,424	1,614	1,543	1,704	1,559	2,292	1,955	1,742
Other Activities	811	690	1,076	1,218	1,443	1,891	1,292	1,938	1,405	1,217
Operating Grants	2,281	2,284	1,364	2,012	2,345	2,800	1,837	1,720	1,797	2,200
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>	<u>252</u>	<u>34</u>
Total Government Activities Program Revenues	7,684	6,795	6,550	7,710	7,568	9,420	7,025	9,843	8,498	7,910
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>	<u>1,101</u>	<u>1,034</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>	<u>\$9,599</u>	<u>\$8,944</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense) Revenue:										
Governmental Activities	\$(17,549)	\$(17,769)	\$(18,901)	\$(18,870)	\$(22,575)	\$(21,618)	\$(26,483)	\$(24,218)	\$(28,709)	\$(30,273)
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>	<u>386</u>	<u>286</u>
Total Primary Government										
Net (Expense) Revenue	<u>\$(17,242)</u>	<u>\$(17,388)</u>	<u>\$(18,425)</u>	<u>\$(18,438)</u>	<u>\$(22,084)</u>	<u>\$(21,105)</u>	<u>\$(26,062)</u>	<u>\$(23,782)</u>	<u>\$(28,323)</u>	<u>\$(29,987)</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	\$10,968	\$10,401
Utility Tax	3,675	3,392	3,859	3,861	3,922	4,120	3,832	3,757	3,832	3,694
State Sales Tax	3,451	3,545	3,383	3,511	3,684	4,085	5,034	5,244	5,159	4,930
Other Taxes	3,384	3,385	3,529	3,602	3,765	4,019	4,611	5,143	5,107	5,152
Intergovernmental	4,615	5,824	5,901	5,558	5,104	4,544	5,300	5,311	5,422	5,824
Investment Income	1,632	933	1,305	162	959	618	1,712	1,487	954	1,152
Other	593	713	506	481	157	122	87	88	85	143
Transfers	(133)	(169)	70	39	43	490	500	(245)	201	350
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>	<u>31,728</u>	<u>31,646</u>
Business-type Activities										
Investment Income	93	44	23	7	70	44	136	161	111	123
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>	<u>(201)</u>	<u>(350)</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>	<u>(90)</u>	<u>(227)</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>	<u>\$31,638</u>	<u>\$31,419</u>
Change in Net Assets:										
Governmental Activities	\$5,862	\$6,112	\$6,466	\$5,537	\$2,867	\$4,700	\$3,674	\$5,997	\$3,019	\$1,373
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>	<u>296</u>	<u>59</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>	<u>\$3,315</u>	<u>\$1,432</u>

