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City of Urbana, Illinois
**Comprehensive
Annual
Financial Report**



1833 - 2012

**For the Year Ended
June 30, 2012**

CITY OF URBANA, ILLINOIS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2012

TABLE OF CONTENTS	PAGE
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1 – 6
GFOA Certificate of Achievement.....	7
List of Principal Officials	8
Organizational Chart.....	9
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report.....	11 - 12
Management Discussion and Analysis.....	13 - 27
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements:	
Governmental Funds, Combined Balance Sheet.....	31
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	32
Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	34
General Fund, Statement of Revenues and Expenditures – Budget (GAAP Basis) and Actual.....	35 - 36

CITY OF URBANA, ILLINOIS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2012

TABLE OF CONTENTS	PAGE
Urbana Free Library Fund, Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	37
Tax Increment Financing District 3 Fund, Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	38
Proprietary Funds, Statement of Net Assets	39
Proprietary Funds, Statement of Revenues, Expenses, and Changes in Fund Net Assets	40
Proprietary Funds, Statement of Cash Flows	41 - 42
Fiduciary Funds, Employee’s Pension Trust Funds, Statement of Fiduciary Net Assets	43
Fiduciary Funds, Employee’s Pension Trust Funds, Statement of Changes in Fiduciary Net Assets	44
Notes to Financial Statements	45 - 80
Required Supplementary Information:	
Schedule of Funding Progress for I.M.R.F. Pension Plan (Unaudited) ...	81
Combining and Individual Fund Statements and Schedules:	
Non-Major Governmental Funds, Combining Balance Sheet	82
Non-Major Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
Non-Major Special Revenue Funds, Combining Balance Sheet	84 - 85
Non-Major Special Revenue Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	86 - 87

CITY OF URBANA, ILLINOIS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2012

TABLE OF CONTENTS	PAGE
Social Service Agencies Special Revenue Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	88
Vehicle and Equipment Replacement Special Revenue Fund, Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	89
Community Development Special Revenue Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	90
Community Development HOME Grant Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual	91
Community Development Block Grant Special Revenue Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	92
Tax Increment Financing District 1 Special Revenue Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	93
Tax Increment Financing District 2 Special Revenue Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual.....	94
Tax Increment Financing District 4 Special Revenue Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	95
Economic Development Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual.....	96
Insurance Financing Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	97

CITY OF URBANA, ILLINOIS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2012

TABLE OF CONTENTS	PAGE
Non-Major Capital Projects Funds – Combining Balance Sheet	98
Non-Major Capital Projects Funds – Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	99
Capital Improvement and Replacement Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	100
Broadband Construction Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	101
Sanitary Sewer Construction Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	102
Motor Fuel Tax Special Revenue Fund, Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual	103
Motor Vehicle Parking Enterprise Fund – Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget (GAAP Basis) and Actual	104
Central Garage Internal Service Fund – Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget (GAAP Basis) and Actual.....	105
Fiduciary Funds – Pension Trust Funds Combining Statement of Fiduciary Net Assets.....	106
Fiduciary Funds – Pension Trust Funds, Combining Statement of Changes in Fiduciary Net Assets.....	107

STATISTICAL SECTION:

Net Assets by Component (restated).....	109
Changes in Net Assets	110 - 111

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2012

TABLE OF CONTENTS	PAGE
Fund Balances of Governmental Funds (restated).....	112
Changes in Fund Balances of Governmental Funds.....	113
Assessed and Estimated Actual Value of Taxable Property	114
Property Tax Rates - Direct and Overlapping Government	115
Principal Property Taxpayers	116
Property Tax Levies and Collection.....	117
Ratios of Outstanding Debt by Type.....	118
Ratio of Net General Bonded Debt Outstanding	119
Direct and Overlapping Governmental Activities Debt.....	120
Computation of Legal Debt Margin.....	121
Revenue Supported Bond Coverage.....	122
Demographic and Economic Statistics	123
Principal Employers.....	124
Number of City Employees, by Function	125
Operating Indicators, by Function.....	126 - 127
Capital Asset Statistics, by Function	128



City of Urbana
400 South Vine Street
Urbana, IL 61801

December 22, 2012

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, 2012.

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.

The City of Urbana financial statements have been audited by Bray, Drake, Liles & Richardson, LLP, licensed certified public accountants. The independent audit provides reasonable assurance that the statements are free of material misstatements. This audit involved examining selected records to support amounts and disclosures in the financial statements, assessing the accounting principles applied and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, Bray, Drake, Liles & Richardson, LLP, concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are fairly presented in accordance with generally accepted accounting standards. Their letter 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 City of Urbana

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 41,275 and 11.9 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.

Budgetary Planning

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 five years ago of 3.9% to the current rate of 8.8%. 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.

Over the last 24 months, economic growth is beginning to rebound, although not in all revenue sources. The unemployment rate mentioned above has improved almost 2% in that time. Sales tax, which amounts to approximately 31% of general fund revenues has increased 6.1%, although part of this increase was implementing new rates and expanding the tax base. The state income tax, which amounts to approximately 12% of general fund revenues experienced smaller increases.

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 enabled property values to average 7.5% annual increases over a 10 year period beginning in 2001. This growth in assessed valuation was significant in maintaining overall city revenue growth. However, in 2011, the increase was less than 1%, in 2012 a decrease of 2% and a decrease of 2% is expected for 2013. Licenses, fees and service charges are 20% of general fund revenues and are projected to increase in amounts approximating inflation.

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 unassigned and available for spending in the General Fund was \$5,830,570 (20% of budgeted expenditure levels). While this level has decreased in the last 3 years (25% in 2009), management believes this level is still adequate for financing any required future costs and provides the City a minimum 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 unless assessed values decrease. If values decrease, the City will levy the same amount as the previous levy.
- A reserve fund balance in the General Fund will be maintained at a level of at least \$5 million.
- 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 final stages of construction of a broadband computer access system to underserved areas of the City and the enrollment of initial customers. This construction is being funded in large part by a federal and state grant that was awarded to the City of Champaign, University of Illinois, and the City of Urbana. After construction is completed for the broadband

computer system, the Cities of Urbana, Champaign, and the University of Illinois must then design and implement actual broadband service.

- b) Continue to monitor the local, state and national economy and the impact on Urbana tax revenues. A return to any significant recessionary economy or possible negative impacts of the State of Illinois efforts to balance it's budget may significantly impact the City's ability to finance current level of services in the future.
- c) Implement a new storm water utility fee to finance storm water related infrastructure improvements. The fee was approved in 2012, with first billing planned for the fall of 2012.
- d) Finish design, initiate property acquisition, begin initial construction and finalize financing for the bone yard beautification plan in the downtown.
- e) Continue to monitor properties that have become vacant or underutilized due to the recent depressed economy. The City is using various methods and strategies to aggressively work with these property owners to either rehabilitate or redevelop their properties.

For the future, three areas of emphasis will be:

- a) Continue to identify and implement improvements in efficiency and new technology that will allow continued service delivery at 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.
- b) Continue to 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.
- c) 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.

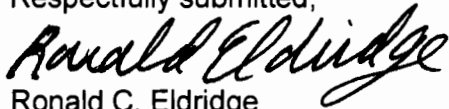
Awards and Acknowledgements.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Urbana for it's comprehensive annual financial report for the fiscal year ended June 30, 2011. The City of Urbana has received this reward in 23 of the last 24 years. 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, 2011

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.



Linda C. Davison

President

Jeffrey R. Enos

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2012

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Alderwoman
Heather Stevenson

Alderwoman
Diane Marlin

Alderman
Charles Smyth

Alderman
Eric Jakobsson

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

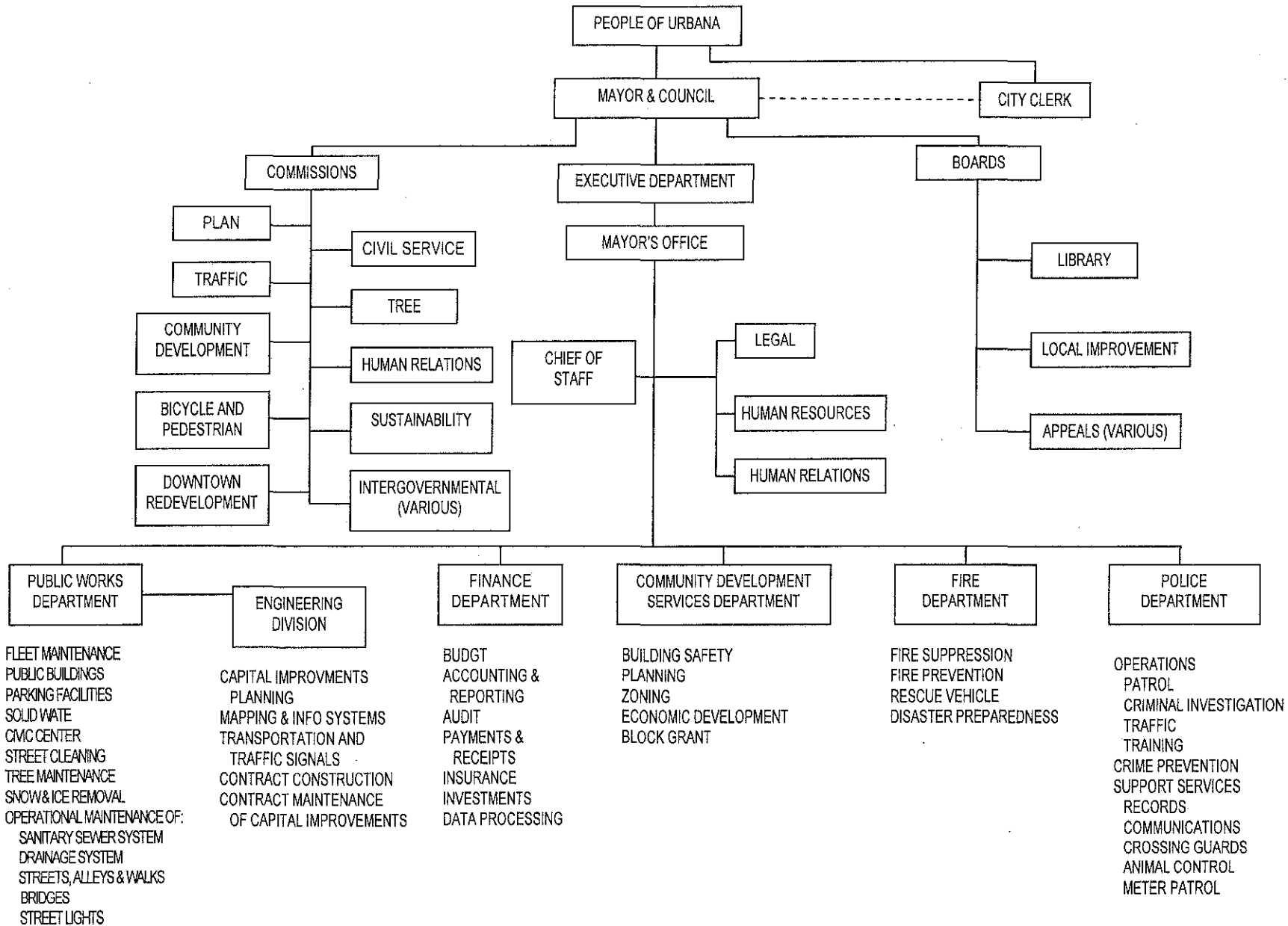
City Attorney
James Simon

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



Certified Public Accountants

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

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Urbana, Illinois 61802-7446

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

JAMES P. BRAY (RETIRED)

December 22, 2012

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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Urbana Free Library Fund, 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 22, 2012, 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 13 through 27 and the Schedule of Funding Progress for I.M.R.F. Pension Plan on page 81 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 them.


BRAY, DRAKE, LILES & RICHARDSON LLP

Management's Discussion and Analysis

June 30, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2012, by \$132,901,325. This includes all of the City's infrastructure assets, net of depreciation.
- Of this amount \$92,814,167 is in capital assets (net of related debt). Restricted net assets of \$9,781,371 may be used for programs with external restrictions. The remaining amount of \$30,305,787 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- During the year, revenues of \$47,317,936 exceeded expenses of \$40,228,090, increasing the City's net assets by \$7,089,846. The increase in net assets consists of \$6,999,581 increase in net assets of governmental activities and \$90,265 increase in net assets of business-type activities.
- At June 30, 2012, the governmental funds reported combined fund balances of \$29,224,770, of which \$418,198 was non-spendable, \$11,889,547 was restricted due to constraints of external authorities, \$11,086,455 was committed for certain specific purposes by formal action of the City Council, and \$5,830,570 was available for spending at the City's discretion as unassigned fund balance.
- Governmental fund balances increased \$724,593 during the year.
- The City's long-term debt decreased \$15,923 due to debt principal retirements of \$186,525, a net increase in accumulated compensated employee absences of \$100,280, and a net increase in other postemployment benefits of \$70,322.

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.

Management's Discussion and Analysis

June 30, 2012

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 29-30 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.
- 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.

Management's Discussion and Analysis

June 30, 2012

- 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 seventeen 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, the Urbana Free Library 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 31-38 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 39-42 of this report.

Management's Discussion and Analysis

June 30, 2012

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 43-44 of this report.

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-80 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 81 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 82-107 of this report.

Government-wide Financial Analysis:

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City of Urbana's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that is still outstanding (\$92,814,167 or 70% of net assets). 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. An additional \$9,781,371 (7% of net assets) are subject to external restrictions on their use. The remaining balance is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors (\$30,305,787 or 23% of net assets). Following is a comparative statement of net assets (amounts expressed in thousands):

Management's Discussion and Analysis

June 30, 2012

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current assets	\$50,398	\$47,353	\$3,156	\$3,207	\$53,554	\$50,650
Other assets	7,364	6,532	--	--	7,364	6,532
Capital assets	<u>87,036</u>	<u>81,466</u>	<u>6,022</u>	<u>6,011</u>	<u>93,058</u>	<u>87,477</u>
Total assets	<u>144,798</u>	<u>135,351</u>	<u>9,178</u>	<u>9,218</u>	<u>153,976</u>	<u>144,569</u>
Current liabilities	19,141	16,758	356	316	19,497	17,074
Non-current liabilities	<u>1,504</u>	<u>1,439</u>	<u>74</u>	<u>244</u>	<u>1,578</u>	<u>1,683</u>
Total liabilities	<u>20,645</u>	<u>18,197</u>	<u>430</u>	<u>560</u>	<u>21,075</u>	<u>18,757</u>
Net assets						
Invested in capital assets	87,036	81,466	5,778	5,609	92,814	87,075
Restricted	9,781	13,603	--	--	9,781	13,603
Unrestricted	<u>27,336</u>	<u>22,085</u>	<u>2,970</u>	<u>3,049</u>	<u>30,306</u>	<u>25,134</u>
Total net assets	<u>\$124,153</u>	<u>\$117,154</u>	<u>\$8,748</u>	<u>\$8,658</u>	<u>\$132,901</u>	<u>\$125,812</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. For governmental activities, net assets invested in capital assets (net of related debt) increased \$5,569,874. Restricted net assets from governmental activities decreased \$3,821,450. Unrestricted net assets from governmental activities increased \$5,251,157. There was an increase in net assets from business-type activities of \$90,265 and an increase of \$168,941 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 \$78,676.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,606	\$ 5,790	\$1,102	\$ 1,107	\$ 7,708	\$ 6,897
Operating Grants & Contributions	1,826	1,799	--	--	1,826	1,799
Capital Grants & Contributions	6,200	1,874	--	--	6,200	1,874
General Revenues:						
Property Tax	10,583	11,613	--	--	10,583	11,613
Utility Tax	3,965	3,865	--	--	3,965	3,865
Sales Tax	9,791	9,070	--	--	9,791	9,070

Management's Discussion and Analysis

June 30, 2012

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Intergovernmental, Not Restricted to Specific Programs	4,109	3,734	--	--	4,109	3,734
Investment Income	769	418	94	58	863	476
Other Taxes	2,128	1,801	--	--	2,128	1,801
Other	<u>44</u>	<u>48</u>	<u>100</u>	<u>--</u>	<u>144</u>	<u>48</u>
Total Revenues	<u>\$46,021</u>	<u>\$40,012</u>	<u>\$1,296</u>	<u>\$1,165</u>	<u>\$47,317</u>	<u>\$41,177</u>
Expenses:						
Public Safety	\$15,166	\$14,644	\$ --	\$ --	\$15,116	\$14,644
Highways & Streets	10,376	10,980	--	--	10,376	10,980
General Government	3,457	3,395	--	--	3,457	3,395
Urban Redevelopment And Housing	6,737	6,647	--	--	6,737	6,647
Library Services	3,844	3,582	--	--	3,844	3,582
Motor Vehicle Parking	<u>--</u>	<u>--</u>	<u>698</u>	<u>758</u>	<u>698</u>	<u>758</u>
Total Expenses	<u>\$39,530</u>	<u>\$39,248</u>	<u>\$ 698</u>	<u>\$ 758</u>	<u>\$40,228</u>	<u>\$40,006</u>
Increase in Net Assets						
Before Transfers	\$ 6,491	\$ 764	\$ 598	\$ 407	\$ 7,089	\$ 1,171
Transfers In (Out)	<u>508</u>	<u>396</u>	<u>(508)</u>	<u>(396)</u>	<u>--</u>	<u>--</u>
Increase in Net Assets	\$ 6,999	\$ 1,160	\$ 90	\$ 11	7,089	1,171
Net Assets, Beg. Year	<u>117,154</u>	<u>115,994</u>	<u>8,658</u>	<u>8,647</u>	<u>125,812</u>	<u>124,641</u>
Net Assets, End Year	<u>\$124,153</u>	<u>\$117,154</u>	<u>\$8,748</u>	<u>\$8,658</u>	<u>\$132,901</u>	<u>\$125,812</u>

Total revenues from governmental activities increased \$6,009,948 or 15%, an amount significantly larger than last year. Reasons for significant revenue changes were:

- Capital grants increased \$4,325,951 or 231% from last year. During the year, the City received a large federal capital grants in the amount of \$4,048,821 for the construction of an internet broadband system.
- Property tax decreased \$1,212,232 or 12% due to a non-recurring distribution of \$1,094,109 for Provena Hospital from 2002 that had previously been in dispute and held in escrow.
- Sales and other taxes both increased as the City implemented a new tax on the sales of packaged alcohol and increased the rate on the hotel tax.

Management's Discussion and Analysis

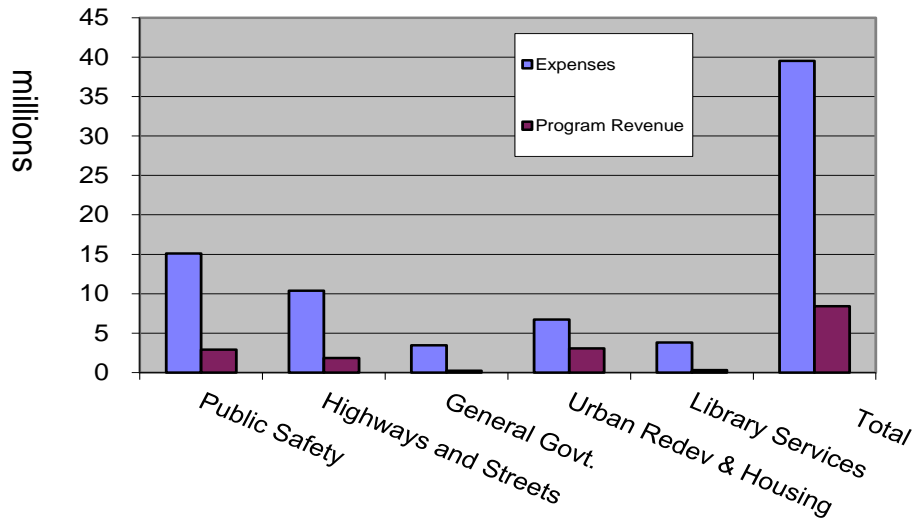
June 30, 2012

- Investment income increased \$387,685 or 81% due to increases in the fair value of investments at year end.
- Other revenues experienced both increases and decreases in the normal range of 3-5% due to the general economic activity.
- Expenses from governmental activities increased \$281,482 or 0.7%. This amount is less than previous 2 years when increases approximated inflationary levels. Significant expense changes were:
 - Highways and Streets decreased \$604,136 or 5.5%, due to the decision to not replace certain vacant positions in order to assist in balancing the budget.
 - Other individual program increases experienced increases of 3.0%, due mainly to scheduled salary adjustments under bargaining agreements and increases in employee insurance and pension costs.
- Expense amounts in 2013 should increase approximately 4%, due to scheduled salary adjustments. Revenues are expected to increase approximately 4% also.
- Program revenues from charges for services and operating grants paid for 21% of expenses in 2012, very similar to the last two years of 19% and 20%. The following chart compares program revenues of charges for services and operating grants with program expenses for governmental functions.

