



Urbana
Illinois
1833 - 2013

City of Urbana, Illinois
**Comprehensive Annual
Financial Report**
**For the Year Ended
June 30, 2013**

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2013

Prepared By:

Finance Department
Rich Hentschel, Comptroller

CITY OF URBANA, ILLINOIS
Comprehensive Annual Financial Report
Year Ended June 30, 2013

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May 30, 2014

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. Normally this report would be published in time to fulfill that requirement for the fiscal year ended June 30, 2013. For a number of reasons the completion and publication of this audit document was delayed until now. Finance Department staff is committed to meeting this requirement for the FY2014 audit report.

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 mayor/aldermanic 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 and division heads.

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

Police:	Patrol, Traffic Control, and Criminal Investigation
Fire:	Fire Suppression, Fire Prevention, and Emergency Medical Assistance
Public Works:	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:	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 (the Comptroller) is authorized to transfer amounts within basic expenditure categories of personnel, materials and supplies, contractual and operations, and capital outlay with the approval of the Mayor. 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 5.6% to the current rate of 8.5%. This does, however, show favorably compared to the overall rate for Illinois of 9.2% for 2013 and 6.4% in 2008. 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.

Over the last 24 months, economic growth is beginning to rebound, although not in all revenue sources. Sales tax, which amounts to approximately 36% of general fund revenues has been steadily increasing the last few years, although part of this increase was implementing new rates and expanding the tax base. The state income tax, which amounts to approximately 13% 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%, followed by a decrease of 1.9% in 2012 and a decrease of 2.7% in 2013. Licenses, fees and service charges are 20% of general fund revenues and the rates are increased annually.

During the past ten years, the percentage of the total governmental operating expenditures in any of the government's activities has remained fairly constant, with moderate variability year over year.

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 \$4,644,5458 (16% of budgeted expenditure levels including transfers). While this level has decreased in the last 4 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 city property tax rate should be approximately equal to that of the City of Champaign.
- A reserve fund balance in the General Fund will be maintained at a level at least equal to 10% of annual expenditures.
- 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 were:

- 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 was funded in large part by a federal and state grant that was awarded to the University of Illinois, City of Champaign, and the City of Urbana.

- 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 its budget may significantly impact the City's ability to finance current level of services in the future.
- c) Monitor the new storm water utility fee intended to finance storm water related infrastructure improvements. The fee was approved in 2012, with first billing in the fall of 2013.
- d) Continue construction for the Boneyard beautification project 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, an area of emphasis will be to continue to work to overturn the state law which grants hospitals property tax relief in exchange for "charity care". This law has adversely affected Urbana which has two regional hospitals. The largest, Carle, serves a region of 1.2 million people in 25 counties in Illinois and Indiana. Urbana, with a population of 41,250 accounts for 3% of the region's population. However, since 83% of Carle's property is located in Urbana, this means 3% of the population is shouldering 83% of the tax loss. Carle accounts for more than 11% of Urbana's tax base. When they stopped paying property taxes their share of the tax burden was shifted to all other taxpayers. This not only raised the taxes for every resident and other business, but drove Urbana's tax rate 25% above that in the adjacent city of Champaign—clearly an unsustainable situation for Urbana.

Awards and Acknowledgements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Urbana for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The City of Urbana has received this reward in 24 of the last 25 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 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, all officials, officers and staff throughout 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,

A handwritten signature in black ink, appearing to read "Rich Hentschel". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rich Hentschel
Comptroller



Government Finance Officers Association

**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, 2012

Executive Director/CEO

CITY OF URBANA
List of Principal Officials

Elected Officials

Mayor
Laurel Lunt Prussing

City Clerk
Phyllis D. Clark

Alderman
Charles Smyth

Alderman
Eric Jakobsson

Alderwoman
Carol Ammons

Alderman
Bill Brown

Alderman
Dennis Roberts

Alderman
Michael P. Madigan

Alderwoman
Diane W. Marlin

Administrative Officers

Police Chief
Patrick Connolly

Fire Chief
Brian Nightlinger

Public Works Director
William Gray

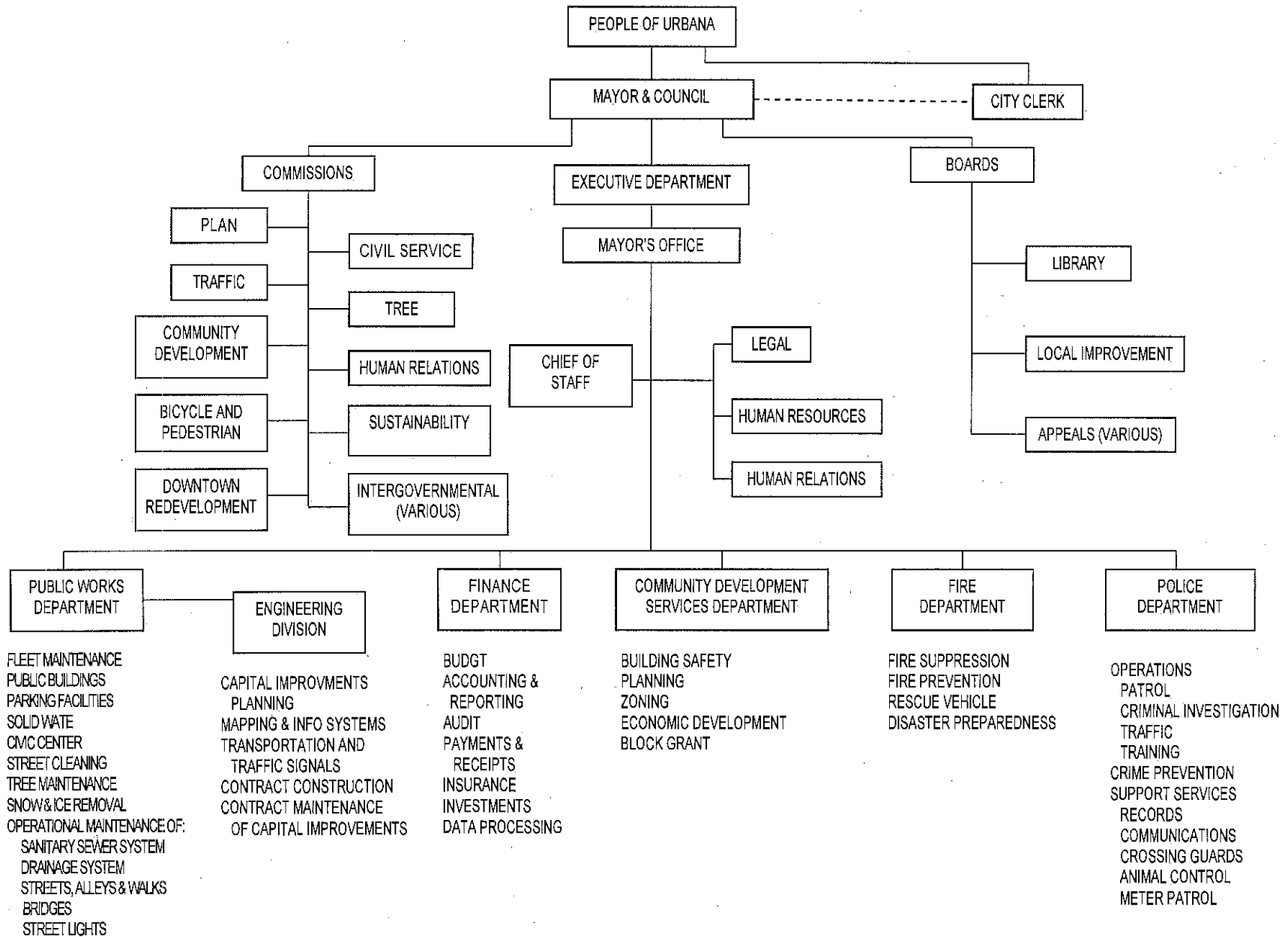
Community Development Director
Libby Tyler

City Attorney
James Simon

City Comptroller
Rich Hentschel

Urbana Free Library Director
Celeste Choate

CITY OF URBANA ORGANIZATION CHART STRUCTURE AND MAJOR SERVICE FUNCTIONS



FINANCIAL SECTION



BRAY, DRAKE, LILES & RICHARDSON LLP

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R. NEIL RICHARDSON, CPA

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Independent Auditor's Report

To the City Council
City of Urbana, Illinois

Report on the Financial Statements

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 City of Urbana, Illinois, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1F to the financial statements, in 2013 the City adopted new accounting guidance, *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

**To the City Council
City of Urbana, Illinois**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 – 27 and the Schedule of Funding Progress for I.M.R.F. on page 82 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Urbana's basic financial statements. The introductory section, combining and individual nonmajor fund budgetary financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund budgetary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund budgetary financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2014, on our consideration of the City of Urbana, Illinois' 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Urbana, Illinois' internal control over financial reporting and compliance.



BRAY, DRAKE, LILES & RICHARDSON LLP

**Urbana, Illinois
May 20, 2014**

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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 at the front of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2013, by \$135,659,644. This includes all of the City's infrastructure assets, net of depreciation.
- Of this amount \$98,842,281 is in capital assets (net of related debt). Restricted net position of \$10,645,172 may be used for programs with external restrictions. The remaining amount of \$26,172,191 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- During the year, revenues of \$44,683,358 exceeded expenses of \$41,925,039, increasing the City's net position by \$2,758,319. The increase in net position consists of \$2,905,399 increase in net position of governmental activities and \$147,080 decrease in net position of business-type activities.
- At June 30, 2013, the governmental funds reported combined fund balances of \$29,864,342, of which \$438,458 was non-spendable, \$12,733,336 was restricted due to constraints of external authorities, \$12,048,003 was committed for certain specific purposes by formal action of the City Council, and \$4,644,545 was available for spending at the City's discretion as unassigned fund balance.
- Governmental fund balances increased \$639,572 during the year.
- The City's long-term debt increased \$3,722,089 due to additions to debt principal of \$3,800,000, debt principal retirements of \$197,684 a net increase in accumulated compensated employee absences of \$71,648, and a net increase in other postemployment benefits of \$48,125.

Overview of the Financial Statements:

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Urbana's finances, in a

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2013

manner similar to a private-sector business. The government wide financial statements are included on pages 28 - 29 of the report.

- The Statement of Net Position presents information on all of the City of Urbana assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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. The Fund Financial Statements follow the Government-wide Financial Statements and are included in pages 30 – 37 in this report.

- 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 near-term financing requirements of the City of Urbana.
- 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

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2013

governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

- The City of Urbana maintains twenty-one 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.

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 has been included within governmental activities in the government-wide financial statements.
- The basic proprietary fund financial statements can be found on pages 38 – 41 of this report.

Fiduciary Funds:

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

CITY OF URBANA

Management's Discussion and Analysis

June 30, 2013

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 42 – 43 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 44 – 81 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 I.M.R.F. employee pension obligation of the City. Required Supplementary Information can be found on page 82 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 83 – 112 of this report.

Government-wide Financial Analysis:

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the net position of the City of Urbana 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 (\$98,842,281 or 73% of net position). 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 \$10,645,172 (8% of net position) 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 (\$26,172,191 or 19% of net position). Following is a comparative statement of net position (amounts expressed in thousands):

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	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$52,051	\$50,398	\$3,055	\$3,156	\$55,106	\$53,555
Other assets	8,226	7,364	0	0	8,226	7,364
Capital assets	<u>92,594</u>	<u>87,036</u>	<u>6,248</u>	<u>6,022</u>	<u>98,842</u>	<u>93,058</u>
Total	152,870	144,799	9,303	9,178	162,174	153,977
Current liabilities	21,270	19,141	643	356	21,914	19,497
Non-current liabilities	<u>4,541</u>	<u>1,504</u>	<u>59</u>	<u>74</u>	<u>4,601</u>	<u>1,579</u>
Total	25,812	20,645	703	430	26,514	21,076
Net position						
Invested in Capital Assets	92,594	87,036	6,248	5,778	98,842	92,814
Restricted	10,645	9,781	0	0	10,645	9,781
Unrestricted	<u>23,820</u>	<u>27,336</u>	<u>2,353</u>	<u>2,970</u>	<u>26,172</u>	<u>30,306</u>
Total Net position	\$127,059	\$124,153	\$8,601	\$8,748	\$135,660	\$132,901

At the end of the fiscal year, the City of Urbana is able to report positive balances in all categories of net position, both for the government as a whole, as well as for governmental and business-type activities. For governmental activities, net position invested in capital assets (net of related debt) increased \$5,558,113. Restricted net position from governmental activities increased \$863,801. Unrestricted net position from governmental activities decreased \$3,516,515. There was a decrease in net position from business-type activities of \$147,080 and an increase of \$470,001 in the investment in capital assets from business-type activities (net of related debt); therefore, net position from business-type activities other than capital assets decreased \$617,081.