Fund Balances of Governmental Funds
Last Ten Fiscal Years

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:										
Non-spendable-prepays	\$ 226	\$ 286	\$ 264	\$ 290	\$ 284	\$ 282	\$ 287	\$352	\$324	\$ 300
Unassigned	<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>	<u>6,904</u>	<u>6,018</u>
Total, General Fund	<u>\$ 5,771</u>	<u>\$ 4,263</u>	<u>\$ 4,332</u>	<u>\$ 4,285</u>	<u>\$ 4,761</u>	<u>\$ 4,761</u>	<u>\$ 6,137</u>	<u>\$ 6,387</u>	<u>\$ 7,228</u>	<u>\$6,318</u>
All Other Governmental Funds:										
Non-spendable:										
Prepays	\$ --	\$ --	\$ --	\$ 36	\$ 16	\$ 49	\$ 29	\$ 34	\$ 36	\$ 34
Loans Receivable	--	--	--	150	50	335	50	50	50	--
Restricted:										
St. Maintenance/Impr.	2,606	2,604	3,168	2,838	3,086	3,338	2,532	2,012	2,177	2,530
Assigned:										
Vehicle & Eq. Repl.	2,232	2,650	3,104	3,585	4,332	4,528	4,868	4,942	4,561	4,388
Library services	1,348	1,954	2,860	1,618	1,382	1,474	1,581	1,733	1,766	1,860
Other infrastructure	5,379	6,041	5,133	4,998	4,036	3,382	3,049	3,085	2,447	910
Economic development	3,176	3,359	5,202	6,645	5,578	5,995	7,845	8,674	9,144	9,964
Worker compensation	2,819	2,820	3,037	3,039	3,141	2,965	3,215	3,521	3,329	3,114
Other purposes	<u>4,694</u>	<u>5,041</u>	<u>2,873</u>	<u>2,314</u>	<u>2,137</u>	<u>2,883</u>	<u>1,214</u>	<u>1,283</u>	<u>670</u>	<u>484</u>
Total All Other Governmental Funds	<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>\$25,334</u>	<u>\$24,180</u>	<u>\$23,284</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:										
Property Tax	\$ 6,081	\$ 6,305	\$6,674	\$7,557	\$7,695	\$8,187	\$8,830	\$9,258	\$10,560	\$10,533
Utility Tax	3,675	3,392	3,859	3,861	3,922	4,120	3,832	3,757	3,832	3,694
State Sales Tax	3,451	3,545	3,383	3,511	3,684	4,084	5,034	5,244	5,159	4,930
Other Taxes	3,384	3,385	3,529	3,602	3,765	4,019	4,611	5,142	5,106	5,152
Intergovernmental	9,014	9,292	8,951	9,411	8,781	9,140	8,602	8,598	9,110	9,973
Investment Income	1,632	933	1,297	155	959	618	1,712	1,479	953	1,152
Licenses, Fines and Service Charges	3,379	3,360	3,499	3,858	3,891	4,824	3,723	6,556	4,811	3,761
Other	<u>495</u>	<u>673</u>	<u>489</u>	<u>485</u>	<u>154</u>	<u>127</u>	<u>82</u>	<u>93</u>	<u>85</u>	<u>139</u>
Total Revenues	<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>	<u>39,616</u>	<u>39,334</u>
Expenditures:										
Public Safety	9,049	9,528	9,918	10,552	11,141	11,938	12,489	13,113	14,011	14,552
Highways and Streets	4,487	4,659	5,052	5,236	5,676	6,126	6,494	6,729	7,716	8,104
General Government	1,928	2,016	2,195	2,261	2,400	2,685	3,078	2,942	3,078	3,273
Urban Redevelopment and Housing	3,566	3,237	3,402	3,822	4,383	4,806	5,886	5,463	5,468	5,755
Library Services	2,258	2,359	2,274	2,383	2,533	2,696	2,980	3,118	3,379	3,507
Debt Service	257	256	482	--	--	--	--	--	--	--
Capital Projects	<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>	<u>6,479</u>	<u>6,299</u>
Total Expenditures	<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>	<u>40,131</u>	<u>41,490</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				
2010	\$345,226,107	\$246,662,888	\$591,888,995	\$0.012942	\$1,775,666,985	33%
2009	\$339,924,357	\$240,170,456	\$580,094,813	\$0.012942	\$1,740,284,439	33%
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%

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
City of Urbana:										
Library	.4998	.4853	.4752	.4822	.4787	.4950	.5262	.5474	.5433	.5235
General	.2735	.3312	.3472	.3357	.3326	.3269	.2941	.2954	.3429	.4302
Police Pension	.2964	.2704	.3034	.2921	.2913	.2851	.2909	.2933	.3040	.2860
Fire Pension	.2245	.2073	.1684	.1842	.2094	.2050	.2008	.1817	.1412	.1328
Subtotal, City	1.2942	1.2942	1.2942	1.2942	1.3120	1.3120	1.3120	1.3178	1.3314	1.3725
School District	4.3178	4.3507	4.2880	4.3377	4.3178	4.4758	4.5961	4.6701	4.7448	4.7245
Champaign County	.7487	.7426	.7389	.7616	.7801	.7981	.7048	.7117	.6200	.6201
Park District	.8354	.6962	.6961	.7066	.7218	.7463	.7534	.7767	.7939	.7960
Parkland College	.5082	.5115	.4688	.4720	.4776	.4847	.4838	.4652	.4556	.4469
Mass Transit	.2619	.2575	.2544	.2592	.2623	.2677	.2695	.2728	.2772	.2764
Cunningham Town	.1885	.1875	.1917	.1919	.1932	.1988	.2017	.2048	.2051	.1547
Public Health	.1071	.1052	.1049	.1060	.1087	.1126	.1135	.1152	.1172	.1170
Forest Preserve	.0790	.0783	.0779	.0800	.0818	.0839	.0840	.0850	.0859	.0855
Total	8.3408	8.2237	8.1149	8.2092	8.2553	8.4799	8.5188	8.6193	8.6311	8.5936