Management's Discussion and Analysis

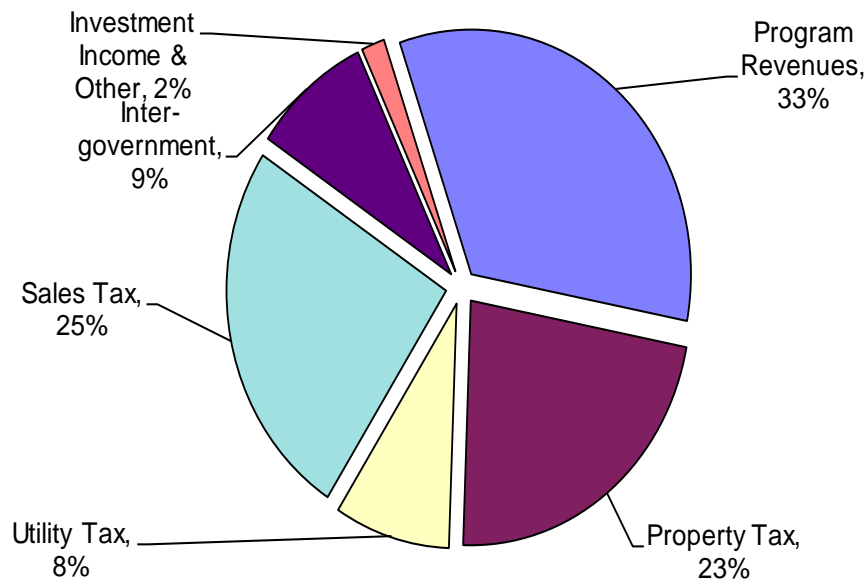
June 30, 2012

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 sources, as illustrated in the chart below, provides long-term financial stability in revenues.

Revenues by Sources – Governmental Activities

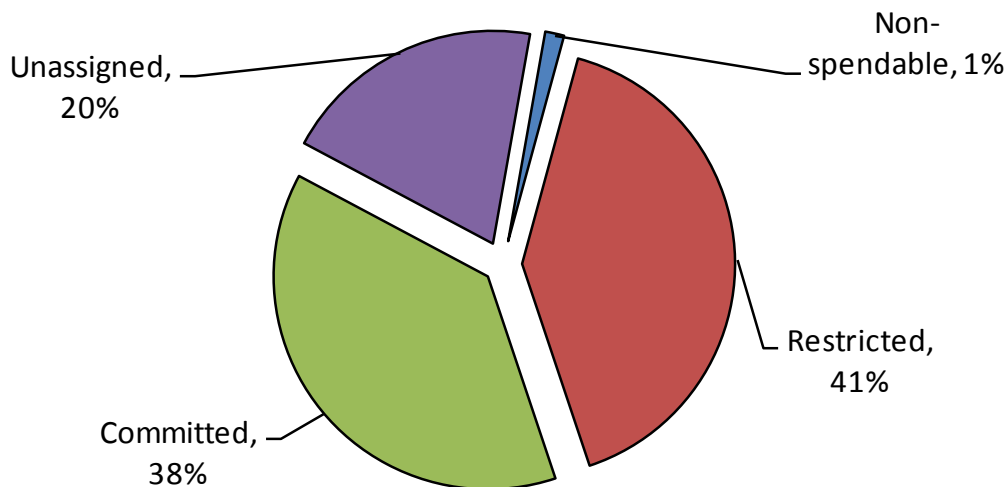


Management's Discussion and Analysis

June 30, 2012

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 \$29,224,770, an increase of \$724,593 from last year (2.5% of beginning fund balance). Non-spendable fund balance increased \$17,907 to an amount of \$418,198. Restricted fund balance decreased \$1,713,274 to an amount of \$11,889,547. Committed fund balance increased \$1,304,320 to an amount of \$11,086,455. Unassigned fund balance increased \$1,115,640 to an amount of \$5,830,570. Following is a chart showing the types of fund balance at June 30, 2012.



The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$2,041,638. Planned transfers of \$907,023 to various other funds mainly for certain other operating expenses meant the fund balance increased \$1,134,615 for the year to \$6,220,825 at June 30, 2012. Management believes this is an acceptable level of fund balance (23% of total expenditures and transfers; 19% last year). This increase reflected management's decision to replace fund balance that had been draw down in the general fund over the past two years. In the near future, fund balance should remain at approximately the same level as of June 30, 2012.

Management's Discussion and Analysis

June 30, 2012

Other Major Governmental Funds:

Urbana Free Library Fund. Expenditures exceeded revenues by \$371,560. Planned transfers of \$400,228 from other funds, mainly to finance employee retirement costs, meant the fund balance increased \$28,668 for the year to \$2,108,176. Management believes this fund balance of 56% of expenditures is acceptable (last year was 60%). In the future, fund balance should remain at approximately the same level as of June 30, 2012.

Tax Increment Financing District 3 Fund. Expenditures and planned transfers out exceeded revenues by \$1,047,785 leaving a fund balance at the end of the year of \$1,389,815. This fund has accumulated fund balance in the past in order to finance future economic development projects, which are currently being implemented.

Other Non-Major Governmental Funds:

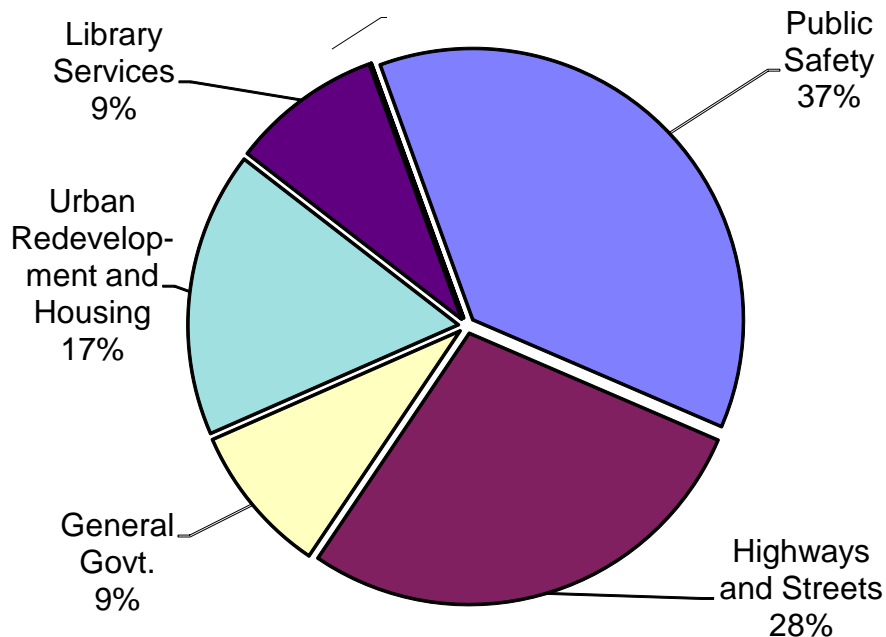
During the year, expenditures exceeded revenues in other non-major governmental funds by \$787,121. Net planned transfers in of \$1,396,216 from other funds mainly for certain operating expenses meant the fund balance increased \$609,095 for the year to a combined total of \$19,505,954 at June 30, 2012. Management believes this is an acceptable level of fund balance.

Management's Discussion and Analysis

June 30, 2012

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, 2012 were \$8,747,996 which was an increase of \$90,265 over last year. Management believes this level of fund balance is acceptable. Management estimates that fund balance in the Motor Vehicle Parking Fund should remain fairly steady in the near future.

General Fund Budgetary Highlights.

During the year, the General Fund budget for expenditures was increased by the amount of \$170,496. This increase was due to a salary settlement due to bargaining after the original budget was approved.

Total revenues were \$864,532 more than the original budget and \$588,532 more than the final budget (2% variance). The increase in the final budget for revenues of

Management's Discussion and Analysis

June 30, 2012

\$276,000 was from an increase in certain sales tax rates to pay for the salary increase in the expenditures budget. Following is a detail breakdown of general fund revenues variance of actual amounts received to budget:

	<u>Amount</u>	<u>% Variance</u>
Property tax	\$ (3,366)	- 0.8%
Utility tax	(179,055)	- 4.3%
State and local sales tax	258,673	+2.8%
Hotel tax	76,388	+1.4%
Intergovernmental	156,299	+2.8%
Interest	(81,616)	-51.3%
Licenses, fines and service charges	361,209	+ 9.3%
Total	\$ 588,532	+ 2.1%

All revenues were within normal budget variances except for interest and licenses, fines and service charges. Interest was 51.3% below budget due to significantly lower interest rates and less cash invested. Licenses, fines and service charges were 9.3% above budget due to an significant unanticipated building permit fee.

Total expenditures were \$2,271,616 lower than the original budget and \$2,442,112 lower than the final budget (8% variance). Following is a detail breakdown of general fund expenditures variance of actual amounts to final budget, by function.

	<u>Budget</u>	<u>Spent</u>	<u>Variance</u>	<u>% Variance</u>
Personnel services	\$22,876,052	\$21,838,618	\$1,037,434	4.5%
Materials and supplies	837,080	694,188	142,892	17.1%
Other services and charges	4,928,521	3,882,343	1,046,178	21.2%
Capital outlay	262,503	46,895	215,608	82.1%
Total	\$28,904,156	\$26,462,044	\$2,442,112	8.4%

Forty-two percent of the total difference was in personnel services reported in the same proportion as personnel costs reported in the city's 5 programs. This variance in personnel services can be considered to be higher than normal and was due to the city intentionally not filling personnel vacancies during the year. The difference in other services and charges 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.

Management's Discussion and Analysis

June 30, 2012

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, 2012, was \$92,814,167 (net of accumulated depreciation and related debt for business-type activities), an increase of \$5,738,815 over last year. This increase is approximately \$4.5 million larger than last year's increase of \$1,763,983. The majority of this amount is due to one large infrastructure asset (see below). Infrastructure improvements can fluctuate annually, depending on the cost of various projects. Improvement amounts are expected to increase approximately \$1.5 to \$2 million for the next few years, as the City is completing a smaller 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 \$10,110,532 in total capital assets.
- Addition of \$8,192,114 in infrastructure, of which \$440,311 was spent for the Goodwin/Park Avenues improvement, \$554,207 for engineering design for the Boneyard Improvement, and \$1,558,601 for general pavement improving on numerous streets, and \$4,229,186 for construction of an internet broadband system. All other individual infrastructure improvements cost less than \$200,000.
- Addition of \$480,288 in land for the acquisition of properties on Elm and Vine Street related to the Boneyard Improvement.
- Addition of \$273,555 in parking lot and area improvements.
- Addition of \$1,090,699 in equipment, of which \$173,091 was spent to replace a street sweeper, \$118,498 to replace video cameras for police squad cars, \$112,700 to replace computers for police squad cars, \$100,500 for a backhoe, and \$126,535 for a new library electronic catalogue system. All other equipment additions cost less than \$100,000.
- Depreciation expense of \$4,502,283 was charged (\$2,784,485 was for infrastructure)
- Assets of \$1,276,750 were taken out of service during the year. All of these assets except for the amount of \$27,307 were fully depreciated.

Management's Discussion and Analysis

June 30, 2012

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

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 5,943	\$ 5,506	\$3,766	\$ 3,722	\$ 9,709	\$ 9,228
Building and Improvements	14,396	14,627	2,083	2,094	16,479	16,721
Equipment	5,734	5,778	173	195	5,907	5,973
Infrastructure	<u>60,963</u>	<u>55,555</u>	<u>--</u>	<u>--</u>	<u>60,963</u>	<u>55,555</u>
Total Net Capital Assets	<u>\$87,036</u>	<u>\$81,466</u>	<u>\$6,022</u>	<u>\$ 6,011</u>	<u>\$93,058</u>	<u>\$87,477</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 \$155,000 at June 30, 2012. 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Special revenue bonds	\$ --	\$ --	\$ 155	\$ 300	\$ 155	\$300
Special revenue note	--	--	89	101	89	101
Accumulated employee Absences	2,064	1,964	--	--	2,064	1,964
Landfill post-closure Monitoring	172	201	--	--	172	201
Other postemployment Benefits	<u>288</u>	<u>218</u>	<u>--</u>	<u>--</u>	<u>288</u>	<u>218</u>
Total	\$2,524	\$2,383	\$ 244	\$ 401	\$2,768	\$2,784

During the year, \$157,875 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$1,536,277 of accumulated employee absences was retired; \$1,636,557 in additional accumulated employee absences was accrued; \$57,866 of other postemployment benefits was retired; and \$128,188 in other post employment benefits was accrued.

Management's Discussion and Analysis

June 30, 2012

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.

The presence of the University of Illinois and two regional health care facilities provides a strong level of economic stability for the City of Urbana. Revenues and expenditures in next year's general fund budget are expected to increase approximately 3.5 to 4.0% as the economy in the local area is slowly improving. Assessed valuation is expected to decrease 1.5% to 2.0%. We believe the future of the local real estate market remains strong, although growth in assessed value is estimated to be stagnant in the next 2 years.

The economic depression in the U.S. and the State of Illinois had a significant negative impact on sales and income taxes in the City of Urbana. As a result, management took the following actions to control spending over the past 2 years: not filling certain personnel vacancies, holding non-personnel costs at the same level as last year, deferring the purchase of certain major pieces of equipment, and reducing transfers from the general fund for certain capital improvements for the future. Management also implemented a number of new sales taxes and increased fees and charges. It is not anticipated that similar actions will be required in the near 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.

CITY OF URBANA
Statement of Net Assets
June 30, 2012

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and Cash Equivalents:	\$ 9,563,045	\$ 299,336	\$ 9,862,381
Investments	28,688,089	2,823,380	31,511,469
Receivables (Net of Uncollectibles)	11,622,777	29,650	11,652,427
Internal Balances	1,316	(1,316)	-
Prepaid Items	419,613	2,565	422,178
Inventory of Supplies, at Cost	103,629	2,869	106,498
Total Current Assets	50,398,469	3,156,484	53,554,953
Non-Current Assets:			
Investment in Joint Venture	51,820	-	51,820
Overfunded Net Pension Obligation	7,312,402	-	7,312,402
Capital Assets:			
Land	5,942,783	3,765,739	9,708,522
Buildings and Improvements	14,396,177	2,083,091	16,479,268
Equipment	5,734,095	172,948	5,907,043
Infrastructure	60,962,850	-	60,962,850
Total Non-Current Assets	94,400,127	6,021,778	100,421,905
Total Assets	\$ 144,798,596	\$ 9,178,262	\$ 153,976,858
LIABILITIES AND NET ASSETS			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 2,523,094	\$ 7,534	\$ 2,530,628
Claims Payable	290,829	-	290,829
Accrued Interest	-	5,542	5,542
Accrued Salaries and Taxes	745,569	5,440	751,009
Unearned Revenues	347,357	168,234	515,591
Property Taxes Held in Escrow	14,214,294	-	14,214,294
Accrued Compensated Absences	991,419	-	991,419
Landfill Post-Closure Monitoring	28,650	-	28,650
Revenue Bonds & Notes (Net)	-	169,034	169,034
Total Current Liabilities	19,141,212	355,784	19,496,996
Non-Current Liabilities:			
Accrued Compensated Absences	1,072,395	-	1,072,395
Landfill Post-Closure Monitoring	143,250	-	143,250
Other Post Employment Benefits (Net)	288,410	-	288,410
Revenue Bonds & Notes (Net)	-	74,482	74,482
Total Non-Current Liabilities	1,504,055	74,482	1,578,537
Total Liabilities	20,645,267	430,266	21,075,533
Net Assets:			
Invested in Capital Assets, Net of Related Debt	87,035,905	5,778,262	92,814,167
Restricted:			
Special Revenue Purposes:			
Urban Redevelopment and Housing	5,958,865	-	5,958,865
Capital Outlay	3,822,506	-	3,822,506
Unrestricted	27,336,053	2,969,734	30,305,787
Total Net Assets	124,153,329	8,747,996	132,901,325
Total Liabilities and Net Assets	\$ 144,798,596	\$ 9,178,262	\$ 153,976,858

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

CITY OF URBANA
Statement of Activities
Fiscal Year Ended June 30, 2012

Functions/Programs:	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
Governmental Activities:							
Public Safety	\$ 15,115,551	\$ 2,883,216	\$ 21,687	\$ 46,685	\$ (12,163,963)	\$ -	\$ (12,163,963)
Highways and Streets	10,376,389	1,782,823	76,398	6,153,318	(2,363,850)	-	(2,363,850)
General Government	3,456,929	263,423	-	-	(3,193,506)	-	(3,193,506)
Urban Redevelopment & Housing	6,736,703	1,433,529	1,653,394	-	(3,649,780)	-	(3,649,780)
Library Services	3,844,106	244,138	74,202	-	(3,525,766)	-	(3,525,766)
Total Governmental Activities	39,529,678	6,607,129	1,825,681	6,200,003	(24,896,865)	-	(24,896,865)
Business-Type Activities:							
Motor Vehicle Parking	698,412	1,101,919	-	-	-	403,507	403,507
Total Functions/Programs	<u>\$ 40,228,090</u>	<u>\$ 7,709,048</u>	<u>\$ 1,825,681</u>	<u>\$ 6,200,003</u>	<u>(24,896,865)</u>	<u>403,507</u>	<u>(24,493,358)</u>
General Revenues:							
Property Tax					10,582,883	-	10,582,883
Utility Tax					3,964,935	-	3,964,935
State and Local Sales Tax					9,791,100	-	9,791,100
Sewer Benefit Tax					1,244,250	-	1,244,250
Hotel/Motel Tax					883,598	-	883,598
Intergovernmental, Not Restricted to Specific Functions/Programs					4,108,923	-	4,108,923
Investment Income					768,749	94,511	863,260
Other					38,139	100,000	138,139
Increase in Investment in Joint Venture					6,116		6,116
Transfers					507,753	(507,753)	-
Total General Revenues and Transfers					<u>31,896,446</u>	<u>(313,242)</u>	<u>31,583,204</u>
Change in Net Assets					6,999,581	90,265	7,089,846
Net Assets, Beginning of Year:					<u>117,153,748</u>	<u>8,657,731</u>	<u>125,811,479</u>
Net Assets, End of Year					<u>\$ 124,153,329</u>	<u>\$ 8,747,996</u>	<u>\$ 132,901,325</u>