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

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	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for Services	\$6,121	\$6,607	\$1,183	\$1,102	\$7,304	\$7,709
Operating Grants & Contributions	2,512	1,826	0	0	2,512	1,826
Capital Grants & Contributions	3,890	6,200	0	0	3,890	6,200
General Revenues:						
Property Tax	10,397	10,583	0	0	10,397	10,583
Utility Tax	4,093	3,965	0	0	4,093	3,965
Sales Tax	10,170	9,791	0	0	10,170	9,791
Intergovernmental, Not Restricted to Specific Programs	4,333	4,109	0	0	4,333	4,109
Investment Income	(411)	769	(14)	94	(425)	863
Other Taxes	2,211	2,128	0	0	2,211	2,128
Other	<u>199</u>	<u>44</u>	<u>0</u>	<u>100</u>	<u>199</u>	<u>144</u>
Total Revenues	<u>\$43,514</u>	<u>\$46,022</u>	<u>\$1,169</u>	<u>\$1,296</u>	<u>\$44,683</u>	<u>\$47,318</u>
Expenses:	<u>2013</u>	<u>2013</u>				
Public Safety	16,107	15,116	0	0	16,107	15,116
Highways & Streets	11,527	10,376	0	0	11,527	10,376
General Government	3,654	3,457	0	0	3,654	3,457
Urban Redevelopment and House	5,969	6,737	0	0	5,969	6,737
Library Services	3,933	3,844	0	0	3,933	3,844
Motor Vehicle Parking	<u>0</u>	<u>0</u>	<u>735</u>	<u>698</u>	<u>735</u>	<u>698</u>
Total Expenses	<u>41,190</u>	<u>39,530</u>	<u>735</u>	<u>698</u>	<u>41,925</u>	<u>40,228</u>
Increase In Net position Before Transfers	2,324	6,492	434	598	2,758	7,090
Transfers In (Out)	<u>581</u>	<u>508</u>	<u>(581)</u>	<u>(508)</u>	<u>0</u>	<u>(0)</u>
Increase in Net position	2,905	7,000	(147)	90	2,758	7,090
Net position, Beg. 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>
Net position, End Year	<u>127,059</u>	<u>124,153</u>	<u>8,601</u>	<u>8,748</u>	<u>135,660</u>	<u>132,901</u>

Total revenues from governmental activities decreased \$2,507,077 or 5.4%. Reasons for significant revenue changes were:

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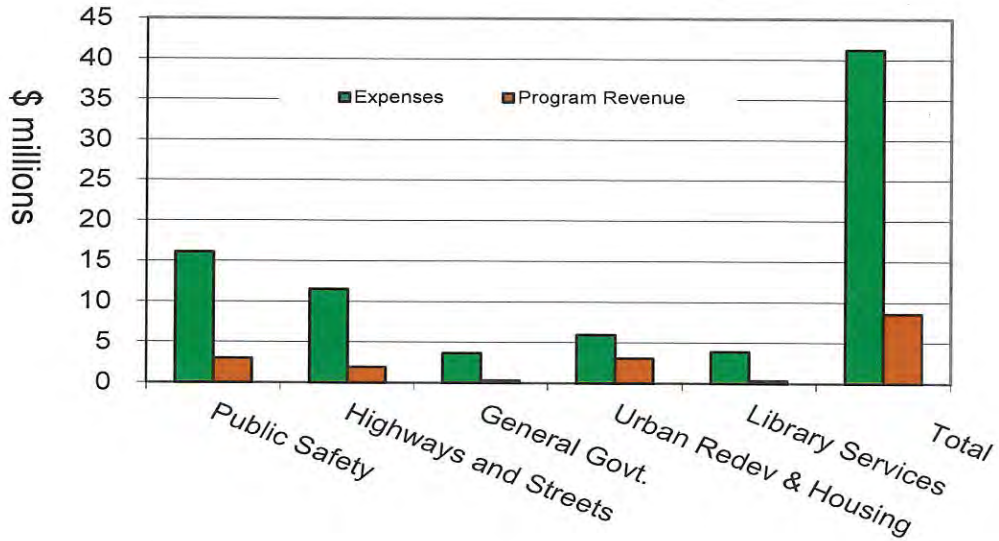
- Charges for services decreased due in part to a large, non-recurring building permit of \$608,682.
- During the prior year, the City received a federal capital grant in the amount of \$4,048,821 for the construction of an internet broadband system. In the current year this amount was \$970,022.
- The Motor Fuel Tax fund received State grants of \$239,025 in the prior year and \$1,032,753 in the current year.
- Property tax decreased due to tax-exemption for Carle Hospital and a non-recurring distribution of \$1,136,003 for Provena Hospital from 2004 and 2006 that had previously been in dispute and held in escrow.
- Sales and other taxes both increased as the City implemented a new tax in the prior year on the sales of packaged alcohol and increased the rate on the hotel tax which had a full-year effect for the first time.
- Investment income decreased due to a decline in the fair value of investments at year end.
- Other revenues experienced both increases and decreases in the normal range due to the general economic activity.
- Expenses from governmental activities increased \$1,660,430 or 4.2%. This amount is more than previous years when increases approximated inflationary levels. Significant expense changes were:
 - Public Safety increased 6.6% due to increases in personnel costs of \$649,838 and a \$115,690 increase in expenditure on equipment and services.
 - Highways and Streets increased 11.1%, mostly in the area of capital improvements.
 - Other individual program increases experienced increases due mainly to scheduled salary adjustments under bargaining agreements and increases in employee insurance and pension costs.
- Program revenues from charges for services and operating grants paid for 21% of expenses in 2013, very similar to the last two years of 21% and 19%. The following chart compares program revenues of charges for services and operating grants with program expenses for governmental functions.

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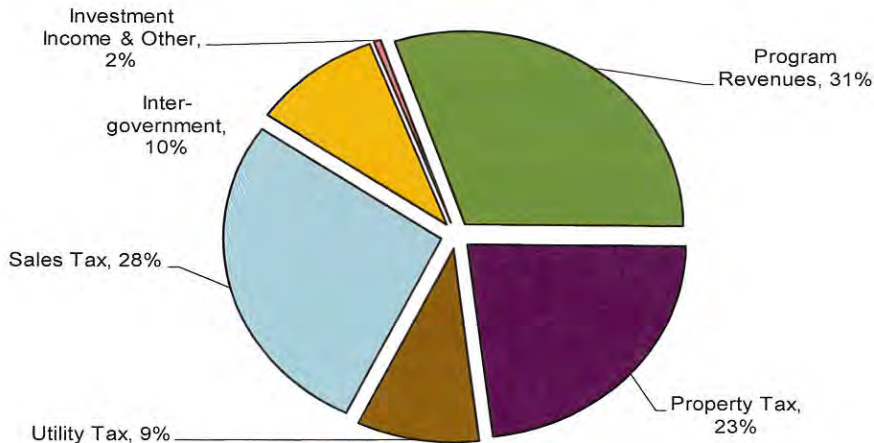
Expenses and Program Revenues – Governmental Activities



Revenues by Source - 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



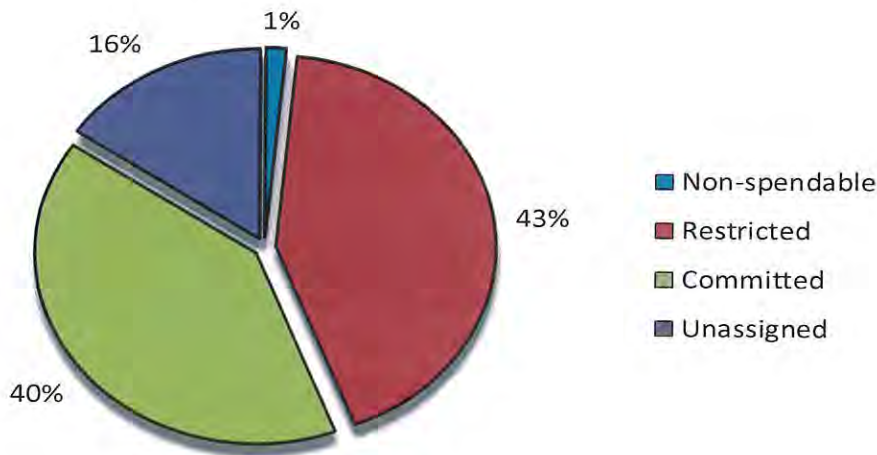
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Financial Analysis of the Government's Funds:

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 \$29,864,342, an increase of \$639,572 from last year (2.2% of beginning fund balance). Non-spendable fund balance increased \$20,260 to an amount of \$438,458. Restricted fund balance increased \$843,789 to an amount of \$12,733,336. Committed fund balance increased \$961,548 to an amount of \$12,048,003. Unassigned fund balance decreased \$1,186,025 to an amount of \$4,644,545. Following is a chart showing the types of fund balance at June 30, 2013.



The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by \$312,380. Planned transfers of \$1,470,597 to various other funds mainly for certain other operating expenses and transfers of fund balance meant the fund balance decreased \$1,158,217 for the year to \$5,062,608 at June 30, 2013. This reduction is unusually large and is due in part to the transfer of fund balance to two separate funds for recycling and cable TV. The transfer of fund balance totaled \$621,411. If not for that transfer the change in fund balance for the general fund would have been a decrease of \$536,806

Management believes this remains an acceptable level of fund balance (18% of total expenditures and transfers; 23% last year and 19% the year before). This decrease reflects, in part, management's decision to reduce fund balance, and in part due to an

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unexpected reduction in property tax income. In the near future, management will strive to maintain fund balance at an acceptable level similar to the recent past.

Other Major Governmental Funds:

Urbana Free Library Fund. Expenditures exceeded revenues by \$357,863. Planned transfers of \$376,395 from other funds to finance employee retirement costs, meant the fund balance increased \$18,532 for the year to \$2,126,708. Management believes this fund balance of 50% of expenditures acceptable (last year was 50%). In the future, fund balance should remain at approximately the same level.

Tax Increment Financing District 3 Fund. Expenditures and planned transfers out exceeded revenues by \$506,418 leaving a fund balance at the end of the year of \$883,397. This fund has reduced fund balance in order to implement economic development projects, which are currently ongoing.

Other Non-Major Governmental Funds:

During the year, expenditures exceeded revenues in other non-major governmental funds by \$3,381,077. This was due in part to a decrease in intergovernmental revenues of \$1,631,281 and an increase in highways and streets expenditures of \$1,276,557. Net planned transfers in of \$1,866,752 from other funds mainly for certain operating expenses, and bond proceeds of \$3,800,000 meant the fund balance increased \$2,285,675 for the year to a combined total of \$21,791,629 at June 30, 2013. Management believes this is an acceptable level of fund balance.