Source: Champaign County Clerk

Notes: Tax Rates per \$100 Assessed Valuation

CITY OF URBANA
Principal Property Taxpayers
June 30, 2010

Name of Company	2010			2001		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Carle Foundation (Health Care)	\$60,154,170	1	10.2%	\$17,261,900	1	5.3%
Provena Covenant (Health Care)	14,112,310	2	2.4%	0	-	-
Campus Property Management (Residential Housing)	11,048,800	3	1.9%	0	-	-
Town and Country Apartments (Residential Housing)	8,600,750	4	1.5%	5,504,930	3	1.7%
Lincoln Blvd. (Melrose) Association (Residential Housing)	5,890,100	5	1.0%	5,579,250	2	1.7%
Wal-Mart (Retail Sales)	5,159,630	6	0.9%	0	-	-
Urbana Associates (Capstone) (Residential Housing)	5,087,660	7	0.9%	3,865,050	6	1.2%
Flex-N-Gate (Manufacturing)	5,068,090	8	0.9%	3,562,010	8	1.1%
Clark Lindsey Village (Residential Retirement)	4,722,490	9	0.8%	3,517,910	9	1.1%
J. M. Jones Company (Food Service)	4,426,960	10	0.8%	4,658,290	4	1.4%
C-U Partners, Holiday Inn (Hotel)				4,235,900	5	1.3%
First Busey Corporation (Banking)	-	-	-	3,734,820	7	1.2%
Schnucks (Retail Sales)	-	-	-	2,776,900	10	0.9%
Totals	<u>\$124,270,960</u>		<u>21.0%</u>	<u>\$54,696,960</u>		<u>16.9%</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 Amount</u>	<u>% Levy</u>	<u>Collected in Subsequent Years</u>	<u>Total Collections to Date Amount</u>	<u>% Levy</u>
2010	\$7,660,227	\$3,869,925	51%	\$ -	\$3,869,925	51%
2009	\$7,507,666	\$3,786,555	50%	\$3,721,111	\$7,507,666	100%
2008	\$7,018,760	\$3,509,185	50%	\$3,498,762	\$7,007,947	100%
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%

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>				
2010	\$ 0	\$ 0	\$ 548,203	\$ 548,203	0.04%	\$13.68
2009	\$ 0	\$ 0	\$ 684,039	\$ 684,039	0.05%	\$17.08
2008	\$ 0	\$ 0	\$ 808,981	\$ 808,981	0.07%	\$26.85
2007	\$ 0	\$ 0	\$ 923,102	\$ 923,102	0.08%	\$32.05
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

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>
2010	\$ --	\$ --	\$ --	0%	\$0.00
2009	--	--	--	0%	0.00
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

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, 2010

<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	\$28,575,000	84%	\$24,107,972
Champaign County	52,121,757	17%	8,720,552
Forest Preserve	97,500	17%	16,088
Parkland Comm. College	37,735,000	12%	8,438,938
C-U Public Health District	3,054,249	28%	865,627
Urbana Park District	<u>1,165,000</u>	98%	<u>1,141,359</u>
Subtotal, Overlapping Debt			43,290,536
City of Urbana Direct Debt			<u>0</u>
Total Direct and Overlapping Debt			<u>\$43,290,536</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>
2010	\$1,156,006	\$791,490	\$364,516	\$135,836	\$28,665	\$164,501	2.22
2009	1,211,586	608,863	602,723	124,942	34,782	159,724	3.85
2008	1,509,482	358,637	1,150,845	114,121	38,939	153,060	7.52
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

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>
2010	40,050	\$1,357,295	\$33,890	24.6	13.1	4,206	10.4%
2009	40,050	1,390,656	34,723	24.6	13.1	4,155	8.7%
2008	40,050	1,318,927	32,932	24.6	13.1	4,141	5.6%
2007	37,090	1,149,085	30,981	24.6	13.1	4,088	3.9%
2006	36,590	1,078,088	29,464	24.6	13.1	4,303	4.1%
2005	36,555	1,079,067	29,519	24.6	13.1	4,369	4.8%
2004	36,515	991,163	27,144	24.6	13.1	4,414	5.4%
2003	36,475	976,144	26,762	24.6	13.1	4,574	3.6%
2002	36,435	974,126	26,736	24.6	13.1	4,583	3.1%
2001	36,395	921,920	25,331	24.6	13.1	4,663	2.5%

Data Sources: (1) Estimate by City Staff from U.S. Bureau of Census information
 (2) Estimate by City Staff from information of Bureau of Economic Analysis, U.S. Commerce
 Dept.
 For Champaign-Urbana MSA
 (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 and Four Years Ago

<u>Employer</u>	<u>Description</u>	<u>2010</u>			<u>2006</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>% of Total Employment</u>
University of Illinois	Education	11,676	1.	7.4%	13,571	1.	11.9%
Carle Group	Health Care	5,668	2.	3.6%	5,669	2.	4.8%
Champaign Schools	Education	1,351	3.	0.9%	1,378	3.	1.2%
Kraft Foods	Manufacturing	1,300	4.	0.9%	1,340	4.	1.1%
Parkland College	Education	1,200	5.	0.8%	882	6.	0.8%
Walmart	Retail Sales	1,050	6.	0.7%	-	-	-
Provena Hospital	Health Care	938	7.	0.6%	1,200	5.	1.0%
Urbana Schools	Education	900	8.	0.6%	730	8.	0.6%
Plastipak	Manufacturing	810	9.	0.5%	-	-	-
Champaign County	Government	800	10.	0.5%	800	7.	0.8%
Solo Cup	Manufacturing	-	-	-	700	9.	0.6%
Super Value	Food Distributor	-	-	-	625	10.	0.5%
Total		25,693		16.4%	26,895		23.6%

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 before 2006 is not shown as this information is not available.