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

Governmental Funds - Combined Balance Sheet

June 30, 2012

ASSETS	General	Urbana Free Library	Tax Increment Financing District 3	Other Governmental Funds	Totals
Cash and Cash Equivalents:					
Cash on Hand	\$ 2,581	\$ 516	\$ -	\$ 100	\$ 3,197
Checking	11,462	28,202	-	199	39,863
Savings	1,601,878	1,841,541	1,159,347	4,763,934	9,366,700
Illinois Public Treasurer's Pool	1,597	11,631	-	623	13,851
Money Market Funds	-	129,182	10,106	-	139,288
Investments	3,054,330	120,661	11,695,514	13,817,584	28,688,089
Receivables (Net of Uncollectibles)	5,059,157	1,431,739	432,393	4,699,488	11,622,777
Due from Other Funds	1,456,031	-	-	1,427,741	2,883,772
Prepaid Expenditures	390,255	-	-	27,943	418,198
Total Assets	\$ 11,577,291	\$ 3,563,472	\$ 13,297,360	\$ 24,737,612	\$ 53,175,735
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ -	\$ 195,864	\$ -	\$ 2,752,940	\$ 2,948,804
Accounts Payable	426,652	17,193	644,690	1,396,856	2,485,391
Claims Payable	290,829	-	-	-	290,829
Accrued Salaries and Taxes	684,887	41,007	2,697	6,763	735,354
Property Tax Held in Escrow	3,295,001	-	10,919,293	-	14,214,294
Deferred Revenues	659,097	1,201,232	340,865	1,075,099	3,276,293
Total Liabilities	5,356,466	1,455,296	11,907,545	5,231,658	23,950,965
Fund Balance:					
Non-spendable-prepaid expenditures	390,255	-	-	27,943	418,198
Restricted for:					
Urban Redevelopment and Housing:					
Library services	-	2,108,176	-	-	2,108,176
T.I.F. economic development	-	-	1,389,815	4,569,050	5,958,865
Subtotal, Restricted for Urban Redevelopment and Housing	-	2,108,176	1,389,815	4,569,050	8,067,041
Street improvements	-	-	-	3,822,506	3,822,506
Total Restricted Fund Balance	-	2,108,176	1,389,815	8,391,556	11,889,547
Committed for:					
Other purposes	-	-	-	292,830	292,830
Vehicle & Equipment replacement	-	-	-	4,484,270	4,484,270
Other economic development	-	-	-	599,793	599,793
Worker compensation claims	-	-	-	2,955,643	2,955,643
Street and Sewer improvements	-	-	-	2,599,299	2,599,299
Other infrastructure improvements	-	-	-	154,620	154,620
Total Committed Fund Balance	-	-	-	11,086,455	11,086,455
Unassigned	5,830,570	-	-	-	5,830,570
Total Fund Balance	6,220,825	2,108,176	1,389,815	19,505,954	29,224,770
Total Liabilities and Fund Balance	\$ 11,577,291	\$ 3,563,472	\$ 13,297,360	\$ 24,737,612	\$ 53,175,735

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

CITY OF URBANA

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

June 30, 2012

Total fund balances, governmental funds	\$ 29,224,770
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	86,972,932
Other long-term assets are not available to pay for current-period expenditures revenue in the funds.	10,293,158
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.	186,593
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,524,124)</u>
Net assets of governmental activities	<u><u>\$ 124,153,329</u></u>

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

Governmental Funds
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Fiscal Year Ended June 30, 2012

	General	Urbana Free Library	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:					
Property Tax	\$ 4,259,324	\$ 2,949,261	\$ 843,452	\$ 2,469,785	\$ 10,521,822
Utility Tax	3,964,935	-	-	-	3,964,935
State and Local Sales Tax	9,350,863	-	-	440,237	9,791,100
Sewer Benefit Tax	-	-	-	1,244,250	1,244,250
Hotel/Motel Tax	883,598	-	-	-	883,598
Intergovernmental	5,718,499	157,266	-	7,951,482	13,827,247
Net Investment Earnings	77,584	7,048	128,918	555,199	768,749
Licenses, Fines, and Service Charges	4,248,879	244,138	-	427,389	4,920,406
Other-Donations	-	45,839	-	-	45,839
Total Revenues	28,503,682	3,403,552	972,370	13,088,342	45,967,946
Expenditures:					
Current:					
Public Safety	15,125,232	-	-	87,112	15,212,344
Highways and Streets	6,764,901	-	-	366,918	7,131,819
General Government	3,155,977	-	-	178,425	3,334,402
Urban Redevelopment and Housing	1,369,039	-	1,638,487	3,667,090	6,674,616
Library Services	-	3,597,859	-	-	3,597,859
Capital Outlay	46,895	177,253	-	9,575,918	9,800,066
Total Expenditures	26,462,044	3,775,112	1,638,487	13,875,463	45,751,106
Excess of Revenues Over (Under) Expenditures	2,041,638	(371,560)	(666,117)	(787,121)	216,840
Other Financing Sources (Uses):					
Transfers In	-	400,228	-	2,289,187	2,689,415
Transfers Out	(907,023)	-	(381,668)	(892,971)	(2,181,662)
Total Other Financing Sources (Uses)	(907,023)	400,228	(381,668)	1,396,216	507,753
Net Changes in Fund Balances	1,134,615	28,668	(1,047,785)	609,095	724,593
Fund Balance, Beginning of Year:	5,086,210	2,079,508	2,437,600	18,896,859	28,500,177
Fund Balance, End of Year	\$ 6,220,825	\$ 2,108,176	\$ 1,389,815	\$ 19,505,954	\$ 29,224,770

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, 2012

Net change in fund balance, total governmental funds	\$	724,593
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.		5,610,595
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.		61,061
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.		825,760
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.		(163,143)
An Internal service fund is used by management to charge the costs of certain activities such as a central garage costs to individual funds. The net revenue (expense) of the internal service fund is reported with government activities.		<u>(59,285)</u>
Change in net assets of governmental activities	\$	<u><u>6,999,581</u></u>

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

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Property Tax	\$ 4,262,690	\$ 4,262,690	\$ 4,259,324	\$ (3,366)
Utility Tax	4,143,990	4,143,990	3,964,935	(179,055)
State and Local Sales Tax	8,981,190	9,092,190	9,350,863	258,673
Hotel/Motel Tax	685,210	807,210	883,598	76,388
Intergovernmental	5,562,200	5,562,200	5,718,499	156,299
Net Investment Earnings:				
Interest	159,200	159,200	38,349	(120,851)
Net Increase (Decrease) in Fair Value of Investments	-	-	39,235	39,235
Subtotal, Net Investment Earnings	159,200	159,200	77,584	(81,616)
Licenses, Fines, and Service Charges	3,844,670	3,887,670	4,248,879	361,209
Total Revenues	\$ 27,639,150	\$ 27,915,150	\$ 28,503,682	\$ 588,532
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 7,487,212	\$ 7,540,211	\$ 7,396,294	\$ 143,917
Materials & Supplies	54,850	54,850	41,303	13,547
Other Services & Charges	1,058,478	1,058,478	900,491	157,987
Total Police	8,600,540	8,653,539	8,338,088	315,451
Fire:				
Personnel Services	6,472,230	6,399,165	6,187,034	212,131
Materials & Supplies	70,590	70,590	70,584	6
Other Services & Charges	572,643	578,643	529,526	49,117
Total Fire	7,115,463	7,048,398	6,787,144	261,254
Total Public Safety	15,716,003	15,701,937	15,125,232	576,705
Highways and Streets:				
Personnel Services	4,766,310	4,890,016	4,509,818	380,198
Materials & Supplies	627,900	627,900	529,912	97,988
Other Services & Charges	2,161,392	2,200,132	1,725,171	474,961
Total Highways and Streets	7,555,602	7,718,048	6,764,901	953,147

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 1,139,724	\$ 1,167,334	\$ 1,037,447	\$ 129,887
Materials & Supplies	25,010	9,010	5,565	3,445
Other Services & Charges	315,317	331,317	294,041	37,276
Total Executive	<u>1,480,051</u>	<u>1,507,661</u>	<u>1,337,053</u>	<u>170,608</u>
Finance:				
Personnel Services	1,383,900	1,406,920	1,354,924	51,996
Materials & Supplies	52,580	52,580	37,058	15,522
Other Services & Charges	228,363	225,903	164,819	61,084
Total Finance	<u>1,664,843</u>	<u>1,685,403</u>	<u>1,556,801</u>	<u>128,602</u>
City Clerk:				
Personnel Services	192,550	196,000	187,618	8,382
Materials & Supplies	2,880	2,880	1,247	1,633
Other Services & Charges	29,466	29,466	24,141	5,325
Total City Clerk	<u>224,896</u>	<u>228,346</u>	<u>213,006</u>	<u>15,340</u>
Legislative:				
Personnel Services	44,880	45,100	45,667	(567)
Materials & Supplies	750	750	77	673
Other Services & Charges	6,500	6,500	3,373	3,127
Total Legislative	<u>52,130</u>	<u>52,350</u>	<u>49,117</u>	<u>3,233</u>
Total General Government	<u>3,421,920</u>	<u>3,473,760</u>	<u>3,155,977</u>	<u>317,783</u>
Urban Redevelopment and Housing:				
Personnel Services	1,189,210	1,231,306	1,119,816	111,490
Materials & Supplies	18,520	18,520	8,442	10,078
Other Services & Charges	569,902	498,082	240,781	257,301
Total Urban Redevelopment and Housing	<u>1,777,632</u>	<u>1,747,908</u>	<u>1,369,039</u>	<u>378,869</u>
Total Current Expenditures	28,471,157	28,641,653	26,415,149	2,226,504
Capital Outlay	262,503	262,503	46,895	215,608
Total Expenditures	<u>\$ 28,733,660</u>	<u>\$ 28,904,156</u>	<u>\$ 26,462,044</u>	<u>\$ 2,442,112</u>

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

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 2,975,110	\$ 2,975,110	\$ 2,949,261	\$ (25,849)
Intergovernmental	146,556	146,556	157,266	10,710
Net Investment Earnings - Interest	8,300	8,300	7,048	(1,252)
Licenses, Fines, and Service Charges	132,810	217,417	244,138	26,721
Other-Donations	-	-	45,839	45,839
	<u>3,262,776</u>	<u>3,347,383</u>	<u>3,403,552</u>	<u>56,169</u>
Total Revenues				
Expenditures:				
Current:				
Library Services:				
Personnel Services	2,672,971	2,770,705	2,655,757	114,948
Materials and Supplies	668,201	710,801	488,285	222,516
Contractual Services	479,805	493,305	453,817	39,488
	<u>3,820,977</u>	<u>3,974,811</u>	<u>3,597,859</u>	<u>376,952</u>
Total Library Services				
Capital Outlay	50,719	177,254	177,253	1
	<u>3,871,696</u>	<u>4,152,065</u>	<u>3,775,112</u>	<u>376,953</u>
Total Expenditures				
Net Revenues Over (Under) Expenditures	(608,920)	(804,682)	(371,560)	433,122
Other Financing Sources (Uses):				
Transfers In	372,600	568,362	400,228	(168,134)
	<u>(236,320)</u>	<u>(236,320)</u>	<u>28,668</u>	<u>264,988</u>
Net Change in Fund Balance				
Fund Balance, Beginning of Year	2,079,508	2,079,508	2,079,508	-
	<u>2,079,508</u>	<u>2,079,508</u>	<u>2,079,508</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,843,188</u>	<u>\$ 1,843,188</u>	<u>\$ 2,108,176</u>	<u>\$ 264,988</u>

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,001,000	\$ 1,001,000	\$ 843,452	\$ (157,548)
Investment Earnings:				
Interest	55,000	55,000	49,768	(5,232)
Net Increase (Decrease) in Fair Value of Investments	-	-	79,150	79,150
Subtotal, Net Investment Earnings	55,000	55,000	128,918	73,918
 Total Revenues	 1,056,000	 1,056,000	 972,370	 (83,630)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	62,440	62,440	57,310	5,130
Contractual Services	1,733,280	1,733,280	1,581,177	152,103
Total Urban Redevelopment and Housing	1,795,720	1,795,720	1,638,487	157,233
Capital Outlay	687,968	687,968	-	687,968
 Total Expenditures	 2,483,688	 2,483,688	 1,638,487	 845,201
Excess of Revenues Over (Under) Expenditures	(1,427,688)	(1,427,688)	(666,117)	761,571
Other Financing Sources (Uses):				
Transfers In (Out)	(475,675)	(475,675)	(381,668)	94,007
Net Change in Fund Balance	(1,903,363)	(1,903,363)	(1,047,785)	855,578
Fund Balance, Beginning of Year:	2,437,600	2,437,600	2,437,600	-
Fund Balance, End of Year	\$ 534,237	\$ 534,237	\$ 1,389,815	\$ 855,578

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

CITY OF URBANA
Proprietary Funds
Statement of Net Assets
June 30, 2012

	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	\$ 349	\$ -
Savings	298,987	418,811	146
Total Cash and Cash Equivalents	<u>299,337</u>	<u>419,160</u>	<u>146</u>
Investments (At Fair Value)	2,823,380	2,774,613	-
Receivables (Net of Uncollectibles):			
Accounts	29,650	25,568	-
Due from Other Funds	-	-	66,348
Inventory of Supplies	2,868	3,005	103,629
Prepaid Expense	2,565	825	1,415
Total Current Assets	<u>3,157,800</u>	<u>3,223,171</u>	<u>171,538</u>
Capital Assets:			
Land	3,765,739	3,721,624	-
Parking Improvements	7,526,071	7,296,631	-
Equipment	391,901	401,204	225,663
Less Accumulated Depreciation	(5,661,933)	(5,408,747)	(162,690)
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,021,778</u>	<u>6,010,712</u>	<u>62,973</u>
Total Assets	<u>9,179,578</u>	<u>9,233,883</u>	<u>234,511</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	1,316	16,116	-
Accounts Payable	7,534	3,617	37,703
Accrued Interest	5,542	7,770	-
Accrued Salaries and Taxes	5,440	4,470	10,215
Deferred Revenue	168,234	142,788	-
General Obligation Debt-Current	169,034	157,875	-
Total Current Liabilities	<u>357,100</u>	<u>332,636</u>	<u>47,918</u>
Non-Current Liabilities:			
General Obligation Debt	74,482	243,516	-
Total Liabilities	<u>431,582</u>	<u>576,152</u>	<u>47,918</u>
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	5,778,262	5,609,321	62,973
Unrestricted	2,969,734	3,048,410	123,620
Total Net Assets	<u>\$ 8,747,996</u>	<u>\$ 8,657,731</u>	<u>\$ 186,593</u>

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

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

Fiscal Year Ended June 30, 2012

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Yr.	Last Yr.	
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Parking Meters	\$ 795,991	\$ 831,732	\$ -
Parking Rentals	305,928	275,240	-
Charges for Services	-	-	894,418
	<u>1,101,919</u>	<u>1,106,972</u>	<u>894,418</u>
Total Operating Revenues			
Operating Expenses:			
Personnel Services	184,674	226,274	353,731
Supplies	33,241	36,090	12,810
Contractual Services	190,108	194,042	97,855
Equipment Parts	-	-	146,366
Fuel	-	-	327,479
Depreciation	272,729	278,219	15,462
	<u>680,752</u>	<u>734,625</u>	<u>953,703</u>
Total Operating Expenses			
Operating Income (Loss)	<u>421,167</u>	<u>372,347</u>	<u>(59,285)</u>
Non Operating Revenues (Expenses):			
Intergovernmental-University Payment	100,000	-	-
Investment Income (Net of Invest. Expense)	94,511	57,955	-
Interest Expense	(17,660)	(23,487)	-
	<u>176,851</u>	<u>34,468</u>	<u>-</u>
Total Non Operating Revenues (Expenses)			
Income (Loss) Before Transfers	598,018	406,815	(59,285)
Transfers (Out)	(507,753)	(395,961)	-
	<u>90,265</u>	<u>10,854</u>	<u>(59,285)</u>
Change in Net Assets			
Net Assets, Beginning of Year	<u>8,657,731</u>	<u>8,646,877</u>	<u>245,878</u>
Net Assets, End of Year	<u>\$ 8,747,996</u>	<u>\$ 8,657,731</u>	<u>\$ 186,593</u>

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

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2012

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Receipts from Users	\$ 1,108,483	\$ 1,142,981	\$ 916,976
Payments to Employees	(183,704)	(227,168)	(354,329)
Payments to Suppliers	(221,035)	(251,774)	(607,499)
Net Cash Provided by (Used in) Operating Activities	<u>703,744</u>	<u>664,039</u>	<u>(44,852)</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	<u>(507,753)</u>	<u>(395,961)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Land	(44,115)	-	-
Purchase of Parking Improvements	(248,983)	(281,131)	-
Purchase (Sale) of Equipment	9,303	(1,181)	(2,048)
Payment of Interest on Debt	(19,888)	(25,487)	-
Payment of Debt Principal	(157,875)	(146,812)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(461,558)</u>	<u>(454,611)</u>	<u>(2,048)</u>
Cash Flows from Other Activities:			
Payment from University of Illinois	<u>100,000</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
(Purchase) Sale of Investments	(48,767)	282,373	-
Investment Income	94,511	57,955	-
Net Cash Provided by (Used in) Investing Activities	<u>45,744</u>	<u>340,328</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	(119,823)	153,795	(46,900)
Beginning Cash and Cash Equivalents	<u>419,160</u>	<u>265,365</u>	<u>47,046</u>
Ending Cash and Cash Equivalents	<u>\$ 299,337</u>	<u>\$ 419,160</u>	<u>\$ 146</u>

(Continued)

CITY OF URBANA
 Proprietary Funds
 Statement of Cash Flows, Continued
 Fiscal Year Ended June 30, 2012

	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)	\$ 421,167	\$ 372,347	\$ (59,285)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	272,729	278,219	15,462
Decrease (Increase) in Accounts Receivable	(4,082)	(1,098)	-
Decrease (Increase) in Due from Other Funds	-	6,228	22,558
Decrease (Increase) in Prepaid Expense	(1,740)	825	(1,416)
(Increase) in Inventory of Supplies	138	1,191	1,016
Increase (Decrease) in Due to Other Funds	(14,800)	16,116	-
Increase (Decrease) in Accounts Payable	3,918	(23,658)	(22,590)
Increase (Decrease) in Accrued Salaries and Taxes	970	(894)	(597)
Increase (Decrease) in Deferred Revenues	25,445	14,763	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 703,745</u>	<u>\$ 664,039</u>	<u>\$ (44,852)</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, 2012

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 6,254
Savings	1,909,764
Money Market Funds	841,417
Total Cash and Cash Equivalents	2,757,435
Investments (at Fair Value):	
U.S. Government Securities	21,558,985
Certificates of Deposit	3,637,528
Corporate Bonds	2,606,669
Municipal Bonds	522,857
Domestic Common Stocks	2,705,448
Mutual Funds	25,989,820
Total Investments	57,021,307
Receivables (Net of Uncollectibles):	
Property Tax	1,497,963
Member Loans	5,871
Accrued Interest	139,745
Total Assets	61,422,321
LIABILITIES	
Accounts Payable	25,337
Accrued Salaries and Taxes	22
Total Liabilities	25,359
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 61,396,962

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, 2012

Additions:

Employer Contributions	\$ 3,383,581
Employee Contributions	711,166
Total Contributions	<u>4,094,747</u>

Investment Income:

Interest and Dividends	1,589,057
Net Increase (Decrease) in Fair Value of Investments	223,781
Total Investment Income	<u>1,812,838</u>
Less Investment Expense	(132,749)
Net Investment Income	<u>1,680,089</u>

Other Income:

184,083

Total Additions

5,958,919

Deductions:

Benefits	3,532,433
Administrative Costs	39,798

Total Deductions

3,572,231

Change in Net Assets

2,386,688

Net Assets Beginning of Year

59,010,274

Net Assets, End of Year

\$ 61,396,962

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

Notes to Financial Statements

June 30, 2012

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, 2012

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, 2012

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 accounts and reports all financial resources not accounted for and reported in another fund. The General Fund is considered to be the operating fund of the City.

Special Revenue Funds – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

for specified purposes other than debt service or capital projects. The City of Urbana reports two major special revenue funds:

Urbana Free Library – This fund accounts for property taxes levied and other revenues restricted under state laws for payment of the operations of the Urbana Free Library

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 under state laws to Tax Increment Financing related economic redevelopment costs 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) Non-major Special Revenue Funds - The City of Urbana reports ten non-major special revenue governmental funds. These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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.

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

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

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

Notes to Financial Statements

June 30, 2012

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

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

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

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

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) Capital Project Funds – are used to account and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City of Urbana reports four non-major capital project funds:

Capital Improvement and Replacement – This fund accounts for various major capital improvements. Revenues for these projects are acquired through transfers from the general fund. This fund also accounts for a local motor fuel tax imposed by the City of Urbana. These revenues are committed for street and road improvements.