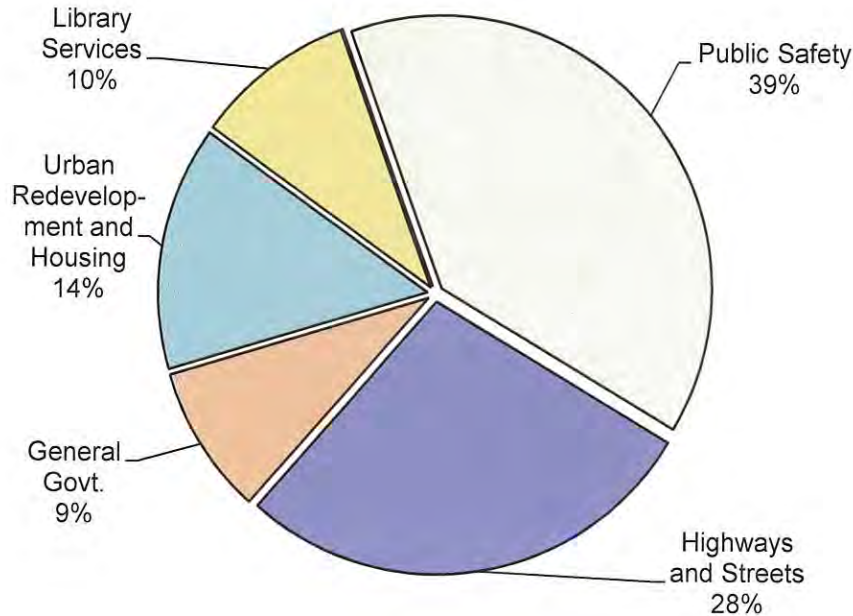
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The chart below illustrates the breakdown of current program costs for governmental activities:

Current Expenses 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 position of the Motor Vehicle Parking Fund at June 30, 2013 was \$8,600,916 which was a decrease of \$147,080 over last year. Management believes this level of fund balance remains 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 decreased by the amount of \$90,260. This decrease was primarily due to a reduction in Police and Fire pension transfers, and an increase in vehicle service expenditures.

Total revenues were \$98,294 more than the original budget and \$36,706 less than the final budget (0.1% variance). The increase in the final budget for revenues of \$276,000 was from an increase in certain sales tax rates to pay for the salary increase in the

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expenditures budget. Following is a detail breakdown of general fund revenue variances of actual amounts received to budget:

	<u>Variance</u>	<u>% Variance</u>
Property tax	(\$52,800)	-1.3%
Utility tax	(\$146,420)	-1.3%
State and local sales tax	(\$37,138)	-1.4%
Hotel tax	\$118,496	13.6%
Intergovernmental	\$492,254	-2.1%
Interest	(\$227,337)	-138.0%
Licenses, fines and service charges	<u>(\$183,761)</u>	<u>-7.4%</u>
Total	(\$36,706)	-0.1%

All revenues were within normal budget variances except for Hotel Tax, interest and licenses, fines and service charges. Interest was 138.0% below budget due to significantly lower interest rates and loss in investment value. Licenses, fines and service charges were 7.4% below budget due in part to lower housing inspection and building permit fees.

Total expenditures were \$1,677,968 lower than the original budget and \$1,587,708 lower than the final budget (5.6% 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	23,473,110	22,658,759	-814,351	-3.5%
Materials and Supplies	747,200	547,934	-199,266	-26.7%
Other Services / Charges	4,172,820	3,598,732	-574,088	-13.8%
Capital Outlay	55,460	55,457	-3	0.0%
Total	28,448,590	26,860,882	-1,587,708	-5.6%

Fifty-one percent of the total difference was in personnel services. This variance in personnel services can be considered to be higher than normal and was due to the city not filling personnel vacancies during the year. The difference in materials and supplies was primarily highways and streets under budget on operational purchases. Variances in other services and charges was due to the City incurring lower utility and certain contractual amounts in Public Safety and Highways and Streets.

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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, 2013, was \$98,842,281 (net of accumulated depreciation and related debt for business-type activities), an increase of \$6,028,114 over last year. This increase is \$289,299 larger than last year's increase of \$5,738,815. The majority of this amount is due to several large infrastructure assets (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 \$10,573,169 in total capital assets.
- Addition of \$1,287,146 in equipment the largest acquisitions being \$946,957 in heavy equipment for highways and streets.
- Addition of \$8,554,376 in infrastructure the largest acquisitions being \$333,346 for an Olympian Drive engineering study, \$765,107 for improvements to Windsor Road, and \$770,856 for Washington Street resurfacing and \$368,585 for lighting improvements to King Park, and \$202,359 in improvements to the downtown parking lot. All other improvements were less than \$200,000.
- Addition of \$639,262 in buildings and improvements. Acquisitions include \$511,959 for improvements to the parking garage.
- Depreciation expense of \$4,788,571 was charged (\$3,012,544 was for infrastructure)
- Assets of \$2,140,644 were taken out of service during the year. All of these assets were fully depreciated.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$6,035	\$5,943	\$3,766	\$3,766	\$9,801	\$9,709
Building and Improvements	14,171	14,396	2,341	2,083	\$16,512	\$16,479
Equipment	5,883	5,734	142	173	\$6,025	\$5,907
Infrastructure	<u>66,505</u>	<u>60,963</u>	<u>-</u>	<u>-</u>	<u>\$66,505</u>	<u>\$60,963</u>
Total Net Capital Assets	\$92,594	\$87,036	\$6,248	\$6,022	\$98,842	\$93,058

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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 \$3,800,000 at June 30, 2013. This entire amount is backed by the full faith and credit of the City of Urbana. Following is a comparative statement of outstanding debt (in thousands):

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Special revenue bonds	\$0	\$0	\$0	\$155	\$0	\$155
Special revenue note	0	0	74	89	74	89
General Obligation bond	3,800	0	0	0	3,800	0
Accumulated employee Absences	2,135	2,064	0	0	2,135	2,064
Landfill post-closure Monitoring	143	172	0	0	143	172
Other postemployment Benefits	337	288	0	0	337	288
Total	\$6,415	\$2,524	\$74	\$244	\$6,490	\$2,768

During the year, \$169,034 of special revenue debt was retired; \$28,650 of landfill post-closure monitoring costs was amortized; \$2,072,977 of accumulated employee absences was retired; \$2,144,625 in additional accumulated employee absences was accrued; \$111,427 of other postemployment benefits was retired; and \$159,552 in other post-employment benefits was accrued.

The City of Urbana maintains an Aa rating from Moody's. As a home-rule unit, no legal limit exists on the amount of debt that can be outstanding. Additional information on the City of Urbana long-term debt can be found in note 4 of this report.

Economic Factors and Next Year's Budget.

The presence of the University of Illinois and other large employers in the area provide 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 as the economy in the local area is slowly improving. Except for the loss of two area hospitals from the tax rolls, assessed value is expected to improve slightly. We believe the future of the local real estate market

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remains strong, although growth in assessed value is estimated to be only slight 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 in recent years, but the recent increases in economic activity are showing improvements. Even still, 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 and deferring the purchase of certain major pieces of equipment, continued in FY2012-13. Management also implemented increases in certain fees and charges.

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, City of Urbana, 400 South Vine Street, Urbana, 61801.

CITY OF URBANA

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 11,386,536	\$ 627,678	\$ 12,014,214
Investments	29,884,726	2,474,102	32,358,828
Receivables, Net of Uncollectibles	10,172,366	15,059	10,187,425
Internal Balances	65,497	(65,497)	-
Prepaid Items	438,458	962	439,420
Inventory of Supplies, at Cost	103,348	2,882	106,230
Total Current Assets	<u>52,050,931</u>	<u>3,055,186</u>	<u>55,106,117</u>
Non-Current Assets:			
Investment in Joint Venture	123,310		123,310
Overfunded Net Pension Obligation	8,102,240		8,102,240
Capital Assets:			
Land	6,035,168	3,765,739	9,800,907
Buildings and Improvements	14,171,338	2,340,801	16,512,139
Equipment	5,882,830	141,723	6,024,553
Infrastructure	66,504,682	-	66,504,682
Total Non-Current Assets	<u>100,819,568</u>	<u>6,248,263</u>	<u>107,067,831</u>
Total Assets	<u>\$ 152,870,499</u>	<u>\$ 9,303,449</u>	<u>\$ 162,173,948</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts Payable	\$ 2,907,507	\$ 447,248	\$ 3,354,755
Claims Payable	334,632	-	334,632
Accrued Interest	12,402	3,072	15,474
Accrued Salaries and Taxes	836,251	4,674	840,925
Unearned Revenues	337,920	173,056	510,976
Property Taxes Held In Escrow	14,967,812	-	14,967,812
Accrued Compensated Absences	1,030,241	-	1,030,241
Landfill Post-Closure Monitoring	28,650	-	28,650
General Obligation Bonds	815,000	-	815,000
Revenue Bonds and Notes	-	15,297	15,297
Total Current Liabilities	<u>21,270,415</u>	<u>643,347</u>	<u>21,913,762</u>
Non-Current Liabilities:			
Accrued Compensated Absences	1,105,221	-	1,105,221
Landfill Post-Closure Monitoring	114,600	-	114,600
Other Post Employment Benefits (Net)	336,535	-	336,535
General Obligation Bonds	2,985,000	-	2,985,000
Revenue Bonds and Notes	-	59,186	59,186
Total Non-Current Liabilities	<u>4,541,356</u>	<u>59,186</u>	<u>4,600,542</u>
Total Liabilities	<u>\$ 25,811,771</u>	<u>\$ 702,533</u>	<u>\$ 26,514,304</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	92,594,018	6,248,263	98,842,281
Restricted:			
Special Revenue Purposes:			
Urban Redevelopment and Housing	5,913,290	-	5,913,290
Capital Outlay	4,731,882	-	4,731,882
Unrestricted	23,819,538	2,352,653	26,172,191
Total Net Position	<u>\$ 127,058,728</u>	<u>\$ 8,600,916</u>	<u>\$ 135,659,644</u>
Total Liabilities and Net Position	<u>\$ 152,870,499</u>	<u>\$ 9,303,449</u>	<u>\$ 162,173,948</u>

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

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STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2013

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Services	Operating Grants	Capital Grants			
GOVERNMENTAL ACTIVITIES:							
Public Safety	\$ 16,107,207	\$ 2,987,643	\$ -	\$ 62,676	\$ (13,056,888)	\$ -	\$ (13,056,888)
Highways and Streets	11,526,898	1,832,921	133,835	3,716,677	(5,843,465)	-	(5,843,465)
General Government	3,653,656	285,723	-	-	(3,367,933)	-	(3,367,933)
Urban Redevelopment & Housing	5,969,223	786,118	2,296,321	110,692	(2,776,092)	-	(2,776,092)
Library Services	3,933,124	228,516	81,591	-	(3,623,017)	-	(3,623,017)
Total Governmental Activities	41,190,108	6,120,921	2,511,747	3,890,045	(28,667,395)	-	(28,667,395)
BUSINESS-TYPE ACTIVITIES:							
Motor Vehicle Parking	734,931	1,183,210	-	-	-	448,279	448,279
Total Functions/Programs	41,925,039	7,304,131	2,511,747	3,890,045	(28,667,395)	448,279	(28,219,116)
General Revenues:							
Property Taxes					10,396,921	-	10,396,921
Utility Tax					4,093,210	-	4,093,210
State and Local Sales Tax					10,169,725	-	10,169,725
Sewer Benefit Tax					1,223,631	-	1,223,631
Hotel/Motel Tax					987,406	-	987,406
Intergovernmental, Not Restricted to Specific Functions/Programs					4,332,672	-	4,332,672
Investment Income					(410,978)	(14,281)	(425,259)
Other					127,639	-	127,639
Increase in Investment in Joint Venture					71,490	-	71,490
Transfers					581,078	(581,078)	-
Total General Revenues and Transfers					31,572,794	(595,359)	30,977,435
Change in Net Position					2,905,399	(147,080)	2,758,319
Net Position - Beginning of Year					\$ 124,153,329	\$ 8,747,996	\$ 132,901,325
Net Position - End of Year					\$ 127,058,728	\$ 8,600,916	\$ 135,659,644