CITY OF URBANA

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

Last Ten Fiscal Years

Function:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety:										
Police Safety	70	71	72	72	72	75	76	77	77	77
Fire Safety	59	59	59	59	59	59	59	59	59	59
Highways and Streets:										
Maintenance	65	66	67	67	67	67	67	68	68	68
Engineering	10	10	10	10	10	12	12	12	12	13
General Government	33	33	34	34	34	34	35	36	37	37
Urban Redevelopment And Housing	22	22	23	23	23	23	24	25	26	26
Library Services	<u>43</u>	<u>43</u>	<u>44</u>	<u>44</u>	<u>44</u>	<u>45</u>	<u>47</u>	<u>47</u>	<u>48</u>	<u>48</u>
Total	302	304	309	309	309	315	320	323	327	328

Source: City Finance Department.

CITY OF URBANA

Operating Indicators, by Function

(Page 1 of 2)

Last Ten Fiscal Years

Function:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety:										
Police Safety:										
Arrests	5,592	5,793	5,986	6,750	6,730	7,509	7,281	7,227	7,442	7,251
Service Calls	20,506	22,205	21,470	22,737	22,916	19,681	20,479	21,480	21,967	20,964
Reports Written	7,747	7,761	7,505	8,014	8,209	7,649	7,740	6,277	7,163	7,119
Parking Tickets Issued	97,376	87,475	67,212	58,354	53,640	55,451	46,186	42,772	35,143	33,601
Fire Safety:										
Fire Calls	173	159	148	179	173	192	179	128	182	176
Other Calls	3,726	3,666	3,741	3,794	3,817	3,872	4,050	3,937	4,402	4,269
Inspections	1,248	1,224	1,014	1,206	1,061	1,277	1,327	1,240	881	1,054
Highways and Streets:										
St. Resurfacing (Sq. Yd. Asphalt And Concrete)							74,000	41,000	37,550	48,182
							(information before 2007 is not available)			
Recycled Tons Waste Collected:										
Non-Landscape	5.6	5.7	5.8	5.8	5.8	6.0	6.0	6.2	7.8	7.3
Landscape	8.7	12.0	11.8	10.3	11.0	12.4	13.5	14.5	19.0	20.3

CITY OF URBANA

Operating Indicators, by Function

(Page 2 of 2)

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government:										
Licenses/Permits Processed	1,138	1,526	2,919	2,528	2,641	2,645	2,781	2,662	2,435	2,419
Parking Space Rentals/Permits	661	1,009	2,401	1,925	1,944	2,025	1,947	1,917	1,827	1,837
Urban Redevelopment And Housing:										
Permits Issued	1,448	1,744	2,326	2,457	2,439	2,121	1,982	1,852	1,642	1,627
Zoning/Planning Cases Admin.	78	89	75	63	79	99	86	59	76	54
Library Services:										
Items Circulated (in thousands)	756	797	753	661	777	836	878	904	878	858
Reference Questions Answered (in thousands)	130	134	130	95	105	125	118	119	119	123
Persons Attending Library Programs (in thousands)	27	30	25	24	25	30	29	30	32	30

Source: Various city departments.

CITY OF URBANA

Capital Asset Statistics, by Function

Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety:										
Police Safety:										
Number Stations	1	1	1	1	1	1	1	1	1	1
Number Patrol Units	23	23	23	24	25	25	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	10.2	10.5	11.4	11.5	11.5	11.6	11.6	11.6	11.7	11.9
Miles Streets	122.8	124.5	126.7	127.8	128.3	130.4	141.2	141.6	144.6	145.5
Miles Sewers	183.6	184.2	185.0	199.7	201.8	221.2	222.1	225.7	235.6	237.3
Street Lights	3,738	3,738	3,767	3,767	3,469	3,469	3,744	3,782	3,701	3,703
City Trees	11,700	11,840	11,980	12,120	12,260	12,400	12,550	12,580	12,610	12,640
Library Services:										
Sq. Feet Library Building	25,000	25,000	25,000	27,000	52,000	52,000	52,000	52,000	52,000	52,000

Source: Various city departments.

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