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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

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.

Broadband Construction – This fund accounts for revenues received from a grant from the federal government and the State of Illinois to construct a broadband internet service to certain areas of the City of Urbana.

- 5) 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 a no-major internal service fund, the Central Garage Fund, which is used to account for vehicle maintenance costs provided to other departments, on a cost-reimbursement basis.
- 6) Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The City maintains two pension trust fiduciary funds:

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

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

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

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

Notes to Financial Statements

June 30, 2012

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, 2012, there were no certificates of deposit considered to be a cash equivalent. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

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

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 of U.S. domestic corporations

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

“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 \$103,629 is carried in the Central Garage Internal Service Fund and an amount of \$2,869 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.

4) Equity Classifications:

In the government-wide statements, equity is classified as net assets and displayed in 3 components. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then unrestricted:

- a. Invested in capital assets (net of related debt) – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

Notes to Financial Statements

June 30, 2012

mortgages, notes or other debt that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – consists of net assets with constraints placed on their use either by external groups, by laws of other higher authority governments, or by constitutional provisions.
- c. Unrestricted net assets – consists of all other net assets that do not meet the definition of restricted or invested in capital assets (net of related debt).

In the governmental fund statements, fund equity is classified as fund balance and displayed in 5 components in accordance with Government Accounting Standards Board Statement Number 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The five components of fund balance are:

- a. Nonspendable – consists of fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints require them to be maintained intact. The City at June 30, 2012 reported the amount of \$418,198 as unspendable fund balance due to this amount being reported as prepaid expenditures.
- b. Restricted – consists of fund balances with constraints placed on their use either by external groups, by laws of higher authority governments or by constitutional provisions or enabling legislation. The City at June 30, 2012 reported the total amount of \$11,889,547 as restricted in the following components:
 - \$2,108,176 for library services in the Urbana Free Library Special Revenue Fund. This amount was levied for the purpose of library services in property taxes and under state law cannot be used for any other purpose.
 - \$5,958,865 for tax increment financing district economic development efforts in the Tax Increment Financing District 3 , Tax Increment Financing District 1, Tax Increment Financing District 2 and Tax Increment Financing District 4 Special Revenue Funds, under state Tax Increment Finance laws.
 - \$3,822,506 for street improvements in the Motor Fuel Tax Capital Projects Fund, under state laws and procedures.
- c. Committed – consists of fund balance amounts that are constrained for specific purposes that are internally imposed by formal action of the highest level of decision making authority, the City Council. These amounts are committed thru a resolution approved by the City

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

Council prior to year end (actual amounts are determined after year end). Any changes to the constraints imposed require amendment by the same type of City Council resolution. At June 30, 2012, the City reported a total of \$11,086,455 as committed fund balance in the following components:

- \$292,830 for other purposes made up of \$29,023 for social service agency support in the Social Service Agency Special Revenue Fund and \$263,807 for low-income housing improvement programs in the Community Development Special Special Revenue Fund.
 - \$4,484,270 for future vehicle and equipment replacement in the Vehicle and Equipment Replacement Special Revenue Fund.
 - \$599,793 for non T.I.F. economic development programs in the Economic Development Special Revenue Fund.
 - \$2,955,643 for future worker compensation claims under the City's self-insured insurance program in the Insurance Financing Special Revenue Fund.
 - \$2,245,649 for future street improvements in the Capital Improvement and Replacement Capital Projects Fund.
 - \$353,650 for future sanitary sewer improvements in the Sanitary Sewer Construction Capital Projects Fund.
 - \$154,620 for future other infrastructure improvements made up of \$80,222 in the Capital Improvement and Replacement Fund and \$74,398 in the Broadband Construction Capital Projects Fund.
- d. Assigned – consists of fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by action of the City Council through the budget and includes all amounts in governmental funds, other than the general fund, that are not restricted or committed. Assignments may take place after the end of the reporting period. At June 30, 2012, the City did not report any amounts as assigned.
- e. Unassigned – consists of residual positive fund balance within the general fund which has not been classified within the other above categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. At

Notes to Financial Statements

June 30, 2012

June 30, 2012, the City reported the amount of \$5,830,570 as unassigned 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 unless there are legal documents or contracts that prohibit this (ex. grant agreements). 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.

The City does not maintain any rainy day funds (amounts set aside for use in emergency situations or when a budgetary imbalance arises. The City also does not utilize encumbrance accounting. Appropriations not spent at year-end lapse and may be acted upon as a supplemental appropriation, if required. The City Council has adopted a minimum unassigned fund balance of \$3 million.

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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, 2012.

7) Long-Term Obligations:

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

8) Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

Notes to Financial Statements

June 30, 2012

expenditures and therefore are deferred in the funds.” The details of this reconciling amount follow:

Forty Percent of the amount of property tax receivable is deferred in the governmental funds	\$2,928,936
The amount of the investment in the joint venture is not reported as an asset in the governmental funds	51,820
Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>7,312,402</u>
Total	<u>\$10,293,158</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	\$2,063,814
Future landfill monitoring	171,900
Unfunded post-employment benefits	<u>288,410</u>
Total	<u>\$2,524,124</u>

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

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

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

Capital outlays	\$9,824,688
Depreciation	<u>(4,214,093)</u>
Total	<u>\$5,610,595</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:

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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.	\$ 6,116
Amortization of long-term liability for future landfill monitoring	28,650
Recognition of unfunded other post employment benefits	(100,280)
Loss on sale of capital assets	(27,307)
Recognition of increase in accumulated employee compensated absences	<u>(70,322)</u>
Total	<u>\$(163,143)</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 \$7,037,136 for all funds, with additional revenues of \$6,961,624 also being added and \$75,512 being paid from accumulated fund balance. Significant budget changes that were approved were:

- a. to add \$5,775,156 for construction of a broadband internet system reported as capital outlay in the Broadband Construction Capital Projects Fund. An equal amount of \$5,775,156 was added as a revenue, from a federal grant, reported as intergovernmental revenue in this fund.
- b. to add \$434,774 for the construction of a street improvement in conjunction with the development of a private material recycling facility, reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. An equal amount of \$434,774 was added as a revenue, from a state grant, reported as intergovernmental revenue in this fund.

Notes to Financial Statements

June 30, 2012

- c. to add \$199,000 for the construction of bike lanes and bike signage, reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. An equal amount of \$199,000 was added as a revenue, from a state grant, reported as intergovernmental revenue in this fund. .
- d. To add \$188,320 for salary adjustments due to settlement with employee bargaining units, reported as additional budget amounts for personnel services in all of the functions reported in the General Fund. These amounts were paid for by the adoption of a new sales tax on packaged alcohol which added \$148,000 in the General Fund, reported as state and local sales tax, and an increase in the hotel tax rate which added \$122,000 in the General Fund, reported as hotel/motel tax.
- e. To add \$170,000 for the purchase of a street sweeper, reported as capital outlay in the Vehicle and Equipment Replacement Special Revenue Fund. This amount will be paid from accumulated fund balance.
- f. To add \$96,000 in the Motor Vehicle Parking Enterprise Fund and \$44,000 in the Tax increment Finance District 2 Special Revenue Fund for the purchase of property and construction costs of a parking lot in the downtown area. These amounts will be paid from accumulated fund balance.
- g. To add \$116,518 for the improvement of Willow Road, reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. An equal amount of \$116,518 was added as a revenue, from a state grant, reported as intergovernmental revenue in this fund.
- h. To add \$88,874 for the purchase of video cameras for the police squad cars, reported as capital outlay in the Vehicle and Equipment Replacement Special Revenue Fund. An equal amount of \$88,874 was added as a revenue, from a state grant, reported as intergovernmental revenue in this fund.

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

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

Note 4 – Detailed Notes on All Funds:

A. Deposits and Investments –

At June 30, 2012, the City of Urbana had the following investments:

	Governmental and Business-		Fiduciary Funds		Total All Funds	
	Fair Value	Maturity*	Fair Value	Maturity*	Fair Value	Maturity*
Fixed Income or Interest Bearing:						
U.S. Govt. & Primary Obligation Agencies	\$ 6,681,172		\$ 12,606,782		\$ 19,287,954	
U.S. Govt. Implied Obligation Agencies	8,702,261		8,952,203		17,654,464	
Subtotal U.S. Govt. and Agencies	\$ 15,383,433	7.3	\$ 21,558,985	5.5	\$ 36,942,418	6.2
Municipal Bonds	2,277,505	13.5	522,857	13.7	2,800,362	13.5
Corporate Bonds	-		2,606,669	7.1	2,626,669	7.1
Cerificates of Deposit	13,590,433	1.6	3,637,528	1.2	17,227,961	1.6
Subtotal Fixed Income	\$ 31,251,371	5.3	\$ 28,326,039	4.7	\$ 59,577,410	5.3
Stock Equity Mutual Funds	-		25,989,820		25,989,820	
Corporate Common Stocks	-		2,705,448		2,705,448	
Illinois Metropolitan Investment Trust	260,098		-		260,098	
Total Investments	\$ 31,511,469		\$57,021,307		\$ 88,532,776	

*Weighted Average Maturity in Years

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 is 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 62%) than the goal, slightly more weighted in the 6-10 year maturity cycle (actual 26%), underweighted in the 11-15 year cycle (actual 12%), underweighted in the 16-20 year cycle (actual 0%) and underweighted in the 21-25 year cycle (actual 0%). This variance 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

Notes to Financial Statements

June 30, 2012

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, 2012, 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, 2012, the portfolio had an average weighted maturity of 4.7 years, down from 5.5 last year. 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, Government guaranteed mortgage securities, and corporate bonds. The fund investment policy states a minimum and maximum level for each category of investment. At June 30, 2012, 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), corporate bonds, mutual funds and domestic corporate common stock (up to a maximum of 55% of the fund's net present assets or 45% 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 AA+ rating from Standard and Poors and a AAA rating from Moodys. 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

The City believes that its investments in the Illinois Metropolitan Investment Trust Fund (\$260,098) carries a limited 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 (\$13,851) carries limited 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, 2012, the City had \$980,075 invested in money market accounts (\$174,839 in money market accounts rated AAA by Standard and Poors). The remaining balance of money in market accounts (\$805,236) 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, 2012, more than 5 percent of the investments of the City's primary government, the Police Pension Fund, and the Fire Pension Fund were in securities of the following issuers (except for investments in U.S. Government and its credit-guaranteed obligations):

	Primary <u>Govt.</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Fed. Financing Corp.	-	-	8%	-
Fed. Home Loan Mortgage Corp	8%	-	-	6%
Fed. National Mortgage Association	-	-	8%	-
Fed. Home Loan Bank	7%	-	-	5%

At June 30, 2012, 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.	-	-	7%	-
Federal Home Loan Mortgage Corp	-	-	7%	-

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

Notes to Financial Statements

June 30, 2012

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, 2012, the amount of \$5,725,001 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.

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 excess of revenues over expenses of the joint venture loss is reported as a revenue, increase in investment in joint venture. 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, 2012, and for the year then ended, is as follows:

	Joint Venture Total	Urbana Share (38.2%)
Total Assets	\$168,832	
Total Liabilities	<u>33,178</u>	
Total Fund Equity	<u>\$135,654</u>	<u>\$51,820</u>
Total Revenues	\$ 41,539	
Total Expenses	<u>25,529</u>	
Net Gain	<u>\$ 16,010</u>	<u>\$6,116</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

C. Capital Assets:

A summary of changes in capital assets follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/12</u>
Governmental Activities:				
Land (not being depreciated)	\$ 5,506,610	\$ 436,173	\$ --	\$ 5,942,783
Capital assets being depreciated:				
Buildings and Improvements	19,251,988	117,991	--	19,369,979
Accum. Depr.	<u>(4,625,419)</u>	<u>(348,383)</u>	<u>\$ --</u>	<u>(4,973,802)</u>
Buildings and Improvements Net	<u>14,626,569</u>	<u>(230,392)</u>	<u>\$ --</u>	<u>14,396,177</u>
Equipment	11,467,518	1,080,458	(572,536)	11,975,440
Accum. Depr.	<u>(5,689,887)</u>	<u>(1,096,687)</u>	<u>545,229</u>	<u>(6,241,345)</u>
Equipment Net	<u>5,777,631</u>	<u>(16,229)</u>	<u>(27,307)</u>	<u>5,734,095</u>
Infrastructure	85,446,325	8,192,114	(684,670)	92,953,769
Accum. Depr.	<u>(29,891,104)</u>	<u>(2,784,485)</u>	<u>684,670</u>	<u>(31,990,919)</u>
Infrastructure Net	<u>55,555,221</u>	<u>5,407,629</u>	<u>--</u>	<u>60,962,850</u>
Total, Governmental Activities, Net Capital Assets	<u>\$81,466,031</u>	<u>\$5,597,181</u>	<u>\$ (27,307)</u>	<u>\$87,035,905</u>
Business-type Activities:				
Land (not being depreciated)	\$ 3,721,624	\$ 44,115	\$ --	\$ 3,765,739
Capital assets being Depreciated:				
Buildings and Improvements	7,296,631	229,440	--	7,526,071
Accum. Depr.	<u>(5,202,646)</u>	<u>(240,334)</u>	<u>--</u>	<u>(5,442,980)</u>
Buildings and Improvements Net	<u>2,093,985</u>	<u>(10,894)</u>	<u>--</u>	<u>2,083,091</u>

Notes to Financial Statements

June 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/12</u>
Equipment	401,204	10,241	(19,544)	391,901
Accum. Depr.	<u>(206,103)</u>	<u>(32,394)</u>	<u>19,544</u>	<u>(218,953)</u>
Equipment Net	<u>195,101</u>	<u>(22,153)</u>	<u>--</u>	<u>172,948</u>
Total, Business-type				
Activities, Net				
Capital Assets	<u>\$6,010,710</u>	<u>\$ 11,068</u>	<u>\$ --</u>	<u>\$6,021,778</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 601,830
Highways and Streets	3,322,754
General Government	83,429
Urban Redevelopment and Housing	33,097
Library	<u>188,445</u>
Total Depreciation Expense, Governmental Activities	<u>\$4,229,555</u>

D. Long-Term Debt:

1) General Obligation Bonds – The City of Urbana issues general obligation bonds (direct obligations that carry the full faith and credit of the City) to provide funds for the acquisition and construction of major capital assets and to refund general obligation bonds. As of June 30, 2012, 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 \$2,063,814 were accrued at June 30, 2012. During the year, \$1,536,277 was retired and \$1,636,557 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, 2012, \$171,900 remains outstanding to be paid over the next 6 years. These costs will 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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 accrue the implied actuarial amount owed less any amounts contributed. At June 30, 2012, this amount was \$288,410. During the year, \$57,866 was contributed and \$128,188 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, 2012, 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 year as listed below. Debt service on this issue is being provided by transfers from the Tax Increment Financing District 1 and Tax Increment Financing District 2 Special Revenue Funds to the Motor Vehicle Parking Enterprise Fund. The \$965,000 proceeds of this bond issue was used to pay off the 1994 Bonds on June 1, 2005.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2013	3.66	\$155,000	\$5,673

During the year, \$145,000 principal was paid and \$9,066 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 5 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>
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>\$ 88,516</u>	<u>\$ 26,013</u>

Notes to Financial Statements

June 30, 2012

During the year, \$12,875 of principal was paid and \$8,594 interest was expensed.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2012, including interest of \$31,686 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2013	182,673
2014	22,000
2015	22,000
2016	22,000
2017	<u>26,529</u>
	<u>\$275,202</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2012:

	<u>Payable 6/30/11</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts Payable 6/30/12</u>	<u>Due Within One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$1,963,534</u>	<u>\$1,536,277</u>	<u>\$1,636,557</u>	<u>\$2,063,814</u>	<u>\$991,419</u>
Landfill Post-closure Monitoring	<u>\$ 200,550</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 171,900</u>	<u>\$ 28,650</u>
Other Post Employment Benefits	<u>\$ 218,088</u>	<u>\$ 57,866</u>	<u>\$ 128,188</u>	<u>\$ 288,410</u>	<u>\$ 0</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$300,000	\$ 145,000	\$ --	\$ 155,000	\$ 155,000
2002 Tepper Note	<u>101,391</u>	<u>12,875</u>	<u>--</u>	<u>88,516</u>	<u>14,034</u>
Total	<u>\$ 401,391</u>	<u>\$ 157,875</u>	<u>\$ --</u>	<u>\$ 243,516</u>	<u>\$ 169,034</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

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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 2011 was 11.7% and for 2012 is 12.8% of payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. 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 2012, the City of Urbana's annual pension cost was \$1,155,109. The amount contributed was \$1,087,929.

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>
12/31/11	\$1,155,109	94%	\$0
12/31/10	1,116,031	88%	0
12/31/09	891,601	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009, 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 20% corridor between the actuarial and market value of assets. The assumptions used for the 2009 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 an open 30 year basis (overfunded liability amortized on open basis).

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 69.64% funded. The actuarial accrued liability for benefits was \$28,452,132 and the actuarial value of assets was \$19,813,732, resulting in an underfunded actuarial accrued liability *UAAL) of \$8,638,400. The covered payroll (annual payroll of active employees covered by the plan) was \$9,330,443 and the ratio of the UAAL to the covered payroll was 93%. On a market value basis, the actuarial value of assets as of 12/31/11 was \$18,753,154 with the funding ratio being 65.91%. A schedule of funding progress

Notes to Financial Statements

June 30, 2012

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.

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	\$ 1,500,579
Interest on Net Pension Obligation	(330,170)
Adjustment to Annual Required Contribution	<u>248,460</u>
Annual Pension Cost	1,418,869
Contributions Made	<u>1,981,806</u>
Increase (Decrease) in Net Pension Obligation	(562,937)
Net Pension Obligation, Beginning of Year	<u>(4,616,230)</u>
Net Pension Obligation, End of Year	<u><u>\$(5,179,167)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2011, actuarial valuation using the entry age actuarial cost method. The

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

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 40 year closed period. The negative net pension obligation of \$5,179,167 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, 2010	\$1,147,543	139.8%	(\$4,113,626)
June 30, 2011	\$1,280,972	139.2%	(\$4,616,230)
June 30, 2012	\$1,418,869	139.7%	(\$5,179,167)

	6/30/09	6/30/10	6/30/11
Actuarial Value Date			
Actuarial Value of Plan Assets	\$22,465,851	\$23,552,779	\$26,605,378
Actuarial Accrued Liability (Entry Age Normal Cost)	\$35,361,320	\$38,163,939	\$40,648,279
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$12,895,469	\$14,611,160	\$14,042,901
Funded Ratio	63.5%	61.7%	65.5%
Covered Payroll	\$3,516,159	\$3,485,147	\$3,547,806
Unfunded (Overfunded)			
Actuarial Accrued Liability As % Covered Payroll	366.7%	419.2%	395.8%

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.

Notes to Financial Statements

June 30, 2012

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	\$1,220,290
Interest on Net Pension Obligation	(128,651)
Adjustment to Annual Required Contribution	<u>96,813</u>
Annual Pension Cost	1,188,452
Contributions Made	<u>1,483,810</u>
Increase (decrease) in Net Pension Obligation	(295,358)
Net Pension Obligation, Beginning of Year	<u>(1,837,877)</u>
Net Pension Obligation, End of Year	<u><u>\$(2,133,235)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2011, 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 40 year closed period. The negative net pension obligation of \$2,133,235 represents the amounts contributed by the City of Urbana above the annual required contribution. This overfunding represents an asset entitled "Overfunded Net Pension Obligation" and is taken into account in calculating the annual pension cost in the government-wide financial statements. This overfunding is not considered a financial asset and therefore not reported in the governmental funds.