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

CITY OF URBANA

Governmental Funds - Combined Balance Sheet

June 30, 2013

ASSETS	General	Urbana Free Library	Tax Increment Financing District 3	Other Governmental Funds	Totals
Cash and Cash Equivalents:					
Cash on Hand	\$ 2,381	\$ 516	\$ -	\$ 300	\$ 3,197
Checking	11,883	29,299	-	164,359	205,541
Savings	695,172	1,405,014	1,230,413	7,839,044	11,169,643
Illinois Public Treasurer's Pool	1,484,663	26,200	-	172,427	1,683,290
Money Market Funds	1,043,175	228,730	-	-	1,271,905
Investments	980,742	120,799	11,906,390	13,921,600	26,929,531
Receivables (Net of Uncollectibles)	4,604,238	1,574,345	560,758	3,433,025	10,172,366
Due from Other Funds	1,370,588	-	-	96,196	1,466,784
Prepaid Expenditures	418,063	-	-	20,395	438,458
Total Assets	\$ 10,610,905	\$ 3,384,903	\$ 13,697,561	\$ 25,647,346	\$ 53,340,715
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to Other Funds	\$ -	\$ -	\$ 68,032	\$ 1,305,993	\$ 1,374,025
Accounts Payable	417,185	13,284	1,030,500	1,408,381	2,869,350
Claims Payable	334,632	-	-	-	334,632
Accrued Salaries and Taxes	754,380	48,471	2,825	20,763	826,439
Property Tax Held in Escrow	3,596,742	-	11,371,070	-	14,967,812
Unearned Revenues	445,358	1,196,440	341,737	1,120,580	3,104,115
Total Liabilities	5,548,297	1,258,195	12,814,164	3,855,717	23,476,373
Fund Balance:					
Non-spendable-prepaid expenditures	418,063	-	-	20,395	438,458
Restricted for:					
Urban Redevelopment and Housing:					
Library services	-	2,126,708	-	-	2,126,708
T.I.F. economic development	-	-	883,397	4,991,349	5,874,746
Subtotal, Restricted for Urban Redevelopment and Housing	-	2,126,708	883,397	4,991,349	8,001,454
Street improvements	-	-	-	2,740,425	2,740,425
Boneyard improvements	-	-	-	1,991,457	1,991,457
Total Restricted Fund Balance	-	2,126,708	883,397	9,723,231	12,733,336
Committed for:					
Other purposes	-	-	-	783,318	783,318
Vehicle & Equipment replacement	-	-	-	4,448,563	4,448,563
Other economic development	-	-	-	388,490	388,490
Worker compensation claims	-	-	-	2,941,609	2,941,609
Street and Sewer improvements	-	-	-	3,405,776	3,405,776
Other infrastructure improvements	-	-	-	80,247	80,247
Total Committed Fund Balance	-	-	-	12,048,003	12,048,003
Unassigned	4,644,545	-	-	-	4,644,545
Total Fund Balance	5,062,608	2,126,708	883,397	21,791,629	29,864,342
Total Liabilities and Fund Balance	\$ 10,610,905	\$ 3,384,903	\$ 13,697,561	\$ 25,647,346	\$ 53,340,715

CITY OF URBANA

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION FOR GOVERNMENTAL ACTIVITIES

June 30, 2013

Total fund balances - governmental funds	\$ 29,864,342
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	92,470,089
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	10,991,744
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 the governmental activities in the statement of net assets.	160,201
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,427,648)</u>
Net position of governmental activities	<u>\$ 127,058,728</u>

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

CITY OF URBANA

Governmental Funds

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

Fiscal Year Ended June 30, 2013

	General	Urbana Free Library	Tax Increment Financing District 3	Other Governmental Funds	Totals
Revenues:					
Property Tax	\$ 4,142,228	\$ 2,962,518	\$ 849,744	\$ 2,605,172	\$ 10,559,662
Utility Tax	4,093,210	-	-	-	4,093,210
State and Local Sales Tax	9,455,402	-	-	714,323	10,169,725
Sewer Benefit Tax	-	-	-	1,223,631	1,223,631
Hotel/Motel Tax	987,406	-	-	-	987,406
Intergovernmental	6,101,074	165,234	-	6,320,201	12,586,509
Net Investment Earnings	(96,537)	6,247	(237,863)	(82,825)	(410,978)
Licenses, Fines, and Service Charges	2,490,479	228,516	-	1,533,487	4,252,482
Other-Donations	-	127,639	-	-	127,639
Total Revenues	27,173,262	3,490,154	611,881	12,313,989	43,589,286
Expenditures:					
Current:					
Public Safety	15,835,649	-	-	260,883	16,096,532
Highways and Streets	6,206,184	-	-	1,643,475	7,849,659
General Government	3,226,540	-	-	477,753	3,704,293
Urban Redevelopment and Housing	1,537,052	-	558,242	3,850,407	5,945,701
Library Services	-	3,735,021	-	-	3,735,021
Capital Outlay	55,457	112,996	368,585	9,462,548	9,999,586
Total Expenditures	26,860,882	3,848,017	926,827	15,695,066	47,330,792
Excess of Revenues Over (Under) Expenditures	312,380	(357,863)	(314,946)	(3,381,077)	(3,741,506)
Other Financing Sources (Uses):					
Transfers In	-	376,395	-	2,438,988	2,815,383
Transfers Out	(1,470,597)	-	(191,472)	(572,236)	(2,234,305)
Bond Proceeds	-	-	-	3,800,000	3,800,000
Total Other Financing Sources (Uses)	(1,470,597)	376,395	(191,472)	5,666,752	4,381,078
Net Changes in Fund Balances	(1,158,217)	18,532	(506,418)	2,285,675	639,572
Fund Balance, Beginning of Year:	6,220,825	2,108,176	1,389,815	19,505,954	29,224,770
Fund Balance, End of Year	\$ 5,062,608	\$ 2,126,708	\$ 883,397	\$ 21,791,629	\$ 29,864,342

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 BALANCES FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES FOR GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$ 639,572
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	5,497,157
<p>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.</p>	(162,741)
<p>Payments in excess of the annual require contribution to the Police and Fire pensions are reported as an asset, Overfunded Net Pension Obligation in the government-wide financial statements.</p>	789,838
<p>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 the governmental funds.</p>	(48,283)
<p>Issuance of bonds are revenue in governmental activities but are a liability in the government-wide statement of activities.</p>	(3,800,000)
<p>Interest accrued on bonds is an expense in government-wide statements.</p>	(12,402)
<p>Amortization of long-term liability for future landfill monitoring</p>	28,650
<p>An internal service fund is used by management to charge the costs of certain activities such as central garage costs to individual funds. The net revenue (expense) of the internal service fund is reported with government activities.</p>	<u>(26,392)</u>
<p>Change in Net Position of Governmental Activities</p>	<u>\$ 2,905,399</u>

The Notes to Financial Statements are an integral part of this statement.

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Property Tax	\$ 4,195,028	\$ 4,195,028	\$ 4,142,228	\$ (52,800)
Utility Tax	4,104,630	4,239,630	4,093,210	(146,420)
State and Local Sales Tax	9,492,540	9,492,540	9,455,402	(37,138)
Hotel/Motel Tax	868,910	868,910	987,406	118,496
Intergovernmental	5,608,820	5,608,820	6,101,074	492,254
Net Investment Earnings:				
Interest	130,800	130,800	189,638	58,838
Net Increase (Decrease) in Fair Value of Investments	-	-	(286,175)	(286,175)
Subtotal, Net Investment Earnings	130,800	130,800	(96,537)	(227,337)
Licenses, Fines, and Service Charges	2,674,240	2,674,240	2,490,479	(183,761)
Total Revenues	<u>\$ 27,074,968</u>	<u>\$ 27,209,968</u>	<u>\$ 27,173,262</u>	<u>\$ (36,706)</u>
Expenditures-Current:				
Public Safety:				
Police:				
Personnel Services	\$ 8,014,240	\$ 8,014,240	\$ 7,789,559	\$ 224,681
Materials & Supplies	53,670	53,670	42,717	10,953
Other Services & Charges	1,112,420	1,000,520	897,014	103,506
Total Police	<u>9,180,330</u>	<u>9,068,430</u>	<u>8,729,290</u>	<u>339,140</u>
Fire:				
Personnel Services	6,740,350	6,675,740	6,443,607	232,133
Materials & Supplies	70,590	82,590	82,557	33
Other Services & Charges	634,180	641,430	580,195	61,235
Total Fire	<u>7,445,120</u>	<u>7,399,760</u>	<u>7,106,359</u>	<u>293,401</u>
Total Public Safety	<u>16,625,450</u>	<u>16,468,190</u>	<u>15,835,649</u>	<u>632,541</u>
Highways and Streets:				
Personnel Services	4,753,420	4,753,420	4,575,129	178,291
Materials & Supplies	532,200	532,200	367,717	164,483
Other Services & Charges	1,538,270	1,538,270	1,263,338	274,932
Total Highways and Streets	<u>6,823,890</u>	<u>6,823,890</u>	<u>6,206,184</u>	<u>617,706</u>

(Continued)

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Executive:				
Personnel Services	\$ 1,208,600	\$ 1,208,600	\$ 1,138,325	\$ 70,275
Materials & Supplies	9,010	9,010	3,790	5,220
Other Services & Charges	330,640	397,640	398,309	(669)
Total Executive	<u>1,548,250</u>	<u>1,615,250</u>	<u>1,540,424</u>	<u>74,826</u>
Finance:				
Personnel Services	1,244,920	1,244,920	1,229,670	15,250
Materials & Supplies	47,580	47,580	38,283	9,297
Other Services & Charges	204,980	204,980	154,064	50,916
Total Finance	<u>1,497,480</u>	<u>1,497,480</u>	<u>1,422,017</u>	<u>75,463</u>
City Clerk:				
Personnel Services	206,290	206,290	191,168	15,122
Materials & Supplies	2,880	2,880	2,709	171
Other Services & Charges	29,490	29,490	20,734	8,756
Total City Clerk	<u>238,660</u>	<u>238,660</u>	<u>214,611</u>	<u>24,049</u>
Legislative:				
Personnel Services	46,440	46,440	46,402	38
Materials & Supplies	750	750	677	73
Other Services & Charges	6,500	6,500	2,409	4,091
Total Legislative	<u>53,690</u>	<u>53,690</u>	<u>49,488</u>	<u>4,202</u>
Total General Government	<u>3,338,080</u>	<u>3,405,080</u>	<u>3,226,540</u>	<u>178,540</u>
Urban Redevelopment and Housing:				
Personnel Services	1,323,460	1,323,460	1,244,899	78,561
Materials & Supplies	18,520	18,520	9,484	9,036
Other Services & Charges	353,990	353,990	282,669	71,321
Total Urban Redevelopment and Housing	<u>1,695,970</u>	<u>1,695,970</u>	<u>1,537,052</u>	<u>158,918</u>
Subtotal, Current Expenditures	<u>28,483,390</u>	<u>28,393,130</u>	<u>26,805,425</u>	<u>1,587,705</u>
Capital Outlay	<u>55,460</u>	<u>55,460</u>	<u>55,457</u>	<u>3</u>
Total Expenditures	<u>\$ 28,538,850</u>	<u>\$ 28,448,590</u>	<u>\$ 26,860,882</u>	<u>\$ 1,587,708</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,463,882)</u>	<u>(1,238,622)</u>	<u>312,380</u>	<u>1,551,002</u>
Other Financing Sources (Uses):				
Transfer Out to separate Recycling to Spl Revenue	-	-	(593,464)	593,464
Transfer Out to separate Public TV to Spl Revenue	-	-	(27,947)	27,947
Other Transfers Out	(605,235)	(605,235)	(849,186)	243,951
Total Other Financing Sources (Uses)	<u>(605,235)</u>	<u>(605,235)</u>	<u>(1,470,597)</u>	<u>865,362</u>
Net Changes in Fund Balances	(2,069,117)	(1,843,857)	(1,158,217)	685,640
Fund Balance, Beginning of Year:	<u>6,220,825</u>	<u>6,220,825</u>	<u>6,220,825</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,151,708</u>	<u>\$ 4,376,968</u>	<u>\$ 5,062,608</u>	<u>\$ 685,640</u>

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Property Tax	\$ 3,113,825	\$ 3,113,825	\$ 2,962,518	\$ (151,307)
Intergovernmental	148,802	149,802	165,234	15,432
Net Investment Earnings - Interest	8,300	8,300	6,247	(2,053)
Licenses, Fines, and Service Charges	225,932	224,932	228,516	3,584
Other-Donations	-	-	127,639	127,639
Total Revenues	3,496,859	3,496,859	3,490,154	(6,705)
Expenditures:				
Current:				
Library Services:				
Personnel Services	2,904,709	2,820,253	2,760,149	60,104
Materials and Supplies	704,801	713,301	470,985	242,316
Contractual Services	422,690	504,662	503,887	775
Total Library Services	4,032,200	4,038,216	3,735,021	303,195
Capital Outlay	113,909	113,909	112,996	913
Total Expenditures	4,146,109	4,152,125	3,848,017	304,108
Net Revenues Over (Under) Expenditures	(649,250)	(655,266)	(357,863)	297,403
Other Financing Sources (Uses):				
Transfers In	412,930	412,930	376,395	(36,535)
Net Change in Fund Balance	(236,320)	(242,336)	18,532	260,868
Fund Balance, Beginning of Year	2,108,176	2,108,176	2,108,176	-
Fund Balance, End of Year	\$ 1,871,856	\$ 1,865,840	\$ 2,126,708	\$ 260,868

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 944,680	\$ 944,680	\$ 849,744	\$ (94,936)
Investment Earnings:				
Interest	20,500	20,500	174,912	154,412
Net Increase (Decrease) in Fair Value of Investments	-	-	(412,775)	(412,775)
Subtotal, Net Investment Earnings	20,500	20,500	(237,863)	(258,363)
Total Revenues	965,180	965,180	611,881	(353,299)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	63,620	63,620	85,383	(21,763)
Contractual Services	575,037	575,037	472,859	102,178
Total Urban Redevelopment and Housing	638,657	638,657	558,242	80,415
Capital Outlay	1,581,975	1,581,975	368,585	1,213,390
Total Expenditures	2,220,632	2,220,632	926,827	1,293,805
Excess of Revenues Over (Under) Expenditures	(1,255,452)	(1,255,452)	(314,946)	940,506
Other Financing Sources (Uses):				
Transfers In (Out)	(168,440)	(168,440)	(191,472)	(23,032)
Net Change in Fund Balance	(1,423,892)	(1,423,892)	(506,418)	917,474
Fund Balance, Beginning of Year:	1,389,815	1,389,815	1,389,815	-
Fund Balance, End of Year	\$ (34,077)	\$ (34,077)	\$ 883,397	\$ 917,474

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

CITY OF URBANA
Proprietary Funds
Statement of Net Position
June 30, 2013

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	\$ 350	\$ 350	\$ -
Checking	3,585	-	8,150
Savings	623,743	298,987	5
Total Cash and Cash Equivalents	<u>627,678</u>	<u>299,337</u>	<u>8,155</u>
Investments (At Fair Value)	2,474,102	2,823,380	-
Receivables (Net of Uncollectibles):			
Accounts	15,059	29,650	-
Due from Other Funds	-	-	-
Inventory of Supplies	2,882	2,868	103,348
Prepaid Expense	962	2,565	-
Total Current Assets	<u>3,120,683</u>	<u>3,157,800</u>	<u>111,503</u>
Capital Assets:			
Land	3,765,739	3,765,739	-
Parking Improvements	7,719,723	7,526,071	-
Equipment	381,271	391,901	265,446
Less Accumulated Depreciation	(5,618,470)	(5,661,933)	(141,517)
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,248,263</u>	<u>6,021,778</u>	<u>123,929</u>
Total Assets	<u>9,368,946</u>	<u>9,179,578</u>	<u>235,432</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	65,497	1,316	27,262
Accounts Payable	447,248	7,534	38,157
Accrued Interest	3,072	5,542	-
Accrued Salaries and Taxes	4,674	5,440	9,812
Deferred Revenue	173,056	168,234	-
General Obligation Debt-Current	15,297	169,034	-
Total Current Liabilities	<u>708,844</u>	<u>357,100</u>	<u>75,231</u>
Non-Current Liabilities:			
General Obligation Debt	59,186	74,482	-
Total Liabilities	<u>768,030</u>	<u>431,582</u>	<u>75,231</u>
Net Position:			
Invested in Capital Assets (Net of Related Debt)	6,173,780	5,778,262	123,929
Unrestricted	2,427,136	2,969,734	36,272
Total Net Position	<u>\$ 8,600,916</u>	<u>\$ 8,747,996</u>	<u>\$ 160,201</u>

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

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Yr.	Last Yr.	
Operating Revenues:			
Parking Meters	\$ 777,375	\$ 795,991	\$ -
Parking Rentals	305,835	305,928	-
Charges for Services	-	-	987,063
Total Operating Revenues	1,083,210	1,101,919	987,063
Operating Expenses:			
Personnel Services	207,538	184,674	361,906
Supplies	41,637	33,241	15,729
Contractual Services	189,113	190,108	102,950
Equipment Parts	-	-	178,588
Fuel	-	-	337,888
Depreciation	285,474	272,729	16,394
Total Operating Expenses	723,762	680,752	1,013,455
Operating Income (Loss)	359,448	421,167	(26,392)
Non Operating Revenues (Expenses):			
Intergovernmental-University Payment	100,000	100,000	-
Investment Income (Net of Invest. Expense)	(14,281)	94,511	-
Interest Expense	(11,169)	(17,660)	-
Total Non Operating Revenues (Expenses)	74,550	176,851	-
Income (Loss) Before Transfers	433,998	598,018	(26,392)
Transfers (Out)	(581,078)	(507,753)	-
Change in Net Assets	(147,080)	90,265	(26,392)
Net Position, Beginning of Year	8,747,996	8,657,731	186,593
Net Position, End of Year	\$ 8,600,916	\$ 8,747,996	\$ 160,201

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

CITY OF URBANA
Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2013

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal Service Fund
	Current Year	Last Year	
Cash Flows from Operating Activities:			
Receipts from Users	\$ 1,166,804	\$ 1,108,483	\$ 1,080,673
Payments to Employees	(208,304)	(183,704)	(362,309)
Payments to Suppliers	210,553	(221,035)	(633,005)
Net Cash Provided by (Used in) Operating Activities	<u>1,169,053</u>	<u>703,744</u>	<u>85,359</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	(581,078)	(507,753)	-
Cash Flows from Capital and Related Financing Activities:			
Purchase of Land	-	(44,115)	-
Purchase of Parking Improvements	(511,959)	(248,983)	-
Purchase (Sale) of Equipment	-	9,303	(77,350)
Payment of Interest on Debt	(13,639)	(19,888)	-
Payment of Debt Principal	(169,033)	(157,875)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(694,631)</u>	<u>(461,558)</u>	<u>(77,350)</u>
Cash Flows from Other Activities:			
Payment from University of Illinois	100,000	100,000	-
Cash Flows from Investing Activities:			
(Purchase) Sale of Investments	349,278	(48,767)	-
Net Investment Income	(14,281)	94,511	-
Net Cash Provided by (Used in) Investing Activities	<u>334,997</u>	<u>45,744</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	328,341	(119,823)	8,009
Beginning Cash and Cash Equivalents	<u>299,337</u>	<u>419,160</u>	<u>146</u>
Ending Cash and Cash Equivalents	<u>\$ 627,678</u>	<u>\$ 299,337</u>	<u>\$ 8,155</u>

(Continued)

CITY OF URBANA
Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2013

	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)	\$ 359,448	\$ 421,167	\$ (26,392)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	285,474	272,729	16,394
Decrease (Increase) in Accounts Receivable	14,591	(4,082)	-
Decrease (Increase) in Due from Other Funds	-	-	66,348
Decrease (Increase) in Prepaid Expense	1,603	(1,740)	1,415
(Increase) in Inventory of Supplies	(14)	138	281
Increase (Decrease) in Due to Other Funds	64,181	(14,800)	27,262
Increase (Decrease) in Accounts Payable	439,714	3,918	454
Increase (Decrease) in Accrued Salaries and Taxes	(766)	970	(403)
Increase (Decrease) in Deferred Revenues	4,822	25,445	-
 Net Cash Provided by (Used in) Operating Activities	 \$ 1,169,053	 \$ 703,745	 \$ 85,359

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

CITY OF URBANA
 Fiduciary Funds
 Employee's Pension Trust Funds
 Statement of Fiduciary Net Position
 June 30, 2013

ASSETS

Cash and Cash Equivalents:	
Checking	\$ 5,309
Savings	1,250,340
Money Market Funds	1,103,646
Total Cash and Cash Equivalents	2,359,295
Investments (at Fair Value):	
U.S. Government Securities	20,218,404
Certificates of Deposit	3,733,416
Corporate Bonds	2,673,184
Municipal Bonds	669,115
Domestic Common Stocks	4,495,996
Mutual Funds	30,977,886
Total Investments	62,768,001
Receivables (Net of Uncollectibles):	
Property Tax	1,912,727
Accrued Interest	120,401
Total Receivables	2,033,128
Total Assets	67,160,424
LIABILITIES	
Accounts Payable	11,953
Accrued Salaries and Taxes	22
Total Liabilities	11,975
Net Position:	
NET ASSETS HELD IN TRUST	
FOR PENSION BENEFITS	\$ 67,148,449

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 Position
 Fiscal Year Ended June 30, 2013

Additions:

Employer Contributions	\$ 3,620,528
Employee Contributions	745,090
Total Contributions	<u>4,365,618</u>

Investment Income:

Interest and Dividends	1,506,330
Net Increase (Decrease) in Fair Value of Investments	3,925,880
Total Investment Income	<u>5,432,210</u>
Less Investment Expense	(162,969)
Net Investment Income	<u>5,269,241</u>

Other Income:

3,778

Total Additions

9,638,637

Deductions:

Benefits	3,688,046
Transfers & Refunds Service Credits	156,012
Administrative Costs	43,092

Total Deductions

3,887,150

Change in Net Assets

5,751,487

Net Position, Beginning of Year

61,396,962

Net Position, End of Year

\$ 67,148,449

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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, 2013

C. Government-wide and Fund Financial Statements – The government-wide financial statements (statement of net position 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 is 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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.

Unearned revenue is reported on the governmental fund balance sheet. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria. Unearned 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Special Revenue 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. 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 thirteen 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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

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

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

Recycling – This fund consists of the following two activities:

Landscape Recycling Center -This fund accounts for costs of countywide self-sustaining landscape recycling center. Revenues are provided from service fees charged to users of the center.

U-Cycle - This fund accounts for costs of residential recycling programs. Revenues from recycling taxes fund contractual pickup.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Public Television – (Cable TV P.E.G.) This fund accounts for costs of the Urbana Public Television program, to include costs of televising public various meetings. Non-recurring equipment purchases are reported in the city vehicle and equipment replacement fund and are funded by an annual transfer from the P.E.G. Fund.

Police Records - (Police Area-Wide Records Management System) (A.R.M.S.) accounts for data-processing costs of a multi-agency computerized police records information system. A cooperative venture between METCAD and the City of Champaign, the University of Illinois, the City of Urbana, the City of Rantoul, and the Count of Champaign, these jurisdictions share common access to police records utilizing software developed by the City of Urbana police department.

Sharing of police records greatly enhances the ability of the participating agencies to effectively perform their crime fighting duties.

Costs for the A.R.M.S. fund are billed for reimbursement to the participating jurisdictions.

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 five 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.

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.

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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

The Boneyard Improvements – This fund accounts for the revenues received (\$3.8 million this year) from the \$7,800,000 2012 general obligation bond issued this year. These revenues are restricted to certain improvements related to the Boneyard Creek project.

- 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

F. Assets, Liabilities, and Net Position 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, 2013, 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

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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 "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.