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

Three-Year Trend Information:

Fiscal Yr. Ended	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2010	\$995,476	125.7%	\$(1,599,142)
June 30, 2011	1,100,360	124.7%	(1,837,877)
June 30, 2011	1,188,452	124.9%	(2,133,235)
Actuarial Value Date	6/30/09	6/30/10	6/30/11
Actuarial Value of Plan Assets	\$27,875,775	\$28,653,226	\$32,403,565
Actuarial Accrued Liability (Entry Age Normal Cost)	\$35,217,262	\$36,690,005	\$39,235,028
Unfunded (Overfunded) Actuarial Accrued Liability	\$7,341,487	\$8,036,779	\$6,831,463
Funded Ratio	79.2%	78.1%	82.6%
Covered Payroll Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	\$3,249,911	\$3,319,469	\$3,414,250
	225.9%	242.1%	200.1%

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, 2012 is not readily ascertainable.

J. Receivables:

June 30, 2012 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, 2012

	General	Urbana Free Library	Tax Increment Financing District 3	Other Government	Government Total
Property Tax	\$ 444,311	\$ 1,416,406	\$ 432,393	\$ 1,232,823	\$ 3,525,933
Accounts	182,588	-	-	7,329	189,917
Accrued Interest	131,930	183	-	-	132,113
Notes (due within 1 year)	-	-	-	50,000	50,000
Due from Other Govt.:					
State:					
Income Tax	1,497,735	-	-	-	1,497,735
Sales Tax	1,990,178	-	-	-	1,990,178
Corp. Personal Repl. Tax	121,910	15,150	-	-	137,060
Telecomm. Tax	284,251	-	-	-	284,251
Grants	-	-	-	137,715	137,715
Service Charges	-	-	-	5,122	5,122
State Motor Fuel Tax	-	-	-	75,143	75,143
Federal, Grants	-	-	-	2,614,065	2,614,065
Other, Service Charges	3,037	-	-	226,485	229,522
Other Taxes:					
Utility Tax	226,385	-	-	-	226,385
Hotel/Motel Tax	88,400	-	-	-	88,400
Local Sales Tax	42,742	-	-	35,618	78,360
San. Sewer Tax	-	-	-	315,188	315,188
Recycling Tax	45,690	-	-	-	45,690
Total	<u>\$ 5,059,157</u>	<u>\$ 1,431,739</u>	<u>\$ 432,393</u>	<u>\$ 4,699,488</u>	<u>\$ 11,622,777</u>

K. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$1,456,031	\$ --
Urbana Free Library	--	195,864
Other Govt. Funds	1,427,741	2,752,940
Internal Service Funds:		
Central Garage	<u>66,348</u>	--
Total, Governmental Activities	\$2,950,120	\$2,948,804
Business-type Activities:		
Motor Vehicle Parking	--	<u>1,316</u>
Total	<u>\$2,950,120</u>	<u>\$2,950,120</u>

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$ 907,023
Urbana Free Library	400,228	--
Tax Increment Financing District 3	--	381,668
Other Govt. Funds	<u>2,289,187</u>	<u>892,971</u>
Total, Govt. Activities	\$1,947,712	\$2,181,662
Business-type Activities:		
Motor Vehicle Parking	<u>--</u>	<u>507,753</u>
Total	<u>\$2,689,415</u>	<u>\$2,689,415</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:

- \$946,130 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$637,250 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$636,890 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$185,600 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$380,444 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.
- \$858,400 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund for future capital improvements.
- \$493,425 from the Tax Increment Financing District 2 Special Revenue Fund to the Tax Increment Financing District 1 Fund for certain development agreements
- \$345,675 from the Tax Increment Financing District 3 Special Revenue Fund to the Broadband Construction Capital Projects Fund as the city share of the federal grant.

L. Current Liability-Property Taxes Held in Escrow:

Two major hospitals have paid an amount to the City of Urbana that represents a portion of their property tax that is under a dispute between these hospitals and the Champaign County Property Tax Board of Appeals and the Illinois Department of Revenue. The hospitals have paid these disputed amounts but are involved in legal procedures to recover these amounts. It is very probable that some amount of these payments with accrued interest will have to be returned to the hospitals. However, it is not possible to ascertain the amount the time when these amounts will be returned. Therefore, these payments have not been recognized as revenue since the amount is not

Notes to Financial Statements

June 30, 2012

measureable and it is not available to finance current operations. These amounts are \$3,295,001 in the General Fund and \$10,919,293 in the Tax Increment Financing District 3 Special Revenue Fund (total of \$14,214,294) and are reported as a liability-property tax held in escrow.

M. Reserve of Fund Balance:

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

1. The Firemen's and Policemen's Pension Trust Funds are single-employer, defined benefit pension plans to provide retirement, death, and disability benefits to firemen, policemen, and their dependents. As required by law, fund balance is restricted by being held in trust for employee benefits.
2. Other Fund Reserves – There are other reserves of fund balance for prepaid expenditures and loans receivable, as explained in previous footnotes, according to generally accepted accounting principles.

Note 5 – Other Information:

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

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

The City is also exposed to risk of loss from job-related injuries to employees. To cover this risk, the City, in 1994, established a limited risk management and retention program. Charges for premiums and claims are paid from the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can reasonably be estimated. The City has purchased excess commercial insurance to cover all amounts above \$450,000 per individual claim. Estimated losses have been determined based upon workers compensation claims made through June 30, 2012. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2012. 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:

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

	<u>2012</u>	<u>2011</u>
Unpaid Claims, Beginning of Year	\$ 500,670	\$ 629,437
Incurred Claims	33,383	541,428
Claim Payments	<u>(243,224)</u>	<u>(670,195)</u>
Unpaid Claims, End of Year	<u>\$ 290,829</u>	<u>\$ 500,670</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 \$326,972 in 2012, and were reported under Current Expenditures, 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 \$1,692,640 in 2012, and were reported under Intergovernmental Revenues in the General Fund.

The City of Urbana received payments from Champaign County under an agreement for reimbursement of costs of the Windsor Road improvement. These payments totaled \$588,439 in 2012, and were reported under Intergovernmental Revenues in the Capital Improvement and Replacement Capital Projects Fund.

The City of Urbana made payments to the Urbana School and Park Districts for certain community improvement projects and services. These payments totaled \$553,150 in 2012. The amount of \$212,530 was reported as Current Expenditures-

Notes to Financial Statements

June 30, 2012

Urbana Redevelopment and Housing in the Tax Increment Financing District 1 Special Revenue Fund and \$340,620 in the Tax Increment Financing District 4 Special Revenue Fund.

D. Contingent Liabilities:

1. There are several lawsuits in which the City may potentially be involved in. The City Attorney believes that the potential settlements from these claims, in excess of insurance coverage, would not materially affect the financial statements.
2. In August 2004, the City agreed to a request from the Illinois Environmental Protection Agency to construct certain future land improvements to a small waterway which is located near the old City landfill. This landfill has not been active since 1987. It is possible that future erosion of the waterway banks could allow landfill material to enter the waterway, unless the improvements are made. 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 \$6,073,430 to be paid in varying annual payments over the next 10 years.
4. The City has provided a loan guarantee for the Urbana Development Corporation. The Urbana Development Corporation is a private enterprise that purchases certain historic residences in Urbana, rehabilitates them, and then sells them. The preservation of these historic properties is an effort that the City of Urbana believes is very important. In order for the Urbana Development Corporation to secure a attractive loan, the City of Urbana has provided a guarantee for 25% repayment of the loan amount. At June 30, the amount of \$49,145 has been guaranteed. At this time, management believes that the Urbana Development Corporation will be able to repay this loan and the City guarantee will not be needed.

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

E. Construction Commitments:

At June 30, 2012, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Broadband Const.	Broadband Const.	\$1,781,842
Concrete St. Impr.	Capital Impr. & Repl.	13,802
Willow Road Impr.	T.I.F. Four	233,036
Highcross Rd. Sidepath	Motor Fuel Tax	77,323
Mervis Rd. Impr.	Capital Impr. & Repl.	45,551
Olympian Drive Design	Capital Impr. & Repl.	491,220
Main Street Impr.	Motor Fuel Tax & T.I.F. One	<u>110,000</u>
		<u>\$2,752,774</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, 2012, have been issued separately. These reports contain information concerning whether grant activity is presented fairly in the financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met.

G. Other Post-Employment Benefits (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 premium cost at the time of retirement. 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, 2012:

Retirees and beneficiaries receiving benefits	40
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	135
Active non-vested plan members	<u>107</u>
Total	282
Number of participating employers	1

Notes to Financial Statements

June 30, 2012

Schedule of Funding Progress::

Actuarial Valuation Date	06/30/10	06/30/11	06/30/12
Actuarial Value Assets	0	0	0
Actuarial Accrued Liability			
(AAL) – Entry Age	1,997,041	2,226,311	2,455,581
Unfunded AAL (UAAL) /a	1,997,041	2,226,311	2,455,581
Funded Ratio	0%	0%	0%
Covered Payroll (actives)	16,652,019	16,346,997	16,919,142
UAAL as a % of Covered Payroll	12.0%	13.6%	14.5%

Annual OPEB Cost and Net OPEB Obligation as of June 30, 2012:

Annual Required Contribution	\$125,767
Interest on net OPEB Obligation	7,264
Adjustment to Annual Required Contribution	<u>(4,843)</u>
Annual OPEB Cost	128,188
Contributions Made	<u>(57,866)</u>
Increase in Net OPEB Obligation	70,322
Net OPEB Obligation, Beg. Year	<u>218,088</u>
Net OPEB Obligation, End Year	\$288,410

Three-Year Trend Information:

Fiscal Year End	06/30/10	06/30/11	06/30/12
Annual OPEB Cost	\$121,606	\$126,461	\$128,188
% of Annual OPEB Cost Contributed	41.5%	40.5%	45.1%
Net OPEB Obligation	\$142,836	\$218,088	\$288,410

Annual Required Contribution for 2012:

Service Cost	\$ 61,189
Amortization	59,735
Interest	<u>7,264</u>
Annual Required Contribution	\$128,188

In the June 30, 2010 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 40% of 50% of eligible employees payable to age 65. The percentage of active employees assumed to elect benefit is 30%. The unfunded actuarial accrued liability is

CITY OF URBANA

Notes to Financial Statements

June 30, 2012

being amortized as a level percentage of projected payroll on an open basis over 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
12/31/11	\$ 19,813,732	\$ 28,452,132	\$ 8,638,400	69.64%	\$ 9,330,443	92.58%
12/31/10	\$ 19,341,476	\$ 27,590,759	\$ 8,249,283	70.10%	\$ 9,300,257	88.70%
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%

CITY OF URBANA

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2012

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 100	\$ -	\$ 100
Checking	199	-	199
Savings	2,951,321	1,812,613	4,763,934
Illinois Treasurer's Pool	-	623	623
Investments	9,592,789	4,224,795	13,817,584
Receivables (Net of Uncollectibles)	1,628,723	3,070,765	4,699,488
Due from Other Funds	725,201	702,540	1,427,741
Prepaid Expenditures	27,943	-	27,943
Total Assets	<u>\$14,926,276</u>	<u>\$ 9,811,336</u>	<u>\$24,737,612</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 705,216	\$ 2,047,724	\$ 2,752,940
Accounts Payable	262,862	1,133,994	1,396,856
Accrued Salaries and Taxes	4,804	1,959	6,763
Deferred Revenues	1,023,865	51,234	1,075,099
Total Liabilities	<u>1,996,747</u>	<u>3,234,911</u>	<u>5,231,658</u>
Fund Balance:			
Non-spendable, prepaid expenditures	27,943	-	27,943
Restricted for T.I.F. economic development	4,569,050	-	4,569,050
Restricted for street improvements	-	3,822,506	3,822,506
Total Restricted Fund Balance	<u>4,569,050</u>	<u>3,822,506</u>	<u>8,391,556</u>
Committed for:			
Other purposes	292,830		292,830
Vehicle & equipment replacement	4,484,270		4,484,270
Other economic development	599,793		599,793
Worker compensation claims	2,955,643		2,955,643
Street improvements	-	2,245,649	2,245,649
Sewer improvements	-	353,650	353,650
Other infrastructure improvements	-	154,620	154,620
Total Committed Fund Balance	<u>8,332,536</u>	<u>2,753,919</u>	<u>11,086,455</u>
Total Fund Balance	<u>12,929,529</u>	<u>6,576,425</u>	<u>19,505,954</u>
Total Liabilities and Fund Balance	<u>\$14,926,276</u>	<u>\$ 9,811,336</u>	<u>\$24,737,612</u>

CITY OF URBANA
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2012

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 2,469,785	\$ -	\$ 2,469,785
Local Sales Tax -Motor Fuel	-	440,237	440,237
Sewer Benefit Tax	-	1,244,250	1,244,250
Intergovernmental	1,721,766	6,229,716	7,951,482
Investment Income:			
Interest	144,641	76,836	221,477
Net Appreciation (Depreciation) in Fair Value of Investments	239,953	93,769	333,722
 Total Net Investment Earnings	 384,594	 170,605	 555,199
Licenses, Fines, and Services Charges	381,655	45,734	427,389
 Total Revenues	 <u>4,957,800</u>	 <u>8,130,542</u>	 <u>13,088,342</u>
Expenditures:			
Current:			
Public Safety	87,112	-	87,112
Highways & Streets	-	366,918	366,918
General Government	178,425	-	178,425
Urban Redevelopment and Housing	3,667,090	-	3,667,090
Capital Outlay	2,337,857	7,238,061	9,575,918
 Total Expenditures	 <u>6,270,484</u>	 <u>7,604,979</u>	 <u>13,875,463</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(1,312,684)</u>	 <u>525,563</u>	 <u>(787,121)</u>
Other Financing Sources (Uses):			
Transfers In	1,850,833	438,354	2,289,187
Transfers (Out)	(892,971)	-	(892,971)
 Total Other Financing Sources (Uses)	 <u>957,862</u>	 <u>438,354</u>	 <u>1,396,216</u>
 Net Changes in Fund Balances	 (354,822)	 963,917	 609,095
 Fund Balance, Beginning of Year	 <u>13,284,351</u>	 <u>5,612,508</u>	 <u>18,896,859</u>
 Fund Balance, End of Year	 <u>\$12,929,529</u>	 <u>\$ 6,576,425</u>	 <u>\$ 19,505,954</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2012

(Page 1 of 2)

ASSETS	Social Service Agencies	Vehicle and Equipment Replacement	Community Development			Tax Increment Financing District 1
			Special	Home	Block Grant	
Cash and Cash Equivalents:						
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -
Checking	-	-	121	8	70	-
Savings	52,873	766,880	165,591	-	-	401,732
Investments	-	3,616,826	70,000	-	-	10,524
Receivables (Net of Uncollectibles)	-	3,924	21,111	56,189	54,424	309,752
Due from Other Funds	-	108,542	15,746	-	-	543,857
Prepaid Expenditures	-	-	-	-	-	-
Total Assets	<u>\$ 52,873</u>	<u>\$4,496,172</u>	<u>\$ 272,569</u>	<u>\$ 56,197</u>	<u>\$ 54,544</u>	<u>\$ 1,265,865</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ -	\$ -	\$ 56,197	\$ 54,544	\$ -
Accounts Payable	23,850	8,457	58	-	-	33,291
Accrued Salaries and Taxes	-	-	1,592	-	-	-
Deferred Revenues	-	3,445	7,112	-	-	247,928
Total Liabilities	<u>23,850</u>	<u>11,902</u>	<u>8,762</u>	<u>56,197</u>	<u>54,544</u>	<u>281,219</u>
Fund Balance:						
Non-spendable, prepaid expenditure:	-	-	-	-	-	-
Restricted for:						
T.I.F. Economic Development	-	-	-	-	-	984,646
Committed for:						
Other Purposes	29,023	-	263,807	-	-	-
Vehicle & Equipment Replacement	-	4,484,270	-	-	-	-
Economic development	-	-	-	-	-	-
Worker Compensation Claims	-	-	-	-	-	-
Total Fund Balance	<u>29,023</u>	<u>4,484,270</u>	<u>263,807</u>	<u>-</u>	<u>-</u>	<u>984,646</u>
Total Liabilities and Fund Balance	<u>\$ 52,873</u>	<u>\$4,496,172</u>	<u>\$ 272,569</u>	<u>\$ 56,197</u>	<u>\$ 54,544</u>	<u>\$ 1,265,865</u>

(Continued)

CITY OF URBANA
Non-Major Special Revenue Funds - Combining Balance Sheet
June 30, 2012

(Page 2 of 2)

ASSETS	Tax Increment Financing District 2	Tax Increment Financing District 4	Economic Development	Insurance Financing	Total
Cash and Cash Equivalents:					
Cash on Hand	\$ -	\$ -	\$ 50	\$ -	\$ 100
Checking	-	-	-	-	199
Savings	540,845	393,712	259,339	370,349	2,951,321
Investments	1,966,341	1,189,733	203,355	2,536,010	9,592,789
Receivables (Net of Uncollectibles)	598,740	374,330	210,253	-	1,628,723
Due from Other Funds	-	-	7,772	49,284	725,201
Prepaid Expenditures	-	-	27,943	-	27,943
Total Assets	<u>\$ 3,105,926</u>	<u>\$ 1,957,775</u>	<u>\$ 708,712</u>	<u>\$ 2,955,643</u>	<u>\$ 14,926,276</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ 594,475	\$ -	\$ -	\$ -	\$ 705,216
Accounts Payable	11,173	106,253	79,780	-	262,862
Accrued Salaries and Taxes	2,016	-	1,196	-	4,804
Deferred Revenues	477,126	288,254	-	-	1,023,865
Total Liabilities	<u>1,084,790</u>	<u>394,507</u>	<u>80,976</u>	<u>-</u>	<u>1,996,747</u>
Fund Balance:					
Non-spendable, prepaid expenditure	-	-	27,943	-	27,943
Restricted for:					
T.I.F. Economic Development	2,021,136	1,563,268	-	-	4,569,050
Committed for:					
Other Purposes	-	-	-	-	292,830
Vehicle & Equipment Replacement	-	-	-	-	4,484,270
Other Economic development	-	-	599,793	-	599,793
Worker Compensation Claims	-	-	-	2,955,643	2,955,643
Total Fund Balance	<u>2,021,136</u>	<u>1,563,268</u>	<u>627,736</u>	<u>2,955,643</u>	<u>12,929,529</u>
Total Liabilities and Fund Balance	<u>\$ 3,105,926</u>	<u>\$ 1,957,775</u>	<u>\$ 708,712</u>	<u>\$ 2,955,643</u>	<u>\$ 14,926,276</u>

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2012

(Page 1 of 2)

	Social Service Agencies	Vehicle and Equipment Replacement	Community Development			Tax Increment Financing District 1
			Special	Home	Block Grant	
Revenues:						
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,514
Intergovernmental	-	68,372	233,601	957,903	454,547	-
Investment Income:						
Interest	-	50,006	3,129	-	-	7,224
Net Appreciation (Depreciation) in Fair Value of Investments	-	78,875	-	-	-	11,487
Total Net Investment Earnings	-	128,881	3,129	-	-	18,711
Licenses, Fines and Services Charges	-	155,600	37,846	45,165	39,677	-
Total Revenues	-	352,853	274,576	1,003,068	494,224	633,225
Expenditures:						
Current:						
Public Safety	-	87,112	-	-	-	-
Highways and Streets		-				
General Government	160,425	-	-	-	-	-
Urban Redevelopment and Housing	-	-	401,591	1,022,049	478,724	903,179
Capital Outlay	-	791,242	12,420	-	-	101,051
Total Expenditures	160,425	878,354	414,011	1,022,049	478,724	1,004,230
Excess of Revenues Over (Under) Expenditures	(160,425)	(525,501)	(139,435)	(18,981)	15,500	(371,005)
Other Financing Sources (Uses):						
Transfers In	185,600	998,556	202,101	18,981	-	292,076
Transfers (Out)	-	-	-	-	(15,500)	-
Total Other Financing Sources (Uses)	185,600	998,556	202,101	18,981	(15,500)	292,076
Net Change in Fund Balances	25,175	473,055	62,666	-	-	(78,929)
Fund Balance, Beginning of Year	3,848	4,011,215	201,141	-	-	1,063,575
Fund Balance, End of Year	\$ 29,023	\$ 4,484,270	\$ 263,807	\$ -	\$ -	\$ 984,646

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2012

(Page 2 of 2)

	Tax Increment Financing District 2	Tax Increment Financing District 4	Economic Development	Insurance Financing	Total
Revenues:					
Property Tax	\$ 1,178,219	\$ 677,052	\$ -	\$ -	\$ 2,469,785
Intergovernmental	-	-	7,343	-	1,721,766
Investment Income:					
Interest	28,951	15,977	12,946	26,408	144,641
Net Appreciation (Depreciation) in Fair Value of Investments	46,041	25,411	8,025	70,114	239,953
Total Net Investment Earnings	74,992	41,388	20,971	96,522	384,594
Licenses, Fines and Service Charges	-	-	103,367	-	381,655
Total Revenues	<u>1,253,211</u>	<u>718,440</u>	<u>131,681</u>	<u>96,522</u>	<u>4,957,800</u>
Expenditures:					
Current:					
Public Safety	-	-	-	-	87,112
Highways and Streets	-	-	-	-	-
General Government	-	-	18,000	-	178,425
Urban Redevelopment and Housing	282,249	418,977	160,321	-	3,667,090
Capital Outlay	1,419,644	13,500	-	-	2,337,857
Total Expenditures	<u>1,701,893</u>	<u>432,477</u>	<u>178,321</u>	<u>-</u>	<u>6,270,484</u>
Excess of Revenues Over (Under) Expenditures	<u>(448,682)</u>	<u>285,963</u>	<u>(46,640)</u>	<u>96,522</u>	<u>(1,312,684)</u>
Other Financing Sources (Uses):					
Transfers In	-	113,880	-	39,639	1,850,833
Transfers (Out)	(839,769)	-	(37,702)	-	(892,971)
Total Other Financing Sources (Uses)	<u>(839,769)</u>	<u>113,880</u>	<u>(37,702)</u>	<u>39,639</u>	<u>957,862</u>
Net Change in Fund Balances	(1,288,451)	399,843	(84,342)	136,161	(354,822)
Fund Balance, Beginning of Year	3,309,587	1,163,425	712,078	2,819,482	13,284,351
Fund Balance, End of Year	<u>\$ 2,021,136</u>	<u>\$ 1,563,268</u>	<u>\$ 627,736</u>	<u>\$ 2,955,643</u>	<u>\$ 12,929,529</u>

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures-Current:				
General Government:				
Contractual Services	\$ 206,226	\$ 187,426	\$ 160,425	\$ 27,001
Other Financing Sources:				
Transfers In	204,400	185,600	185,600	-
Net Change in Fund Balance	(1,826)	(1,826)	25,175	27,001
Fund Balance, Beginning of Year	3,848	3,848	3,848	-
Fund Balance, End of Year	<u>\$ 2,022</u>	<u>\$ 2,022</u>	<u>\$ 29,023</u>	<u>\$ 27,001</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 27,000	\$ 74,000	\$ 68,372	\$ (5,628)
Investment Earnings:				
Interest	90,600	90,600	50,006	(40,594)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	78,875	78,875
Total Net Investment Earnings	<u>90,600</u>	<u>90,600</u>	<u>128,881</u>	<u>38,281</u>
Licenses, Fines and Service Charges	<u>83,794</u>	<u>83,794</u>	<u>155,600</u>	<u>71,806</u>
Total Revenues	<u>201,394</u>	<u>248,394</u>	<u>352,853</u>	<u>104,459</u>
Expenditures:				
Current:				
Public Safety:				
Police:				
Materials and Supplies	63,919	64,019	14,653	49,366
Contractual Services	83,230	83,130	43,844	39,286
Total Current-Police	<u>147,149</u>	<u>147,149</u>	<u>58,497</u>	<u>88,652</u>
Fire:				
Materials and Supplies	13,792	15,292	11,461	3,831
Contractual Services	42,840	42,840	17,154	25,686
Total Current-Police	<u>56,632</u>	<u>58,132</u>	<u>28,615</u>	<u>29,517</u>
Total Current Expenditures	203,781	205,281	87,112	118,169
Capital Outlay	<u>1,690,602</u>	<u>1,874,740</u>	<u>791,242</u>	<u>1,083,498</u>
Total Expenditures	<u>1,894,383</u>	<u>2,080,021</u>	<u>878,354</u>	<u>1,201,667</u>
Net Revenues Over (Under) Expenditures	(1,692,989)	(1,831,627)	(525,501)	1,306,126
Other Financing Sources (Uses):				
Transfers In	<u>808,660</u>	<u>808,660</u>	<u>998,556</u>	<u>189,896</u>
Net Change in Fund Balance	(884,329)	(1,022,967)	473,055	1,496,022
Fund Balance, Beginning of Year	<u>4,011,215</u>	<u>4,011,215</u>	<u>4,011,215</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,126,886</u>	<u>\$ 2,988,248</u>	<u>\$ 4,484,270</u>	<u>\$ 1,496,022</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, 2012

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental:				
State Grants	\$ 1,750	\$ 5,250	\$ 3,982	\$ (1,268)
Federal Grants	196,879	234,763	229,619	(5,144)
Total Intergovernmental	198,629	240,013	233,601	(6,412)
Investment Earnings:				
Interest	3,500	3,500	3,129	(371)
Licenses, Fines and Service Charges	60,000	60,000	37,846	(22,154)
Total Revenues	262,129	303,513	274,576	(28,937)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	50,420	52,561	49,195	3,366
Supplies	745	745	-	745
Contractual Services	557,393	642,636	352,396	290,240
Total Current-Urban Redevelopment and Housing	608,558	695,942	401,591	294,351
Capital Outlay	46,000	46,000	12,420	33,580
Total Expenditures	654,558	741,942	414,011	327,931
Net Revenues Over (Under) Expenditures	(392,429)	(438,429)	(139,435)	298,994
Other Financing Sources (Uses):				
Transfers In (Out)	232,100	278,100	202,101	(75,999)
Net Change in Fund Balance	(160,329)	(160,329)	62,666	222,995
Fund Balance, Beginning of Year	201,141	201,141	201,141	-
Fund Balance, End of Year	\$ 40,812	\$ 40,812	\$ 263,807	\$ 222,995

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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 2,908,965	\$ 2,908,965	\$ 957,903	\$ (1,951,062)
Licenses, Fines, and Service Charges	-	-	45,165	45,165
Total Revenues	<u>2,908,965</u>	<u>2,908,965</u>	<u>1,003,068</u>	<u>(1,905,897)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	231,145	231,075	160,667	70,408
Supplies	2,610	2,610	1,778	832
Contractual Services	<u>2,634,865</u>	<u>2,700,339</u>	<u>859,604</u>	<u>1,840,735</u>
Total Expenditures	<u>2,868,620</u>	<u>2,934,024</u>	<u>1,022,049</u>	<u>1,911,975</u>
Net Revenues Over (Under) Expenditures	40,345	(25,059)	(18,981)	6,078
Other Financing Sources (Uses):				
Transfers In (Out)	<u>25,060</u>	<u>25,060</u>	<u>18,981</u>	<u>(6,079)</u>
Net Change in Fund Balance	65,405	1	-	(1)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 65,405</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 790,074	\$ 880,473	\$ 454,547	\$ (425,926)
Licenses, Fines, and Service Charges	23,001	-	39,677	39,677
Total Revenues	<u>813,075</u>	<u>880,473</u>	<u>494,224</u>	<u>(386,249)</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	185,939	210,189	173,177	37,012
Materials and Supplies	1,621	1,621	1,328	293
Contractual Services	414,861	443,701	304,219	139,482
Total Urban Redevelopment and Housing	<u>602,421</u>	<u>655,511</u>	<u>478,724</u>	<u>176,787</u>
Capital Outlay	<u>194,105</u>	<u>208,422</u>	<u>-</u>	<u>208,422</u>
Total Expenditures	<u>796,526</u>	<u>863,933</u>	<u>478,724</u>	<u>385,209</u>
Net Revenues Over (Under) Expenditures	16,549	16,540	15,500	(1,040)
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(16,540)</u>	<u>(16,540)</u>	<u>(15,500)</u>	<u>1,040</u>
Net Change in Fund Balance	9	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 693,811	\$ 693,811	\$ 614,514	\$ (79,297)
Investment Earnings:				
Interest	24,000	24,000	7,224	(16,776)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	11,487	11,487
Total Net Investment Earnings	24,000	24,000	18,711	(5,289)
Total Revenues	717,811	717,811	633,225	(84,586)
Expenditures:				
Current-Urban Redevelopment and Housing:				
Personnel Services	26,430	27,047	27,047	-
Contractual Services	1,043,913	1,039,948	876,132	163,816
Total Current-Urban Redevelopment and Housing	1,070,343	1,066,995	903,179	163,816
Capital Outlay	1,460,000	1,460,000	101,051	1,358,949
Total Expenditures	2,530,343	2,526,995	1,004,230	1,522,765
Net Revenues Over (Under) Expenditures	(1,812,532)	(1,809,184)	(371,005)	1,438,179
Other Financing Uses:				
Transfers In (Out)	444,205	436,023	292,076	(143,947)
Net Change in Fund Balance	(1,368,327)	(1,373,161)	(78,929)	1,294,232
Fund Balance, Beginning of Year	1,063,575	1,063,575	1,063,575	-
Fund Balance, End of Year	\$ (304,752)	\$ (309,586)	\$ 984,646	\$ 1,294,232

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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,176,800	\$ 1,176,800	\$ 1,178,219	\$ 1,419
Investment Earnings:				
Interest	32,000	32,000	28,951	(3,049)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	46,041	46,041
Total Net Investment Earnings	<u>32,000</u>	<u>32,000</u>	<u>74,992</u>	<u>42,992</u>
Total Revenues	<u>1,208,800</u>	<u>1,208,800</u>	<u>1,253,211</u>	<u>44,411</u>
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	72,740	73,000	72,993	7
Contractual Services	231,589	262,271	209,256	53,015
Total Urban Redevelopment and Housing	<u>304,329</u>	<u>335,271</u>	<u>282,249</u>	<u>53,022</u>
Capital Outlay	2,444,883	2,403,926	1,419,644	984,282
Total Expenditures	<u>2,749,212</u>	<u>2,739,197</u>	<u>1,701,893</u>	<u>1,037,304</u>
Net Revenues Over (Under) Expenditures	(1,540,412)	(1,530,397)	(448,682)	1,081,715
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(1,505,818)</u>	<u>(1,444,818)</u>	<u>(839,769)</u>	<u>605,049</u>
Net Change in Fund Balance	(3,046,230)	(2,975,215)	(1,288,451)	1,686,764
Fund Balance, Beginning of Year	<u>3,309,587</u>	<u>3,309,587</u>	<u>3,309,587</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 263,357</u>	<u>\$ 334,372</u>	<u>\$ 2,021,136</u>	<u>\$ 1,686,764</u>

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

Fiscal Year Ended June 30, 2011

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 751,500	\$ 751,500	\$ 677,052	\$ (74,448)
Investment Income:				
Interest	4,000	4,000	15,977	11,977
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	25,411	25,411
Net Investment Earnings	4,000	4,000	41,388	37,388
 Total Revenues	 755,500	 755,500	 718,440	 (37,060)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	617,780	617,780	418,977	198,803
Capital Outlay	555,000	555,000	13,500	541,500
 Total Expenditures	 1,172,780	 1,172,780	 432,477	 740,303
 Net Revenues Over (Under) Expenditures	 (417,280)	 (417,280)	 285,963	 703,243
Other Financing Sources (Uses):				
Transfers In (Out)	113,880	113,880	113,880	-
 Net Change in Fund Balance	 (303,400)	 (303,400)	 399,843	 703,243
 Fund Balance, Beginning of Year	 1,163,425	 1,163,425	 1,163,425	 -
 Fund Balance, End of Year	 \$ 860,025	 \$ 860,025	 \$ 1,563,268	 \$ 703,243

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 6,650	\$ 7,343	\$ 693
Investment Income:				
Interest	8,000	8,000	12,946	4,946
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	8,025	8,025
Total Net Investment Earnings	8,000	8,000	20,971	12,971
Licenses, Fines and Service Charges	89,000	99,000	103,367	4,367
Total Revenues	97,000	113,650	131,681	18,031
Expenditures:				
Current:				
General Government:				
Personnel Services	94,182	94,182	-	94,182
Contractual Services	18,000	32,000	18,000	14,000
Total Current-General Government	112,182	126,182	18,000	108,182
Urban Redevelopment and Housing:				
Personnel Services	7,900	7,900	11,275	(3,375)
Contractual Services	528,821	548,413	149,046	399,367
Total Current-Urbana Redevelopment and Housing	536,721	556,313	160,321	395,992
Capital Outlay	25,000	25,000	-	25,000
Total Expenditures	673,903	707,495	178,321	529,174
Net Revenues Over (Under) Expenditures	(576,903)	(593,845)	(46,640)	547,205
Other Financing Sources (Uses):				
Transfers In (Out)	(87,702)	(87,702)	(37,702)	50,000
Net Change in Fund Balance	(664,605)	(681,547)	(84,342)	597,205
Fund Balance, Beginning of Year	712,078	712,078	712,078	-
Fund Balance, End of Year	\$ 47,473	\$ 30,531	\$ 627,736	\$ 597,205

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income:				
Interest	\$ 150,000	\$ 150,000	\$ 26,408	\$ (123,592)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	70,114	70,114
Total Net Investment Earnings	150,000	150,000	96,522	(53,478)
Other Financing Sources (Uses):				
Transfers In (Out)	-	-	39,639	39,639
Net Change in Fund Balance	150,000	150,000	136,161	(13,839)
Fund Balance, Beginning of Year	2,819,482	2,819,482	2,819,482	-
Fund Balance, End of Year	<u>\$ 2,969,482</u>	<u>\$ 2,969,482</u>	<u>\$ 2,955,643</u>	<u>\$ (13,839)</u>

Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2012

ASSETS	Capital Improvement and Replacement	Broadband Construction	Sanitary Sewer Construction	Motor Fuel Tax	Total
Cash and Cash Equivalents:					
Savings	\$ 502,134	\$ 1,127	\$ 360,081	\$ 949,271	\$ 1,812,613
Illinois Treasurer's Pool	-	-	-	623	623
Investments	1,405,639	-	-	2,819,156	4,224,795
Receivables (Net of Uncollectibles):					
Accounts	7,330	-	-	-	7,330
Due from Other Governments	18,228	2,614,065	-	80,335	2,712,628
Other Taxes	35,619	-	315,188	-	350,807
Due from Other Funds	702,540	-	-	-	702,540
Total Assets	\$ 2,671,490	\$ 2,615,192	\$ 675,269	\$ 3,849,385	\$ 9,811,336
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ -	\$ 1,734,913	\$ 312,811	\$ -	\$ 2,047,724
Accounts Payable	294,385	803,922	8,808	26,879	1,133,994
Accrued Salaries and Taxes	-	1,959	-	-	1,959
Deferred Revenues	51,234	-	-	-	51,234
Total Liabilities	345,619	2,540,794	\$ 321,619	\$ 26,879	\$ 3,234,911
Fund Balance:					
Restricted for Street Improvements	-	-	-	3,822,506	3,822,506
Committed for Street Improvements	2,245,649	-	-	-	2,245,649
Committed for Sewer Improvements	-	-	353,650	-	353,650
Committed for Other Infrastructure improvements	80,222	74,398	-	-	154,620
Total Fund Balance	2,325,871	74,398	353,650	3,822,506	6,576,425
Total Liabilities and Fund Balance	\$ 2,671,490	\$ 2,615,192	\$ 675,269	\$ 3,849,385	\$ 9,811,336

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

Fiscal Year Ended June 30, 2012

	Capital Improvement and Replacement	Broadband Construction	Sanitary Sewer Construction	Motor Fuel Tax	Total
Revenues:					
Local Sales Tax - Motor Fuel	\$ 440,237	-	\$ -	\$ -	\$ 440,237
Sewer Benefit Tax	-	-	1,244,250	-	1,244,250
Intergovernmental	920,820	4,048,821	-	1,260,075	6,229,716
Investment Earnings:					
Interest	30,938	-	5,904	39,994	76,836
Net Appreciation (Depreciation) in Fair Value Investments	30,162	-	-	63,607	93,769
Total Net Investment Earnings	61,100	-	5,904	103,601	170,605
Licenses, Fines, and					
Service Charges	38,565	-	1,250	-	39,815
Other	5,919	-	-	-	5,919
Total Revenues	1,466,641	4,048,821	1,251,404	1,363,676	8,130,542
Expenditures:					
Current - Highways and Streets	208,474	90,911	67,533	-	366,918
Capital Outlay:					
Street and Light Improvements	1,243,550	-	-	1,090,296	2,333,846
Broadband Construction	-	4,229,187	-	-	4,229,187
Sewer Construction	84,755	-	386,146	-	470,901
Highways and Streets	116,500	-	-	-	116,500
Public Safety	5,501	-	-	-	5,501
General Buildings	82,126	-	-	-	82,126
Total Capital Outlay	1,532,432	4,229,187	386,146	1,090,296	7,238,061
Total Expenditures	1,740,906	4,320,098	453,679	1,090,296	7,604,979
Net of Revenues Over (Under) Expenditures	(274,265)	(271,277)	797,725	273,380	525,563
Other Financing Sources (Uses):					
Transfers In (Out)	729,929	345,675	(637,250)	-	438,354
Net Change in Fund Balances	455,664	74,398	160,475	273,380	963,917
Fund Balance, Beginning of Year	1,870,207	-	193,175	3,549,126	5,612,508
Fund Balance, End of Year	\$ 2,325,871	74,398	\$ 353,650	\$ 3,822,506	\$ 6,576,425

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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Sales Tax - Motor Fuel	\$ 418,000	\$ 418,000	\$ 440,237	\$ 22,237
Intergovernmental	2,628,000	3,378,292	920,820	(2,457,472)
Investment Earnings:				
Interest	28,500	28,500	61,100	32,600
Licenses, Fines, and Service Charges	17,000	17,000	38,565	21,565
Other	5,000	5,000	5,919	919
Total Revenues	3,096,500	3,846,792	1,466,641	(2,380,151)
Expenditures:				
Current - Highways and Streets	579,922	575,559	208,474	367,085
Capital Outlay:				
Street and Light Improvements	6,487,503	7,235,795	1,243,550	5,992,245
Sewer Construction	119,057	119,057	84,755	34,302
Highways and Streets	130,997	155,997	116,500	39,497
Public Safety	5,465	5,465	5,501	(36)
General Buildings	63,332	69,695	82,126	(12,431)
Total Capital Outlay	6,806,354	7,586,009	1,532,432	6,053,577
Total Expenditures	7,386,276	8,161,568	1,740,906	6,420,662
Net of Revenues Over (Under) Expenditures	(4,289,776)	(4,314,776)	(274,265)	4,040,511
Other Financing Sources (Uses):				
Transfers In	773,473	773,473	729,929	(43,544)
Net Change in Fund Balance	(3,516,303)	(3,541,303)	455,664	3,996,967
Fund Balance, Beginning of Year	1,870,207	1,870,207	1,870,207	-
Fund Balance, End of Year	\$ (1,646,096)	\$ (1,671,096)	\$ 2,325,871	\$ 3,996,967

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

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-Federal Grant	\$ -	\$ 5,429,481	\$ 4,048,821	\$ (1,380,660)
Expenditures:				
Current - Highways and Streets	-	90,911	90,911	-
Capital Outlay:				
Broadband Construction	-	5,684,245	4,229,187	1,455,058
Total Expenditures	-	5,775,156	4,320,098	1,455,058
Net of Revenues Over (Under) Expenditures	-	(345,675)	(271,277)	74,398
Other Financing Sources (Uses):				
Transfers In	-	345,675	345,675	-
Net Change in Fund Balance	-	-	74,398	74,398
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 74,398	\$ 74,398