Notes to Financial Statements

June 30, 2013

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 \$103,348 is carried in the Central Garage Internal Service Fund and an amount of \$2,882 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 position 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, mortgages, notes or other debt that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on their use either by external groups, by laws of other higher authority governments, or by constitutional provisions.
- c. Unrestricted net position – consists of all other net position that do not meet the definition of restricted or invested in capital assets (net of related debt).
- d. In fiscal year 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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, 2013 reported the amount of \$438,458 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, 2013 reported the total amount of \$12,733,336 as restricted in the following components:
 - \$2,126,708 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.
 - \$5,874,746 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.
 - \$2,740,425 for street improvements in the Motor Fuel Tax Capital Projects Fund, under state laws and procedures and (89,333) In Broadband Construction Capital Projects Fund.
 - \$1,991,457 for engineering, construction, reconstruction and streetscape improvements in the Boneyard Improvement Capital Projects Fund.
- 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 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, 2013, the City

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

reported a total of \$12,048,003 as committed fund balance in the following components:

- \$783,318 for other purposes made up of \$13,128 for social service agency support in the Social Service Agency Special Revenue Fund and \$226,721 for low-income housing improvement programs in the Community Development Special, a Special Revenue Fund, \$(4,210) for community development in Community Development Block Grant Special Revenue Fund, \$529,297 for recycling services in the Recycling Fund Special Revenue Fund, and \$18,382 for public television services in the Public Television Special Revenue Fund.
 - \$4,448,563 for future vehicle and equipment replacement in the Vehicle and Equipment Replacement Special Revenue Fund.
 - \$388,490 for non T.I.F. economic development programs in the Economic Development Special Revenue Fund.
 - \$2,941,609 for future worker compensation claims under the City's self-insured insurance program in the Insurance Financing Special Revenue Fund.
 - \$2,873,482 for future street improvements in the Capital Improvement and Replacement Capital Projects Fund.
 - \$532,294 for future sanitary sewer improvements in the Sanitary Sewer Construction Capital Projects Fund.
 - \$80,247 for future other infrastructure improvements made up of \$80,247 in the Capital Improvement and Replacement 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 financial management or official action of the City Council and also 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, 2013, 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 June 30, 2013, the City reported the amount of \$4,644,545 as unassigned in the General Fund.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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, 2013

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, 2013.

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 position. Bond premiums and discounts, as well as issuance costs, are expensed. Bond issuance costs are expensed. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

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

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

Forty Percent of the amount of property tax receivable is deferred in the governmental funds	\$2,766,194
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The amount of the investment in the joint venture is not reported as an asset in the governmental funds	123,310
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CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Overfunded net pension obligation is not reported as an asset in the governmental funds	<u>8,102,240</u>
Total	<u>\$10,991,744</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	\$2,135,462
Future landfill monitoring	143,250
Unfunded post-employment benefits	336,535
Accrued Interest on GO Bonds	12,401
General Obligation Bond issue	<u>3,800,000</u>
Total	<u>\$6,427,648</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 position 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	\$10,000,254
Depreciation	<u>(4,503,097)</u>
Total	<u>\$ 5,497,157</u>

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was decreased by the increase in the investment in the joint venture, which is shown as an asset.	\$ 71,490
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CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Recognition of increase in accumulated employee compensated absences	(71,648)
Recognition of other unfunded other post employment benefits	(48,125)
Total	<u>\$ (48,283)</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 \$8,500,687 for all funds, with additional revenues of \$8,249,551 also being added and \$251,136 being paid from accumulated fund balance. Significant budget changes that were approved were:

- a. to add \$7,800,000 for improvements of the Boneyard, reported as capital outlay in the Boneyard Improvement Capital Projects Fund. An equal amount of \$7,800,000 was added as revenue from bond proceeds, reported as other financing source in this fund.
- b. to add \$150,000 for improvements of Illinois Route 130, reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. An equal amount of \$150,000 was added as revenue from a state grant, reported as intergovernmental revenue in this fund.
- c. to add \$130,000 for design costs relating to Campus Area Lighting, reported as capital outlay in the Capital Improvement and Replacement Capital Projects Fund. This amount will be paid from accumulated fund balance.
- d. to add \$128,000 in the Tax Increment Financing District 1 Special Revenue Fund for the reimbursement of expenses relating to the development agreement with Cake Design, LLC. An equal amount of \$128,000 was added as revenue from a transfer in from the Tax Increment Financing District 2 Special Revenue Fund, reported as other financing source in this fund.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

- e. to add \$49,860 for the purchase of fire hoses and nozzles, reported as capital outlay in the Vehicle and Equipment Replacement Special Revenue Fund. An equal amount of \$49,860 was added as revenue from a federal grant, reported as intergovernmental revenue in this fund.
- f. to add \$47,125 for the purchase of fire thermal imaging cameras, reported as capital outlay in the Vehicle and Equipment Replacement Special Revenue Fund. This amount will be paid from accumulated fund balance.

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

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

Note 4 – Detailed Notes on All Funds:

A. Deposits and Investments –

At June 30, 2013, the City of Urbana had the following investments:

	Governmental and Business		Fiduciary		Total, All Funds	
	Type Funds		Funds			
	Fair Value	Maturity *	Fair Value	Maturity *	Fair Value	Maturity *
Fixed Income or Interest Bearing:						
U.S. Govt. & Primary Obligation Agencies	\$ 6,962,170		\$ 12,708,229		\$ 19,670,399	
U.S. Govt. Implied Obligation Agencies	<u>7,532,741</u>		<u>7,510,175</u>		<u>15,042,916</u>	
Subtotal, U.S. Govt. and Agencies	<u>14,494,911</u>	6.7	<u>20,218,404</u>	3.9	<u>34,713,315</u>	5.1
Municipal Bonds	2,176,892	12.7	669,115	10.6	2,846,007	12.2
Corporate Bonds	-		2,673,184	8.1	2,673,184	8.1
Certificates of Deposit	<u>12,471,524</u>	1.4	<u>3,733,416</u>	1.4	<u>16,204,940</u>	1.4
Subtotal, Fixed Income	<u>29,143,327</u>	4.9	<u>27,294,119</u>	4.1	<u>56,437,446</u>	4.5
Stock Equity Mutual Funds	-		30,977,886		30,977,886	
Corporate Common Stock	-		4,495,996		4,495,996	
Illinois Metropolitan Investment Trust	<u>260,306</u>		-		<u>260,307</u>	
Total Investments	<u>\$ 29,403,633</u>		<u>\$ 62,768,001</u>		<u>\$ 92,171,635</u>	

* Weighted Average Maturity In Years

Notes to Financial Statements

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

- (1) For all funds except fiduciary funds, the portfolio is structured such that securities mature to meet cash requirements, thereby avoiding the need to sell securities prior to maturity. Investments in the Illinois Metropolitan Investment Trust Fund are priced to the market on a daily basis with shares redeemable within five days.
- (2) For investments in the Firemen's Pension Fiduciary Fund, the investment policy establishes a goal that the fixed income portion be structured such that maturity dates are staggered so as to avoid an undue concentration of assets in a given time period. The Fire Pension fund investment policy has the following goals concerning maturity dates: 20% of the portfolio should have a maturity date of 0-5 years, 20% 6-10 years, 20% 11-15 years, 20% 16-20 years, and 20% 21-25 years. The fund's investments are over-weighted in the 0-10 year maturity cycle (actual 89%) than the goal, under-weighted in the 11-25 year maturity cycle (actual 11%), and under-weighted in the 20-25 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 10 years, if the interest rate on these investments makes this a prudent investment. Interest rate risk is also minimized by diversifying the portfolio so that the impact of a potential drop in interest rates on a particular type of security will be minimized. The fund investment policy states a desired minimum and maximum level for each category of investment. At June 30, 2013, 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, 2013, the portfolio had an average weighted maturity of 4.1 years, down from 4.7 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, 2013, the fund's investments types are all within the stated minimum and maximum levels.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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 position), 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.

The City believes that its investments in the Illinois Metropolitan Investment Trust Fund (\$260,307) 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 (\$1,683,200) 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, 2013, the City had \$2,375,551 invested 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, 2013, 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):

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

	Primary <u>Govt.</u>	Police <u>Pension</u>	Fire <u>Pension</u>	City <u>Total</u>
Fed. Financing Corp.	-	-	-	-
Fed. Home Loan Mortgage Corp	6%	5%	-	-
Fed. National Mortgage Association	-	-	-	-
Fed. Home Loan Bank	9%	-	-	-

At June 30, 2013, more than 5% of net position 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.	-	-	-	-
Federal Home Loan Bank	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 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, 2013, all amounts were covered by collateral.

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

CITY OF URBANA

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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 position. 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, 2013, and for the year then ended, is as follows:

	Joint Venture <u>Total</u>	Urbana Share (38.2%)
Total Assets	\$187,147	
Total Liabilities	<u>0</u>	
Total Fund Equity	<u>\$187,147</u>	<u>\$71,490</u>
Total Revenues	\$ 78,185	
Total Expenses	<u>26,692</u>	
Net Gain	<u>\$ 51,493</u>	<u>\$19,670</u>

C. Capital Assets:

A summary of changes in capital assets follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/13</u>
Governmental Activities:				
Land (not being depreciated)	\$ 5,942,783	\$ 92,385	\$ --	\$ 6,035,168
Capital assets being depreciated:				
Buildings and Improvements	19,369,979	127,303	(12,897)	19,484,385
Accum. Depn.	<u>(4,973,802)</u>	<u>(352,142)</u>	<u>\$ 12,897</u>	<u>(5,313,047)</u>
Buildings and Improvements Net	<u>14,396,177</u>	<u>(224,839)</u>	<u>\$ --</u>	<u>14,171,338</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

	<u>Balance</u> <u>06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/13</u>
Equipment	11,975,440	1,287,146	(949,021)	12,313,565
Accum. Depn.	<u>(6,241,345)</u>	<u>(1,138,411)</u>	<u>949,021</u>	<u>(6,430,735)</u>
Equipment Net	<u>5,734,095</u>	<u>148,735</u>	<u>0</u>	<u>5,882,830</u>
Infrastructure	92,953,769	8,554,376	(849,790)	100,658,355
Accum. Depn.	<u>(31,990,919)</u>	<u>(3,012,544)</u>	<u>849,790</u>	<u>(34,153,673)</u>
Infrastructure Net	<u>60,962,850</u>	<u>5,541,832</u>	<u>0</u>	<u>66,504,682</u>
Total, Governmental Activities, Net Capital Assets	<u>\$87,035,905</u>	<u>\$5,558,113</u>	<u>\$ 0</u>	<u>\$92,594,018</u>
Business-type Activities:				
Land (not being depreciated)	<u>\$ 3,765,739</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,765,739</u>
Capital assets being Depreciated:				
Buildings and Improvements	7,526,071	511,959	(318,306)	7,719,724
Accum. Depn.	<u>(5,442,980)</u>	<u>(254,249)</u>	<u>318,306</u>	<u>(5,378,923)</u>
Buildings and Improvements Net	<u>2,083,091</u>	<u>257,710</u>	<u>--</u>	<u>2,340,801</u>
Equipment	391,901	--	(10,630)	381,271
Accum. Depn.	<u>(218,953)</u>	<u>(31,225)</u>	<u>10,630</u>	<u>(239,548)</u>
Equipment Net	<u>172,948</u>	<u>(31,225)</u>	<u>--</u>	<u>141,723</u>
Total, Business-type Activities, Net Capital Assets	<u>\$6,021,778</u>	<u>\$ 226,485</u>	<u>\$ --</u>	<u>\$6,248,263</u>

Depreciation expense was charged to functions/programs as follows:

Public Safety	\$ 626,074
Highways and Streets	3,557,152
General Government	86,101
Urban Redevelopment and Housing	34,137
Library	<u>199,633</u>
Total Depreciation Expense, Governmental Activities	<u>\$4,503,097</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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, 2013, the City had \$3,800,000 general obligation debt outstanding. During the year, no amounts were paid on debt service.

a. A general obligation bond dated December 20, 2012 (Series 2012) that is considered a general obligation issue provides for retirement of principal and interest over the next 9 years as listed below. Debt service on this issue is being paid by levied taxes.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
2014	1.43	815,000	varies with o/s balance
2015	1.43	830,000	
2016	1.43	840,000	
2017	1.43	855,000	
2018	1.43	865,000	
2019	1.43	880,000	
2020	1.43	890,000	
2021	1.43	905,000	
2022	1.43	<u>920,000</u>	
		<u>\$ 7,800,000</u>	

Only \$3,800,000 had been borrowed at 6/30/13.

Interest is payable each January 1 and July 1, commencing January 1, 2014, and is computed on the basis of a 360-day year consisting of twelve 30-day months.

2) Employee compensated absences in the amount of \$2,135,462 were accrued at June 30, 2013. During the year, \$2,072,978 was retired and \$2,144,626 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, 2013, \$143,250 remains outstanding to be paid over the next 5 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, 2013

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, 2013, this amount was \$336,535. During the year, \$111,427 was contributed and \$159,552 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, 2013, 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.