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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 1,236,130	\$ 1,236,130	\$ 1,244,250	\$ 8,120
Investment Earnings:				
Interest	2,000	2,000	5,904	3,904
Licenses, Fines and Service Charges	13,000	13,000	1,250	(11,750)
Total Revenues	<u>1,251,130</u>	<u>1,251,130</u>	<u>1,251,404</u>	<u>274</u>
Expenditures:				
Current - Highways and Streets	140,671	140,671	67,533	73,138
Capital Outlay-Sewer Construction	518,019	518,019	386,146	131,873
Total Expenditures	<u>658,690</u>	<u>658,690</u>	<u>453,679</u>	<u>205,011</u>
Net of Revenues Over (Under) Expenditures	592,440	592,440	797,725	205,285
Other Financing Sources (Uses):				
Transfers (Out)	(637,250)	(637,250)	(637,250)	-
Net Change in Fund Balance	(44,810)	(44,810)	160,475	205,285
Fund Balance, Beginning of Year	<u>193,175</u>	<u>193,175</u>	<u>193,175</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 148,365</u>	<u>\$ 148,365</u>	<u>\$ 353,650</u>	<u>\$ 205,285</u>

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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,310,856	\$ 1,310,856	\$ 1,021,050	\$ (289,806)
State Grants	-	-	239,025	239,025
Other Reimbursements	460,000	460,000	-	(460,000)
Total, Intergovernmental	<u>1,770,856</u>	<u>1,770,856</u>	<u>1,260,075</u>	<u>(510,781)</u>
Investment Earnings:				
Interest	50,000	50,000	39,994	(10,006)
Net Appreciation (Depreciation) in Fair Value Investments	-	-	63,607	63,607
Total Net Investment Earnings	<u>50,000</u>	<u>50,000</u>	<u>103,601</u>	<u>53,601</u>
Total Revenues	<u>1,820,856</u>	<u>1,820,856</u>	<u>1,363,676</u>	<u>(457,180)</u>
Expenditures-Capital Outlay:				
Street Improvements	6,667,005	6,667,005	1,090,296	5,576,709
Signal Improvements	200,000	200,000	-	200,000
Total Expenditures	<u>6,867,005</u>	<u>6,867,005</u>	<u>1,090,296</u>	<u>5,776,709</u>
Net Change in Fund Balance	(5,046,149)	(5,046,149)	273,380	5,319,529
Fund Balance, Beginning of Year	<u>3,549,126</u>	<u>3,549,126</u>	<u>3,549,126</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1,497,023)</u>	<u>\$ (1,497,023)</u>	<u>\$ 3,822,506</u>	<u>\$5,319,529</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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 940,300	\$ 940,300	\$ 795,991	\$ (144,309)
Parking Rentals	305,260	305,260	305,928	668
Total Operating Revenues	<u>1,245,560</u>	<u>1,245,560</u>	<u>1,101,919</u>	<u>(143,641)</u>
Operating Expenses:				
Personnel Services	202,330	202,330	184,674	17,656
Supplies	44,340	44,340	33,241	11,099
Contractual Services	349,310	349,310	190,108	159,202
Depreciation	290,000	290,000	272,729	17,271
Total Operating Expenses	<u>885,980</u>	<u>885,980</u>	<u>680,752</u>	<u>205,228</u>
Operating Income	<u>359,580</u>	<u>359,580</u>	<u>421,167</u>	<u>61,587</u>
Non-Operating Revenues (Expenses):				
Intergovernmental-University Payment	-	-	100,000	100,000
Investment Income (Net of Investment Expense):				
Interest	56,120	56,120	36,486	(19,634)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	58,025	58,025
Total Net Investment Earnings	<u>56,120</u>	<u>56,120</u>	<u>94,511</u>	<u>38,391</u>
Interest Expense	<u>(178,000)</u>	<u>(178,000)</u>	<u>(17,660)</u>	<u>160,340</u>
Total Non-Operating Revenues (Expenses)	<u>(121,880)</u>	<u>(121,880)</u>	<u>176,851</u>	<u>298,731</u>
Income (Loss) Before Transfers	237,700	237,700	598,018	360,318
Transfers (Out)	<u>(554,150)</u>	<u>(554,150)</u>	<u>(507,753)</u>	<u>46,397</u>
Change in Net Assets	(316,450)	(316,450)	90,265	406,715
Net Assets, Beginning of Year	<u>8,657,731</u>	<u>8,657,731</u>	<u>8,657,731</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 8,341,281</u>	<u>\$ 8,341,281</u>	<u>\$ 8,747,996</u>	<u>\$ 406,715</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, 2012

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 974,200	\$ 974,200	\$ 894,418	\$ (79,782)
Operating Expenses:				
Personnel Services	378,040	378,040	353,731	24,309
Supplies	18,270	18,270	12,810	5,460
Contractual Services	144,700	144,700	97,855	46,845
Equipment Parts	210,000	210,000	146,366	63,634
Fuel	400,000	400,000	327,479	72,521
Depreciation	27,400	27,400	15,462	11,938
Total Operating Expenses	1,178,410	1,178,410	953,703	224,707
Operating Income (Loss)	(204,210)	(204,210)	(59,285)	144,925
Net Assets, Beginning of Year	245,878	245,878	245,878	-
Net Assets, End of Year	\$ 41,668	\$ 41,668	\$ 186,593	\$ 144,925

CITY OF URBANA

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

June 30, 2012

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ 5,185	\$ 1,069	\$ 6,254
Savings	888,107	1,021,657	1,909,764
Money Market Funds	55,250	786,167	841,417
Total Cash and Cash Equivalents	<u>948,542</u>	<u>1,808,893</u>	<u>2,757,435</u>
Investments, at Fair Value:			
U.S. Government Securities	12,847,592	8,711,393	21,558,985
Certificates of Deposit	2,747,528	890,000	3,637,528
Corporate Bonds	-	2,606,669	2,606,669
Municipal Bonds	319,593	203,264	522,857
Domestic Common Stocks	-	2,705,448	2,705,448
Mutual Funds	15,767,417	10,222,403	25,989,820
Total Investments	<u>31,682,130</u>	<u>25,339,177</u>	<u>57,021,307</u>
Receivables (Net of Uncollectibles)			
Property Tax	603,987	893,976	1,497,963
Member Loans	-	5,871	5,871
Accrued Interest	30,027	109,718	139,745
Total Receivables (Net of Uncollectibles)	<u>634,014</u>	<u>1,009,565</u>	<u>1,643,579</u>
 Total Assets	 <u>33,264,686</u>	 <u>28,157,635</u>	 <u>61,422,321</u>
 LIABILITIES			
Accounts Payable	3,812	21,525	25,337
Accrued Salaries and Taxes	-	22	22
Total Liabilities	<u>3,812</u>	<u>21,547</u>	<u>25,359</u>
 NET ASSETS			
Held in Trust for Pension Benefits	<u>\$ 33,260,874</u>	<u>\$ 28,136,088</u>	<u>\$ 61,396,962</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2012

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	\$ 1,403,306	\$ 1,980,275	\$ 3,383,581
Employee Contributions	330,550	380,616	711,166
Total Contributions	1,733,856	2,360,891	4,094,747
Investment Income:			
Interest and Dividends	940,182	648,875	1,589,057
Net Increase (Decrease) in Fair Value of Investments	(61,383)	285,164	223,781
Total Investment Income	878,799	934,039	1,812,838
Less Investment Expense	(7,640)	(125,109)	(132,749)
Net Investment Income	871,159	808,930	1,680,089
Other Income:			
Litigation Proceeds	4,390	-	4,390
Pension Credits Purchased	-	179,693	179,693
Total Other Income	4,390	179,693	184,083
Total Additions	2,609,405	3,349,514	5,958,919
Deductions:			
Benefits	1,735,237	1,797,196	3,532,433
Administrative Costs	16,859	22,939	39,798
Total Deductions	1,752,096	1,820,135	3,572,231
Change in Net Assets	857,309	1,529,379	2,386,688
Net Assets, Beginning of Year	32,403,565	26,606,709	59,010,274
Net Assets, End of Year	\$ 33,260,874	\$ 28,136,088	\$ 61,396,962

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	109
<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	115
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources.</p>	
Debt Capacity	117
<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	122
<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	125
<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 (restated)
Last Ten Fiscal Years

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Govt. Activities:										
Invested in Capital Assets, (net of related debt)	\$55,985	\$62,292	\$64,917	\$67,218	\$69,988	\$74,059	\$77,101	\$79,853	\$81,466	\$87,036
Restricted	9,221	9,515	9,610	11,872	11,098	11,907	12,905	14,164	13,603	9,781
Unrestricted	<u>21,845</u>	<u>22,556</u>	<u>22,705</u>	<u>22,842</u>	<u>24,519</u>	<u>25,637</u>	<u>24,615</u>	<u>21,977</u>	<u>22,085</u>	<u>27,336</u>
Total Govt. Activities, Net Assets	<u>\$87,051</u>	<u>\$94,363</u>	<u>\$97,232</u>	<u>\$101,932</u>	<u>\$105,605</u>	<u>\$111,603</u>	<u>\$114,621</u>	<u>\$115,994</u>	<u>\$117,154</u>	<u>\$124,153</u>
Business-type Activities:										
Invested in Capital Assets, (net of related debt)	\$4,624	\$4,940	\$5,160	\$5,055	\$5,025	\$4,893	\$5,017	\$5,458	\$ 5,609	\$ 5,778
Unrestricted	<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>	<u>3,048</u>	<u>2,970</u>
Total Business-type Activities, Net Assets	<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>	<u>\$8,657</u>	<u>\$8,748</u>
Primary Government:										
Invested in Capital Assets, (net of related debt)	\$60,609	\$67,232	\$70,077	\$72,273	\$75,013	\$78,952	\$82,118	\$85,311	\$87,075	\$92,814
Restricted	9,221	9,515	9,610	11,872	11,098	11,907	12,905	14,164	13,603	9,781
Unrestricted	<u>23,630</u>	<u>24,425</u>	<u>24,871</u>	<u>25,180</u>	<u>26,944</u>	<u>29,036</u>	<u>28,186</u>	<u>25,166</u>	<u>25,133</u>	<u>30,306</u>
Total Primary Government Net Assets	<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>	<u>\$125,811</u>	<u>\$132,901</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:										
Govt. Activities:										
Public Safety	\$10,120	\$10,387	\$10,838	\$11,563	\$11,982	\$12,536	\$14,151	\$14,368	\$14,644	\$15,116
Highways & Streets	7,354	7,554	9,773	9,049	9,411	9,728	10,591	10,956	10,980	10,376
General Govt.	2,234	2,338	2,475	2,783	3,109	3,019	3,264	3,376	3,395	3,457
Urban Redevelopment and Housing	3,413	3,841	4,390	4,842	5,903	5,480	5,561	5,790	6,647	6,737
Interest on Long-term Debt	4	-	-	-	-	-	-	-	-	-
Library Services	2,326	2,461	2,666	2,801	3,103	3,298	3,641	3,693	3,582	3,844
Total Govt. Activities, Expenses	25,451	26,581	30,142	31,038	33,508	34,061	37,208	38,183	39,248	39,530
Business-type Activities:										
Motor Vehicle Parking	628	606	631	592	655	668	715	747	758	698
Total Primary Govt. Expenses	\$26,079	\$27,187	\$30,773	\$31,630	\$34,163	\$34,729	\$37,923	\$38,930	\$40,006	\$40,228
Program Revenues:										
Charges for Services:										
Public Safety	2,215	2,416	2,229	2,653	2,315	3,847	3,089	2,717	2,763	2,883
Highways and Streets	1,424	1,614	1,543	1,704	1,559	2,292	1,955	1,742	1,748	1,783
Other Activities	1,076	1,218	1,443	1,891	1,292	1,938	1,405	1,217	1,278	1,941
Operating Grants	1,364	2,012	2,345	2,800	1,837	1,720	1,797	2,200	1,799	1,826
Capital Grants	471	449	8	372	22	46	252	1,998	1,874	6,200
Total Govt. Activities Program Revenues	6,550	7,709	7,568	9,420	7,025	9,843	8,498	9,874	9,462	14,633
Business-type Activities:										
Charges for Services	1,104	1,038	1,121	1,105	1,076	1,104	1,101	1,034	1,107	1,102
Total Primary Govt. Program Revenues	7,654	8,747	8,689	10,525	8,101	10,947	9,599	10,908	10,569	15,735
Net (Expense) Revenue:										
Govt. Activities	(18,901)	(18,872)	(22,574)	(21,618)	(26,483)	(24,218)	(28,710)	(28,309)	(29,786)	(24,897)
Business-type Activities	476	432	490	513	421	436	386	287	349	404
Total Primary Govt. Net (Expense) Revenue	\$ (18,425)	\$ (18,440)	\$ (22,084)	\$ (21,105)	\$ (26,062)	\$ (23,782)	\$ (28,324)	\$ (28,022)	\$ (29,437)	\$ (24,493)

CITY OF URBANA
Changes in Net Assets
Last Ten Fiscal Years

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

(Page 2 of 2)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other										
Changes in Net Assets:										
Governmental Activities:										
Property Tax	6,816	7,191	7,809	8,320	9,081	9,430	10,968	10,401	11,614	10,583
Utility Tax	3,859	3,861	3,922	4,120	3,832	3,757	3,832	3,694	3,865	3,965
State & Local Sales Tax	5,498	5,685	6,038	6,604	8,094	8,836	8,736	8,422	9,070	9,791
Other Taxes	1,414	1,428	1,411	1,500	1,551	1,551	1,530	1,660	1,801	2,128
Intergovernmental	5,901	5,558	5,104	4,544	5,300	5,311	5,422	3,859	3,734	4,109
Investment Income	1,305	162	959	618	1,712	1,487	954	1,152	418	769
Other	504	481	157	122	87	88	86	144	47	44
Transfers	70	39	43	490	500	(245)	201	350	396	508
Total Govt. Activities	<u>25,367</u>	<u>24,405</u>	<u>25,443</u>	<u>26,318</u>	<u>30,157</u>	<u>30,215</u>	<u>31,729</u>	<u>29,682</u>	<u>30,945</u>	<u>31,897</u>
Business-type Activities										
Investment Income	23	7	70	44	136	161	111	122	58	94
Other	-	-	-	-	-	-	-	-	-	100
Transfers	(70)	(39)	(43)	(490)	(500)	245	(201)	(350)	(396)	(508)
Total Business-type Activities	<u>(47)</u>	<u>(32)</u>	<u>27</u>	<u>(446)</u>	<u>(364)</u>	<u>406</u>	<u>(90)</u>	<u>(228)</u>	<u>(338)</u>	<u>(314)</u>
Total Primary Government	<u>25,320</u>	<u>24,373</u>	<u>25,470</u>	<u>25,872</u>	<u>29,793</u>	<u>30,621</u>	<u>31,639</u>	<u>29,454</u>	<u>30,607</u>	<u>31,583</u>
Change in Net Assets:										
Governmental Activities:	6,466	5,537	2,869	4,700	3,674	5,997	3,019	1,373	1,159	7,000
Business-type Activities	429	400	517	67	57	842	296	59	11	90
Total Primary Government	<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>	<u>\$ 1,170</u>	<u>\$ 7,090</u>

CITY OF URBANA
Fund Balances of Governmental Funds (restated)
Last Ten Fiscal Years

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:										
Non-spendable, prepaids	\$264	\$290	\$283	\$282	\$287	\$352	\$324	\$300	\$371	\$390
Unassigned	<u>4,068</u>	<u>3,995</u>	<u>4,478</u>	<u>5,102</u>	<u>5,850</u>	<u>6,035</u>	<u>6,904</u>	<u>6,018</u>	<u>4,715</u>	<u>5,830</u>
Total, General Fund	<u>4,332</u>	<u>4,285</u>	<u>4,761</u>	<u>5,384</u>	<u>6,137</u>	<u>6,387</u>	<u>7,228</u>	<u>6,318</u>	<u>5,086</u>	<u>6,220</u>
All Other Govt. Funds:										
Non-spendable, prepaids	<u>-</u>	<u>186</u>	<u>66</u>	<u>359</u>	<u>79</u>	<u>84</u>	<u>36</u>	<u>34</u>	<u>29</u>	<u>28</u>
Restricted for:										
Library Services	758	1,618	1,382	1,474	1,581	1,733	1,766	1,860	2,080	2,108
T.I.F. Economic Development	2,929	4,584	4,793	6,393	6,620	7,726	8,603	9,443	7,974	5,959
Street Improvements	<u>3,168</u>	<u>2,838</u>	<u>3,086</u>	<u>3,338</u>	<u>2,532</u>	<u>2,012</u>	<u>2,177</u>	<u>2,530</u>	<u>3,549</u>	<u>3,823</u>
Total, Restricted	<u>6,855</u>	<u>9,040</u>	<u>9,261</u>	<u>11,205</u>	<u>10,733</u>	<u>11,471</u>	<u>12,546</u>	<u>13,833</u>	<u>13,603</u>	<u>11,890</u>
Committed for:										
Other Purposes	235	141	127	388	411	346	670	484	205	293
Vehicle & Eq. Replacement	3,104	3,585	4,332	4,528	4,868	4,942	4,561	4,388	4,011	4,484
Other Economic Development	4,911	4,234	2,653	2,406	2,030	1,884	591	521	683	600
Worker Compensation Claims	3,037	3,039	3,141	2,965	3,214	3,521	3,329	3,114	2,820	2,956
Street & Sewer Improvements	-	-	-	-	-	-	-	-	473	2,599
Other Infrastructure Impr.	<u>7,234</u>	<u>4,998</u>	<u>4,178</u>	<u>3,098</u>	<u>3,048</u>	<u>3,086</u>	<u>2,447</u>	<u>910</u>	<u>1,590</u>	<u>155</u>
Total, Committed	<u>18,521</u>	<u>15,997</u>	<u>14,431</u>	<u>13,385</u>	<u>13,571</u>	<u>13,779</u>	<u>11,598</u>	<u>9,417</u>	<u>9,782</u>	<u>11,087</u>
Total, All Other Govt. Funds	<u>25,376</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>	<u>23,414</u>	<u>23,005</u>
Total, All Govt. Funds	<u>\$29,708</u>	<u>\$29,508</u>	<u>\$28,519</u>	<u>\$30,333</u>	<u>\$30,520</u>	<u>\$31,721</u>	<u>\$31,408</u>	<u>\$29,602</u>	<u>\$28,500</u>	<u>\$29,225</u>

CITY OF URBANA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:										
Property Tax	\$6,674	\$7,557	\$7,695	\$8,187	\$8,830	\$9,258	\$10,560	\$10,533	\$11,768	\$10,522
Utility Tax	3,859	3,861	3,922	4,120	3,832	3,757	3,832	3,694	3,865	3,965
State & Local Sales Tax	5,498	5,685	6,038	6,603	8,094	8,836	8,736	8,422	9,070	9,791
Sewer Benefit and Hotel/Motel Tax	1,414	1,428	1,411	1,500	1,551	1,550	1,529	1,660	1,801	2,128
Intergovernmental	8,951	9,411	8,781	9,140	8,602	8,598	9,110	9,973	9,188	13,827
Investment Income	1,297	155	959	618	1,712	1,479	953	1,152	418	769
Licenses, Fines and Service Charges	3,499	3,858	3,891	4,824	3,723	6,556	4,811	3,761	4,009	4,920
Other	488	485	153	127	82	93	85	139	45	46
Total Revenues	<u>31,680</u>	<u>32,440</u>	<u>32,850</u>	<u>35,119</u>	<u>36,426</u>	<u>40,127</u>	<u>39,616</u>	<u>39,334</u>	<u>40,164</u>	<u>45,968</u>
Expenditures:										
Public Safety	9,918	10,552	11,141	11,938	12,489	13,113	14,011	14,552	14,899	15,212
Highways & Streets	5,052	5,236	5,676	6,126	6,494	6,729	7,716	8,104	7,900	7,132
General Govt.	2,195	2,261	2,400	2,685	3,078	2,942	3,078	3,273	3,349	3,334
Urban Redevelopment and Housing	3,402	3,822	4,383	4,806	5,886	5,463	5,468	5,755	6,628	6,675
Interest on Long-term Debt	482	-	-	-	-	-	-	-	-	-
Library Services	2,274	2,383	2,533	2,696	2,980	3,118	3,379	3,507	3,427	3,598
Capital Outlay	8,975	8,964	6,931	5,294	5,813	7,315	6,479	6,299	5,459	9,800
Total Expenditures	<u>32,298</u>	<u>33,218</u>	<u>33,064</u>	<u>33,545</u>	<u>36,740</u>	<u>38,680</u>	<u>40,131</u>	<u>41,490</u>	<u>41,662</u>	<u>45,751</u>
Excess of Revenues Over (Under) Expenditures	<u>(618)</u>	<u>(778)</u>	<u>(214)</u>	<u>1,574</u>	<u>(314)</u>	<u>1,447</u>	<u>(515)</u>	<u>(2,156)</u>	<u>(1,498)</u>	<u>217</u>
Other Financing Sources (Uses), Transfers										
In (Out)	<u>71</u>	<u>(78)</u>	<u>(120)</u>	<u>241</u>	<u>500</u>	<u>(245)</u>	<u>201</u>	<u>350</u>	<u>396</u>	<u>508</u>
Net Changes in Fund Balance	<u>(\$547)</u>	<u>(\$856)</u>	<u>(\$334)</u>	<u>\$1,815</u>	<u>\$186</u>	<u>\$1,202</u>	<u>(\$314)</u>	<u>(\$1,806)</u>	<u>(\$1,102)</u>	<u>\$725</u>
Debt Service as a % of Non-capital Expenditures	<u>2.1%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

CITY OF URBANA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as % of Actual Value
2012	\$ 340,386,247	\$ 244,199,112	\$ 584,585,359	\$ 0.01319	\$ 1,753,756,077	33%
2011	\$ 350,754,767	\$ 245,020,899	\$ 595,775,666	\$ 0.01294	\$ 1,787,326,998	33%
2010	\$ 345,226,107	\$ 246,662,888	\$ 591,888,995	\$ 0.01294	\$ 1,775,666,985	33%
2009	\$ 339,924,357	\$ 240,170,456	\$ 580,094,813	\$ 0.01294	\$ 1,740,284,439	33%
2008	\$ 325,902,257	\$ 216,421,955	\$ 542,324,212	\$ 0.01294	\$ 1,626,972,636	33%
2007	\$ 298,445,597	\$ 207,230,391	\$ 505,675,988	\$ 0.01294	\$ 1,517,027,964	33%
2006	\$ 272,438,176	\$ 196,612,417	\$ 469,050,593	\$ 0.01312	\$ 1,407,151,779	33%
2005	\$ 251,591,356	\$ 176,215,955	\$ 427,807,311	\$ 0.01312	\$ 1,283,421,933	33%
2004	\$ 228,417,723	\$ 154,153,753	\$ 382,571,476	\$ 0.01312	\$ 1,147,714,428	33%
2003	\$ 209,667,923	\$ 143,906,739	\$ 353,574,662	\$ 0.01318	\$ 1,060,723,986	33%

CITY OF URBANA
Property Tax Rates, Direct and Overlapping Governments
Last Ten Fiscal Years
Tax Rates per \$100 Assessed Valuation

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
City of Urbana:										
Library	0.5089	0.4927	0.4998	0.4853	0.4752	0.4822	0.4787	0.4950	0.5262	0.5474
General	0.2454	0.2339	0.2735	0.3312	0.3472	0.3357	0.3326	0.3269	0.2941	0.2954
Police Pension	0.3328	0.3266	0.2964	0.2704	0.3034	0.2921	0.2913	0.2851	0.2909	0.2933
Fire Pension	0.2319	0.2410	0.2245	0.2073	0.1684	0.1842	0.2094	0.2050	0.2008	0.1817
Subtotal, City	1.3190	1.2942	1.2942	1.2942	1.2942	1.2942	1.3120	1.3120	1.3120	1.3178
School District	4.5983	4.4083	4.3178	4.3507	4.2880	4.3377	4.3178	4.4758	4.5961	4.6701
Champaign County	0.7841	0.7688	0.7487	0.7426	0.7389	0.7616	0.7801	0.7981	0.7048	0.7117
Park District	0.9526	0.8586	0.8354	0.6962	0.6961	0.7066	0.7218	0.7463	0.7534	0.7767
Parkland College	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720	0.4776	0.4847	0.4838	0.4652
Mass Transit	0.2831	0.2725	0.2619	0.2575	0.2544	0.2592	0.2623	0.2677	0.2695	0.2728
Cunningham Town	0.2030	0.1942	0.1885	0.1875	0.1917	0.1919	0.1932	0.1988	0.2017	0.2048
Public Health	0.1102	0.1075	0.1071	0.1052	0.1049	0.1060	0.1087	0.1126	0.1135	0.1152
Forest Preserve	0.0843	0.0817	0.0790	0.0783	0.0779	0.0800	0.0818	0.0839	0.0840	0.0850
Total	8.8466	8.4922	8.3408	8.2237	8.1149	8.2092	8.2553	8.4799	8.5188	8.6193

Source: Champaign County Clerk

CITY OF URBANA
Principle Property Taxpayers
June 30, 2012

	2012			2003		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Carle Foundation (Health Care)	\$61,627,060	1	10.5%	\$14,777,770	1	4.2%
Provena Covenant (Health Care)	14,381,050	2	2.5%	-	-	-
Town and Country Apartments (Residential Housing)	8,463,150	3	1.4%	5,699,150	4	1.6%
Campus Property Management (Residential Housing)	6,904,950	4	1.2%	12,084,170	2	3.4%
Tekton Group (Lincoln Melrose) (Residential Housing)	5,467,310	5	0.9%	5,776,070	3	1.6%
Urbana Capstone Associates (Residential Housing)				3,950,740	8	1.1%
Flex-N-Gate (Manufacturing)	5,442,730	6	0.9%	4,038,210	7	1.1%
Clark Lindsey Village (Residential Retirement)	4,646,940	7	0.8%	3,642,010	9	1.0%
Amber Apartments (Residential Housing)	4,364,270	8	0.7%			
J.M. Jones (Food Service)	4,356,130	9	0.7%	4,574,590	5	1.3%
The Pointe at U/I (Residential Housing)	3,968,410	10	0.7%			
C.U. Partners, Holiday Inn (Hotel)	-	-	-	4,046,280	6	1.1%
A.P.L. Engineering (Computer Software)	-	-	-	2,555,950	10	0.7%
Total	\$119,622,000		20.5%	\$61,144,940		17.3%

Source: Champaign County Clerk

Note: Carle Foundation (#1) and Provena Covenant (#2) in 2003 had a significant amount of property that was tax-exempt; thus not in the A/V totals. Since 2003, these properties were declared taxable and included.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Tax Levy for Fiscal Year	Collected in Fiscal Year		Collected in Subsequent Years	Total Collections to Date	
		Amount	% Levy		Amount	% Levy
2012	\$7,710,681	\$4,039,786	52.4%	\$0	\$4,039,786	52.4%
2011	\$7,710,529	\$3,949,073	51.2%	\$3,735,508	\$7,684,581	99.7%
2010	\$7,660,227	\$3,869,925	50.5%	\$3,768,393	\$7,638,318	99.7%
2009	\$7,507,666	\$3,786,555	50.4%	\$3,721,111	\$7,507,666	100.0%
2008	\$7,018,760	\$3,509,185	50.0%	\$3,498,762	\$7,007,947	99.8%
2007	\$6,544,459	\$3,347,995	51.2%	\$3,170,172	\$6,518,167	99.6%
2006	\$6,153,944	\$3,197,666	52.0%	\$2,939,507	\$6,137,173	99.7%
2005	\$5,612,832	\$2,904,711	51.8%	\$2,692,410	\$5,597,121	99.7%
2004	\$5,019,338	\$2,538,384	50.6%	\$2,470,618	\$5,009,002	99.8%
2003	\$4,659,407	\$2,453,220	52.7%	\$2,112,980	\$4,566,200	98.0%

Source: Champaign County Clerk

Note: Does not include special service areas or tax increment.

CITY OF URBANA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities Parking Bonds	Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases				
2012	\$ -	\$ -	\$ 243,516	\$ 243,516	0.02%	\$ 5.90
2011	\$ -	\$ -	\$ 401,391	\$ 401,391	0.03%	\$ 9.73
2010	\$ -	\$ -	\$ 548,203	\$ 548,203	0.04%	\$ 13.63
2009	\$ -	\$ -	\$ 684,039	\$ 684,039	0.05%	\$ 17.46
2008	\$ -	\$ -	\$ 808,981	\$ 808,981	0.07%	\$ 21.22
2007	\$ -	\$ -	\$ 923,102	\$ 923,102	0.08%	\$ 24.89
2006	\$ -	\$ -	\$ 1,026,470	\$ 1,026,470	0.10%	\$ 28.05
2005	\$ -	\$ -	\$ 1,122,669	\$ 1,122,669	0.10%	\$ 30.71
2004	\$ -	\$ -	\$ 1,414,712	\$ 1,414,712	0.14%	\$ 38.74
2003	\$ -	\$ -	\$ 1,686,295	\$ 1,686,295	0.17%	\$ 46.23

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Personal income and population can be found on the the Schedule of Demographic and Economic Statistics on page 119.

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

Fiscal Year	General Obligation Bonds	Less Amount in Debt Service Funds	Net General Bonded Debt	% of Est. Actual Taxable Property Value	Per Capita
2012	\$ -	\$ -	\$ -	0.0%	\$ -
2011	\$ -	\$ -	\$ -	0.0%	\$ -
2010	\$ -	\$ -	\$ -	0.0%	\$ -
2009	\$ -	\$ -	\$ -	0.0%	\$ -
2008	\$ -	\$ -	\$ -	0.0%	\$ -
2007	\$ -	\$ -	\$ -	0.0%	\$ -
2006	\$ -	\$ -	\$ -	0.0%	\$ -
2005	\$ -	\$ -	\$ -	0.0%	\$ -
2004	\$ -	\$ -	\$ -	0.0%	\$ -
2003	\$ -	\$ -	\$ -	0.0%	\$ -

(During the last 10 years, the City has not had any outstanding general bonded debt.)

Note: 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 can be found in the Schedule of Demographic and Economic Statistics on page 119. Information on taxable value can be found in the Schedule on page 110.

CITY OF URBANA

Direct and Overlapping Governmental Activities Debt

June 30, 2012

Governmental Unit	Principal Debt City of Urbana	% Applicable to City of Urbana	(1) Amount Applicable to City of Urbana
Debt Repaid with Property Tax:			
School District	\$ 55,305,000	85%	\$ 46,752,862
Champaign County	48,831,757	16%	8,048,874
Forest Preserve	1,083,000	16%	176,501
Parkland College	66,545,000	63%	42,054,520
C-U Health District	2,801,294	28%	794,655
C-U Mass Transit District	-	25%	-
Urbana Park District	1,115,640	98%	1,093,406
Subtotal, Overlapping Debt			98,920,822
City of Urbana Direct Debt			0
Total Direct and Overlapping Debt			\$ 98,920,822

Source: Assessed value provided by Champaign County Clerk. Outstanding debt provided by each government unit.

Note: Overlapping governments are those that coincide, at least in part, with the boundaries of the City of Urbana. This schedule estimates the portion of 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 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 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
Revenue Supported Bond Coverage
Last Ten Fiscal Years

Fiscal Year	(1) Revenue	(2) Expense	Available for Debt Service	Debt Service			(3) Coverage
				Principal	Interest	Total	
2012	\$ 1,296,430	\$ 915,776	\$ 380,654	\$ 157,875	\$ 19,888	\$ 177,763	2.14
2011	\$ 1,164,927	\$ 852,367	\$ 312,560	\$ 146,812	\$ 25,487	\$ 172,299	1.81
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	3.77
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	2.23
2004	\$ 1,045,646	\$ 304,358	\$ 741,288	\$ 271,583	\$ 95,895	\$ 367,478	2.02
2003	\$ 1,126,492	\$ 346,731	\$ 779,761	\$ 530,945	\$ 116,657	\$ 647,602	1.20

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. (1) Revenues include operating revenue, interest, other 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 the Parking Revenue Bonds issued in 1997, the Downtown Parking Revenue Bonds issued in 1981 and refunded early by the 1985 Parking Bonds, which in turn were refunded by the 1994 Parking Bonds, which in turn were refunded by the 2005 Parking Bonds.

CITY OF URBANA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income	Per Capita Income	(1) Median Age	(3) Education Level in Years of Formal Schooling	(4) School Enrollment	(5) Unemployment Rate
2012	\$ 41,275	\$ 1,449,578	\$ 35,120	24.8	14.1	4,331	8.8%
2011	\$ 41,250	\$ 1,418,918	\$ 34,398	24.8	14.1	4,242	8.6%
2010	\$ 40,210	\$ 1,363,923	\$ 33,920	24.6	14.1	4,206	10.4%
2009	\$ 39,170	\$ 1,345,411	\$ 34,348	24.6	14.1	4,155	8.7%
2008	\$ 38,130	\$ 1,225,117	\$ 32,130	24.6	13.5	4,141	5.6%
2007	\$ 37,090	\$ 1,130,837	\$ 30,489	24.6	13.5	4,088	3.9%
2006	\$ 36,590	\$ 1,078,088	\$ 29,464	24.6	13.5	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%

Sources: (1) Estimate by city staff from U.S. Bureau of Census information. Median age and education levels are based on information from the last quarter of the previous calendar year.

(2) Bureau of Economic Analysis. U.S. commerce Dept., for Champaign-Urbana M.S.A. Amount is for total for the year, expressed in thousands.

(3) Estimate by city staff from American Community Survey. American Community Survey of educational levels is conducted once every three years. Level for year 2009-2011 is based on the three year survey 2008-2010.

(4) Urbana School District #116. Number is from start of school year.

(5) Illinois Bureau of Employment Security , expressed as a percentage. Rate is for last quarter of fiscal year.

CITY OF URBANA
Principle Employers
Current Year and Six Years Ago

Employer	Description	2012			2006		
		Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
University of Illinois	Education	10,905	1	11.5%	13,571	1	11.6%
Carle Group	Health Care	6,000	2	6.3%	5,669	2	4.9%
Champaign Schools	Education	1,351	3	1.4%	1,378	3	1.2%
Kraft Foods	Manufacturing	1,350	4	1.4%	1,340	4	1.2%
Parkland College	Education	968	5	1.0%	1,200	5	1.0%
Provena Hospital	Health Care	938	6	1.0%	882	6	0.8%
Urbana Schools	Education	900	7	1.0%	730	8	0.6%
Champaign County	Government	853	8	0.9%	800	7	0.7%
Plastipak	Manufacturing	810	9	0.9%	-	-	-
Christie Clinic	Health Care	750	10	0.8%	-	-	-
Solo Cup	Manufacturing	-	-	-	700	9	0.6%
Super Value	Food Distribution	-	-	-	625	10	0.5%
Total		24,825		26.2%	26,895		23.6%

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

Note: These employment figures (including total employment) are based on figures for Champaign County, as total employment for the City of Urbana is not ascertainable.

CITY OF URBANA
Number of City Employees by Function (Full-time Equivalents)
Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Police Safety:										
Sworn	51.0	51.0	51.0	54.0	55.0	55.0	55.0	55.0	55.0	55.0
Civilian	21.0	21.0	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0
Fire Safety:										
Sworn	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	56.0	57.0
Civilian	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Highways and Streets:										
Administration	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Maintenance	32.5	32.5	32.5	31.5	31.5	32.5	32.5	32.5	29.5	32.5
Engineering	10.5	10.5	10.5	12.5	12.5	12.5	12.5	13.5	13.5	13.5
Fleet	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Arbor	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Facilities	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Environmental	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General Government										
Administration	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.5	3.5
Legal	3.0	3.0	3.0	3.0	4.0	5.0	5.0	5.0	4.0	4.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human Relations	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Information Tech.	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0
City Clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Urban Redevelopment and Housing:										
Planning	6.5	6.5	6.5	6.5	6.5	7.5	7.5	7.5	6.5	7.5
Economic Dev.	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Building Safety	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Housing	4.2	4.2	4.2	4.2	5.2	5.2	5.2	5.2	5.2	5.2
Library Services										
Library Services	44.0	44.0	44.0	45.0	47.0	47.0	48.0	48.0	47.0	48.0
Total	309.0	309.0	309.0	315.0	320.0	324.0	325.0	325.0	317.0	323.0

Source: City Finance Department

Note: The reduction of 8 employees in 2011 was in response to the economic decline. Employee levels were restored to near 2010 levels in 2012.

CITY OF URBANA
Operating Indicators, by Function
Last Ten Fiscal Years

(Page 1 of 2)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Police Safety:										
Arrests	5,986	6,750	6,730	7,509	7,281	7,227	7,442	7,251	6,348	6,029
Service Calls	21,470	22,737	22,916	19,681	20,479	21,480	21,967	20,964	20,226	20,254
Reports Written	7,505	8,014	8,209	7,649	7,740	6,277	7,163	7,119	6,945	7,189
Parking Tickets Issued	67,212	58,354	53,640	55,451	46,186	42,772	35,143	33,601	24,436	24,666
Fire Safety:										
Fire Calls	148	179	173	192	179	128	182	176	174	243
Other Calls	3,741	3,794	3,817	3,872	4,050	3,937	4,402	4,269	4,441	4,429
Inspections	1,014	1,206	1,061	1,277	1,327	1,240	881	1,054	1,095	1,272
Highways and Streets:										
Street Resurfacing (Sq. Yard Asphalt and Concrete)	(information before 2007 not available)				74,000	41,000	37,550	48,182	62,010	63,248
Recycled Tons of Waste Collected (in thousands)::										
Non-landscape	5.8	5.8	5.8	6.0	6.0	6.2	7.8	7.3	8.6	8.8
Landscape	11.8	10.3	11.0	12.4	13.5	14.5	19.0	20.3	16.9	21.9

CITY OF URBANA
 Operating Indicators, by Function
 Last Ten Fiscal Years

(Page 2 of 2)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Licenses/Permits Processed	593	571	502	524	799	810	793	792	833	877
Parking Rentals and Permits	2,401	1,925	1,944	2,025	1,947	1,917	1,827	1,837	1,815	1,815
Urban Redevelopment and Housing:										
Permits Issued	2,326	2,457	2,439	2,121	1,982	1,852	1,642	1,627	1,456	1,513
Zoning/Planning Cases	75	93	79	99	86	59	76	54	51	75
Library Services:										
Items Circulated (in thousands)	753	661	777	836	878	904	878	858	876	873
Reference Questions (in thousands)	130	95	105	125	118	119	119	123	119	137
Attendance at Library Programs (thousands)	25	24	25	30	29	30	32	30	34	35
Number Times Patrons Utilized Library thru Door Count (thousand)	(information before 2009 not available)						490	483	493	494

Source: Various city departments.

CITY OF URBANA

Capital Asset Statistics, By Function

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety:										
Police Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	23	24	25	25	25	25	25	25	25	25
Fire Safety:										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Response Units	8	8	8	8	8	8	8	8	8	8
Highways and Streets:										
Area City (sq. mi.)	11.4	11.5	11.5	11.6	11.6	11.6	11.7	11.9	11.9	11.9
Miles Streets	126.7	127.8	128.3	130.4	141.2	141.6	144.6	145.5	145.5	143.8
Miles Sewers	185.0	199.7	201.8	221.2	222.1	225.7	235.6	237.3	241.0	241.9
Street Lights	3,767	3,767	3,469	3,469	3,469	3,569	3,569	3,619	3,659	3,688
City Trees	11,980	12,120	12,260	12,400	12,550	12,580	12,610	12,640	12,670	12,700
Library Services:										
Library Building (sq. feet)	25,000	27,000	52,000	52,000	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.