During the year, \$155,000 principal was paid and \$3,782 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>
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>\$ 74,482</u>	<u>\$ 18,047</u>

During the year, \$14,034 of principal was paid and \$7,387 interest was expensed.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2013, including interest of \$18,047 are as follows:

<u>Year Ended</u>	<u>Amount</u>
2014	22,000
2015	22,000
2016	22,000
2017	<u>26,529</u>
	<u>\$92,529</u>

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2013:

	<u>Payable</u> <u>6/30/12</u>	<u>Retired</u>	<u>Additions</u>	<u>Amounts</u> <u>Payable</u> <u>6/30/13</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Accumulated Compensated Absences	<u>\$2,063,814</u>	<u>\$2,072,977</u>	<u>\$2,144,625</u>	<u>\$2,135,462</u>	<u>\$1,030,241</u>
Landfill Post-closure Monitoring	<u>\$ 171,900</u>	<u>\$ 28,650</u>	<u>\$ --</u>	<u>\$ 143,250</u>	<u>\$ 28,650</u>
Other Post Employment Benefits	<u>\$ 288,410</u>	<u>\$ 111,427</u>	<u>\$ 159,552</u>	<u>\$ 336,535</u>	<u>\$ 0</u>
General Obligation Bonds					
Series 2012	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,800,000</u>	<u>\$3,800,000</u>	<u>\$815,000</u>
Business-type Activities:					
Revenue Bonds & Notes:					
2005 Parking Bonds	\$155,000	\$ 155,000	\$ --	\$ 0	\$ 0
2002 Tepper Note	<u>88,516</u>	<u>14,034</u>	<u>--</u>	<u>74,482</u>	<u>15,297</u>
Total	<u>\$ 243,516</u>	<u>\$ 169,034</u>	<u>\$ --</u>	<u>\$ 74,482</u>	<u>\$ 15,297</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

G. Pension and Retirement Fund Commitments:

1. Illinois Municipal Retirement Fund (IMRF):

Plan Description. The City of Urbana's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement fund (I.M.R.F.), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. I.M.R.F. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, Urbana Regular plan members are required to contribute 4.5 percent of their annual covered salary. 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 2012 used by the City was 12.85 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 13.20 percent. 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 calendar year ending December 31, 2012, the City's actual contributions for pension costs for the Regular employees was \$1,247,632. Its required contribution for calendar year 2012 was \$1,283,612.

<u>Three-year Trend Information for the Regular Plan</u>			
<u>Actuarial Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/12	\$1,283,612	97%	\$0
12/31/11	1,155,109	94%	0
12/31/10	1,116,031	88%	0

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct investment 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 regular plan's

CITY OF URBANA

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June 30, 2013

unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 71.00% funded. The actuarial accrued liability for benefits was \$29,418,581 and the actuarial value of assets was \$20,887,296, resulting in an underfunded actuarial accrued liability (UAAL) of \$8,531,285. The covered payroll for calendar 2012 (annual payroll of active employees covered by the plan) was \$9,724,333 and the ratio of the UAAL to the covered payroll was 88%.

On a market value basis, the actuarial value of assets as of 12/31/12 was \$21,686,338 with the funding ratio being 73.72%.

The schedule of funding progress, presented in the Required Supplemental Information Section following the notes to the financial statements, 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

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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	\$ 1,524,579
Interest on Net Pension Obligation	(369,576)
Adjustment to Annual Required Contribution	<u>288,515</u>
Annual Pension Cost	1,443,518
Contributions Made	<u>1,980,275</u>
Increase (Decrease) in Net Pension Obligation	(536,757)
Net Pension Obligation, Beginning of Year	<u>(5,179,167)</u>
Net Pension Obligation, End of Year	<u><u>\$(5,715,924)</u></u>

The annual required contribution for the current year was determined as part of the June 30, 2012, 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 30 year (beginning in 2011) closed period. The negative net pension obligation of \$5,715,924 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:

<u>Fiscal Yr. Ended</u>	<u>Annual Pension Cost (A.P.C.)</u>	<u>Percent A.P.C. Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	\$1,280,972	139.2%	(\$4,616,230)
June 30, 2011	\$1,418,869	139.7%	(\$5,179,167)
June 30, 2012	\$1,443,518	137.2%	(\$5,816,413)

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Schedule of Funding Progress:

Actuarial Value Date	6/30/10	6/30/11	6/30/12
Actuarial Value of Plan Assets	\$23,552,779	\$26,605,378	\$28,999,295
Actuarial Accrued Liability (Entry Age Normal Cost)	\$38,163,939	\$40,648,279	\$43,831,125
Unfunded (Overfunded)			
Actuarial Accrued Liability	\$14,611,160	\$14,042,901	\$14,831,830
Funded Ratio	61.7%	65.5%	66.2%
Covered Payroll	\$3,485,147	\$3,547,806	\$3,859,220
Unfunded (Overfunded)			
Actuarial Accrued Liability As % Covered Payroll	419.2%	395.8%	384.3%

3. Firemen's Pension Fund:

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

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

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

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

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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	\$1,182,977
Interest on Net Pension Obligation	(149,326)
Adjustment to Annual Required Contribution	<u>116,574</u>
Annual Pension Cost	1,150,225
Contributions Made	<u>1,403,306</u>
Increase (decrease) in Net Pension Obligation	(253,081)
Net Pension Obligation, Beginning of Year	<u>(2,133,235)</u>
Net Pension Obligation, End of Year	<u>\$(2,386,316)</u>

The annual required contribution for the current year was determined as part of the June 30, 2012 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 30 year (beginning in 2011) closed period. The negative net pension obligation of \$2,386,316 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:

<u>Fiscal Yr. Ended</u>	<u>Annual Pension Cost (A.P.C.)</u>	<u>Percent A.P.C. Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2010	1,100,360	124.7%	(1,837,877)
June 30, 2011	1,188,452	124.9%	(2,133,235)
June 30, 2012	1,150,225	122.0%	(2,386,316)

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Schedule of Funding Progress:

Actuarial Value Date	6/30/10	6/30/11	6/30/12
Actuarial Value of Plan Assets	\$28,653,226	\$32,403,565	\$33,307,152
Actuarial Accrued Liability (Entry Age Normal Cost)	\$36,690,005	\$39,235,028	\$41,404,121
Unfunded (Overfunded) Actuarial Accrued Liability	\$8,036,779	\$6,831,463	\$8,096,969
Funded Ratio	78.1%	82.6%	80.4%
Covered Payroll	\$3,319,469	\$3,414,250	\$3,645,435
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	242.1%	200.1%	222.1%

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, 2013 is not readily ascertainable.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Receivables: At June 30, 2013 the City of Urbana has accrued the following receivables in both the government-wide and governmental fund financial statements (amounts received after the end of the year):

	<u>General</u>	Urbana Free <u>Library</u>	Tax Increment Financing <u>District 3</u>	Other <u>Governmental</u>	Governmental <u>Total</u>
Property Tax	(143,945)	1,548,932	560,758	1,309,599	3,275,344
Accounts	148,596	-	-	50,000	198,596
Accrued Interest	145,248	145	-	-	145,393
Notes (due within 1 year)	-	-	-	-	-
Due from Other Government					
State:					
Income Tax	1,309,147	-	-	-	1,309,147
Sales Tax	2,029,504	-	-	-	2,029,504
Corporate Personal Property					
Replacement Tax	52,063	15,150	-	-	67,213
Telecom	248,806	-	-	-	248,806
Video Gaming Tax	14,720	-	-	-	14,720
Grants	-	-	-	109,711	109,711
Service Charges	440,799	-	-	-	440,799
State Motor Fuel Tax	-	-	-	180,930	180,930
Federal Grants	-	-	-	1,167,767	1,167,767
Other, Service Charges	-	10,118	-	176,502	186,620
Other Taxes:					
Utility Taxes	229,545	-	-	-	229,545
Hotel/Motel Tax	92,675	-	-	-	92,675
Local Sales Tax	26,900	-	-	-	26,900
Package Alcohol Tax	10,180	-	-	-	10,180
Sanitary Sewer Tax	-	-	-	306,349	306,349
Recycling Tax	-	-	-	132,167	132,167
	<u>4,604,238</u>	<u>1,574,345</u>	<u>560,758</u>	<u>3,433,025</u>	<u>10,172,366</u>

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

J. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$1,370,588	\$ --
Other Govt. Funds	96,196	1,374,025
Internal Service Funds:		
Central Garage	--	<u>27,262</u>
Total, Governmental Activities	<u>\$1,466,784</u>	\$1,401,287
Business-type Activities:		
Motor Vehicle Parking	--	<u>65,497</u>
Total	<u>\$1,466,784</u>	<u>\$1,466,784</u>

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

K. A schedule of interfund transfers follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ --	\$ 1,470,597
Urbana Free Library	376,395	--
Tax Increment Financing District 3	--	191,472
Other Govt. Funds	<u>1,874,444</u>	<u>7,692</u>
Total, Govt. Activities	\$2,250,839	\$1,669,761
Business-type Activities:		
Motor Vehicle Parking	--	<u>581,078</u>
Total	<u>\$2,250,839</u>	<u>\$2,250,839</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:

- \$946,131 from the General Fund to the Vehicle and Equipment Replacement Special Revenue Fund for future equipment purchases.
- \$669,110 from the Sanitary Sewer Capital Projects Fund to the General Fund as reimbursement for certain sanitary sewer operational costs.
- \$668,740 from the Motor Vehicle Parking Enterprise Fund to the General Fund as reimbursement for certain services provided.
- \$204,400 from the General Fund to the Social Service Agencies Special Revenue Fund for annual funding of social service agency grants.
- \$383,867 from the General Fund to the Urbana Free Library Special Revenue Fund as reimbursement for I.M.R.F. costs.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

- \$858,400 from the General Fund to the Capital Improvement and Replacement Capital Projects Fund for future capital improvements.
- \$494,928 from the Tax Increment Financing District 2 Special Revenue Fund to the Tax Increment Financing District 1 Fund for certain development agreements.
- The assets, liabilities, and fund balances of the recycling, public television, and police records special revenue funds were transferred from the general fund at the beginning of this year, a total of \$621,411. Management determined they were more of special revenue type than general fund type.

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 or the time when these amounts will be returned. Therefore, these payments have not been recognized as revenue since the amount is not measureable and it is not available to finance current operations. These amounts are \$3,596,742 in the General Fund and \$11,371,070 in the Tax Increment Financing District 3 Special Revenue Fund (total of \$14,967,812) and are reported as a liability-property tax held in escrow.

M. Reserve of Fund Balance:

Governments reserve net position 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 position 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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 \$600,000 for Fire, Police, and EMT services, and \$500,000 for other employees per individual claim. Estimated losses have been determined based upon workers compensation claims made through June 30, 2013. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2013. There have been no significant reductions in coverage from the prior year and all settlements have been below coverage. Changes in claims liabilities during the past two years are as follows:

	<u>2013</u>	<u>2012</u>
Unpaid Claims, Beginning of Year	\$ 290,679	\$ 500,670
Incurred Claims	151,643	33,383
Claim Payments	<u>(107,690)</u>	<u>(243,374)</u>
Unpaid Claims, End of Year	<u>\$ 334,632</u>	<u>\$ 290,679</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.

Notes to Financial Statements

June 30, 2013

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 \$385,501 in 2013, 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 \$1,763,196 in 2013, 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 \$712,860 in 2013, and were reported under Intergovernmental Revenues in the Capital Improvement and Replacement Capital Projects Fund.

D. Contingent Liabilities:

1. There are several lawsuits in which the City may potentially be involved. The City Attorney and outside counsel believe 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.

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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 \$48,567 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.

E. Construction Commitments:

At June 30, 2013, there are the following uncompleted construction contracts:

<u>Project Title</u>	<u>Fund</u>	<u>Remaining Committed Construction</u>
Broadband Const.	Broadband Const.	\$ 144,765
Highcross Rd. Sidepath	Motor Fuel Tax	88,948
Mervis Rd. Impr.	Capital Impr. & Repl.	91,187
Olympian Drive Design	Capital Impr. & Repl.	100,000
Main Street Impr.	Motor Fuel Tax & T.I.F. One	940,097
Boneyard Creek Construction	Boneyard Improvement	6,408,159
Boneyard Creek Engineering	Boneyard Improvement	187,471
2013 St Resurf.-Washington St	Motor Fuel Tax	179,144
2013 St Recon.-Race Street	Motor Fuel Tax	<u>554,250</u>
 Total		 \$ <u>8,694,021</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, 2013, 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

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

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, 2013:

Retirees and beneficiaries receiving benefits	24
Terminated plan members entitled to but not yet receiving benefits	0
Active vested plan members	146
Active non-vested plan members	<u>100</u>
Total	<u>270</u>
Number of participating employers	1

Schedule of Funding Progress:

Actuarial Valuation Date	06/30/11	06/30/12	06/30/13
Actuarial Value Assets	0	0	0
Actuarial Accrued Liability			
(AAL) – Entry Age (b)	2,226,311	2,226,311	2,945,778
Unfunded AAL (UAAL)(b-a)	2,226,311	2,226,311	2,945,778
Funded Ratio	0%	0%	0%
Covered Payroll (actives)	16,652,019	16,346,997	16,928,776
UAAL as a % of Covered Payroll	12.0%	13.6%	17.4%

Annual OPEB Cost and Net OPEB Obligation as of June 30, 2013:

Annual Required Contribution	\$157,630
Interest on net OPEB Obligation	11,536
Adjustment to Annual Required Contribution	<u>(9,614)</u>
Annual OPEB Cost	159,552
Contributions Made	<u>(111,427)</u>
Increase in Net OPEB Obligation	48,125
Net OPEB Obligation, Beg. Year	<u>288,410</u>
Net OPEB Obligation, End Year	\$336,535

Three-Year Trend Information:

Fiscal Year End	06/30/11	06/30/12	06/30/13
Annual OPEB Cost	\$123,996	no study	\$159,552
% of Annual OPEB Cost Contributed	41.1%	no study	69.8%
Net OPEB Obligation	\$216,123	\$288,410	\$336,535

CITY OF URBANA

Notes to Financial Statements

June 30, 2013

Annual Required Contribution for 2014:

Service Cost	\$113,020
Amortization	98,193
Interest	<u>8,449</u>
Annual Required Contribution	<u>\$219,662</u>

In the June 30, 2011 actuarial valuation (latest valuation), the entry-age actuarial cost method was used. The actuarial assumptions included 4% 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 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.

H. 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.

Note 6 – Subsequent Event:

The City is a member of the Champaign-Urbana Broadband (UC2B) Consortium along with the City of Champaign and the University of Illinois. This is an organization mostly funded by federal grants administered by these three entities to oversee the construction of a fiber optic network over the past two years. Each member has been responsible, within its jurisdiction, for the construction of the network. No construction costs have been capitalized on the government-wide financial statements because the City will not legally own the constructed assets. Total costs incurred by the City through June 30, 2013 was \$5,235,407. Subsequent to June 30, 2013, the parties involved approved an agreement to transfer the constructed assets to a newly created UC2B Not-For-Profit (NFP). This agreement transfers the operation of and responsibilities for the network to the NFP. Each member will appoint two board members to the NFP's governing board of six. However, the former entities will have no ongoing financial interest in or ongoing financial responsibility for the NFP.

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
12/31/2012	\$ 20,887,296	\$ 29,418,581	\$ 8,531,285	71.00%	\$ 9,724,333	87.73%
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%	\$ 8,663,787	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, 2013

ASSETS	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:			
Cash on Hand	\$ 300	\$ -	\$ 300
Checking	133,321	31,038	164,359
Savings	3,685,538	4,153,506	7,839,044
Illinois Treasurer's Pool	21,458	150,969	172,427
Investments	9,876,184	4,045,416	13,921,600
Receivables (Net of Uncollectibles)	2,165,660	1,267,365	3,433,025
Due from Other Funds	42,109	54,087	96,196
Prepaid Expenditures	18,598	1,797	20,395
Total Assets	\$ 15,943,168	\$ 9,704,178	\$ 25,647,346
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other Funds	\$ 555,195	\$ 750,798	\$ 1,305,993
Accounts Payable	674,703	733,678	1,408,381
Accrued Salaries and Taxes	20,763	-	20,763
Deferred Revenues	1,120,580	-	1,120,580
Total Liabilities	2,371,241	1,484,476	3,855,717
Fund Balance:			
Non-spendable, prepaid expenditures	18,598	1,797	20,395
Restricted for T.I.F. economic development	4,991,349	-	4,991,349
Restricted for street improvements	-	2,740,425	2,740,425
Restricted for boneyard improvements	-	1,991,457	1,991,457
Total Restricted Fund Balance	4,991,349	4,731,882	9,723,231
Committed for:			
Other purposes	783,318	-	783,318
Vehicle & equipment replacement	4,448,563	-	4,448,563
Other economic development	388,490	-	388,490
Worker compensation claims	2,941,609	-	2,941,609
Street improvements	-	2,873,482	2,873,482
Sewer improvements	-	532,294	532,294
Other infrastructure improvements	-	80,247	80,247
Total Committed Fund Balance	8,561,980	3,486,023	12,048,003
Total Fund Balance	13,571,927	8,219,702	21,791,629
Total Liabilities and Fund Balance	\$ 15,943,168	\$ 9,704,178	\$ 25,647,346

CITY OF URBANA
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2013

	Special Revenue	Capital Projects	Totals
Revenues:			
Property Tax	\$ 2,605,172	\$ -	\$ 2,605,172
Local Sales Tax -Motor Fuel	-	714,323	714,323
Sewer Benefit Tax	-	1,223,631	1,223,631
Intergovernmental	2,469,689	3,850,512	6,320,201
Investment Income:			
Interest	159,949	61,200	221,149
Net Appreciation (Depreciation) in Fair Value of Investments	(219,997)	(83,977)	(303,974)
 Total Net Investment Earnings	 (60,048)	 (22,777)	 (82,825)
Licenses, Fines, and Services Charges	1,453,050	80,437	1,533,487
 Total Revenues	 <u>6,467,863</u>	 <u>5,846,126</u>	 <u>12,313,989</u>
Expenditures:			
Current:			
Public Safety	260,883	-	260,883
Highways & Streets	1,069,311	574,164	1,643,475
General Government	477,753	-	477,753
Urban Redevelopment and Housing	3,850,407	-	3,850,407
Capital Outlay	1,972,430	7,490,118	9,462,548
 Total Expenditures	 <u>7,630,784</u>	 <u>8,064,282</u>	 <u>15,695,066</u>
 Excess of Revenues Over (Under) Expenditures	 <u>(1,162,921)</u>	 <u>(2,218,156)</u>	 <u>(3,381,077)</u>
Other Financing Sources (Uses):			
Transfers In	2,438,988	-	2,438,988
Transfers (Out)	(633,669)	61,433	(572,236)
Bond Proceeds	-	3,800,000	3,800,000
 Total Other Financing Sources (Uses)	 <u>1,805,319</u>	 <u>3,861,433</u>	 <u>5,666,752</u>
 Net Changes in Fund Balances	 642,398	 1,643,277	 2,285,675
 Fund Balance, Beginning of Year	 <u>12,929,529</u>	 <u>6,576,425</u>	 <u>19,505,954</u>
 Fund Balance, End of Year	 <u>\$ 13,571,927</u>	 <u>\$ 8,219,702</u>	 <u>\$ 21,791,629</u>

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2013

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ASSETS	Social Service Agencies	Vehicle and Equipment Replacement	Community Development			Tax Increment Financing District 1	Tax Increment Financing District 2
			Special	Home	Block Grant		
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -
Checking	-	55,237	73	59,152	-	3,355	-
Savings	16,191	388,487	177,501	-	-	537,534	1,028,315
Investments	-	4,125,945	-	-	-	491,150	1,343,872
Receivables (Net of Uncollectibles)	-	-	16,111	172,101	309,180	225,095	692,874
Due from Other Funds	-	172	41,858	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-
Total Assets	\$ 16,191	\$ 4,569,841	\$ 235,543	\$ 231,253	\$ 309,230	\$ 1,257,134	\$ 3,065,061
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ -	\$ -	\$ -	\$ 231,253	\$ 37,787	\$ 52,407	\$ 136,535
Accounts Payable	3,063	94,405	758	-	275,653	109,366	14,808
Accrued Salaries and Taxes	-	-	1,640	-	-	-	2,016
Deferred Revenues	-	26,873	6,424	-	-	234,264	520,060
Total Liabilities	3,063	121,278	8,822	231,253	313,440	396,037	673,419
Fund Balance:							
Non-spendable, prepaid expenditures	-	-	-	-	-	-	-
Restricted for:							
T.I.F. Economic Development	-	-	-	-	-	861,097	2,391,642
Committed for:							
Other Purposes	13,128	-	226,721	-	(4,210)	-	-
Vehicle & Equipment Replacement	-	4,448,563	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Worker Compensation Claims	-	-	-	-	-	-	-
Total Fund Balance	13,128	4,448,563	226,721	-	(4,210)	861,097	2,391,642
Total Liabilities and Fund Balance	\$ 16,191	\$ 4,569,841	\$ 235,543	\$ 231,253	\$ 309,230	\$ 1,257,134	\$ 3,065,061

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds - Combining Balance Sheet
 June 30, 2013

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ASSETS	Tax Increment Financing District 4	Economic Development	Insurance Financing	Recycling	Public Television	Police Records	Total
Cash and Cash Equivalents:							
Cash on Hand	\$ -	\$ 50	\$ -	\$ 200	\$ -	\$ -	\$ 300
Checking	-	-	-	15,504	-	-	133,321
Savings	572,237	303,195	192,421	446,589	23,068	-	3,685,538
Illinois Public Treasurer's Pool	-	-	-	21,458	-	-	21,458
Investments	1,166,029	-	2,749,188	-	-	-	9,876,184
Receivables (Net of Uncollectibles)	441,630	173,928	-	132,167	-	2,574	2,165,660
Due from Other Funds	-	-	-	-	-	79	42,109
Prepaid Expenditures	-	18,598	-	-	-	-	18,598
Total Assets	\$ 2,179,896	\$ 495,771	\$ 2,941,609	\$ 615,918	\$ 23,068	\$ 2,653	\$ 15,943,168
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	\$ 1,502	\$ 79,846	\$ -	\$ 14,975	\$ 890	\$ -	\$ 555,195
Accounts Payable	106,825	7,715	-	62,069	41	-	674,703
Accrued Salaries and Taxes	-	1,122	-	9,577	3,755	2,653	20,763
Deferred Revenues	332,959	-	-	-	-	-	1,120,580
Total Liabilities	441,286	88,683	-	86,621	4,686	2,653	2,371,241
Fund Balance:							
Non-spendable, prepaid expenditures	-	18,598	-	-	-	-	18,598
Restricted for:							
T.I.F. Economic Development	1,738,610	-	-	-	-	-	4,991,349
Committed for:							
Other Purposes	-	-	-	529,297	18,382	-	783,318
Vehicle & Equipment Replacement	-	-	-	-	-	-	4,448,563
Other Economic development	-	388,490	-	-	-	-	388,490
Worker Compensation Claims	-	-	2,941,609	-	-	-	2,941,609
Total Fund Balance	1,738,610	407,088	2,941,609	529,297	18,382	-	13,571,927
Total Liabilities and Fund Balance	\$ 2,179,896	\$ 495,771	\$ 2,941,609	\$ 615,918	\$ 23,068	\$ 2,653	\$ 15,943,168

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2013

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,304
Intergovernmental	-	62,676	289,406	1,237,155	674,906	-
Investment Income:						
Interest	-	54,896	141	-	-	7,764
Net Appreciation (Depreciation) in Fair Value of Investments	-	(76,164)	-	-	-	(14,434)
Total Net Investment Earnings	-	(21,268)	141	-	-	(6,670)
Licenses, Fines and Services Charges	2,300	102,040	26,713	60,766	1,759	-
Total Revenues	2,300	143,448	316,260	1,297,921	676,665	592,634
Expenditures:						
Current:						
Public Safety	-	153,060	-	-	-	-
Highways and Streets	-	-	-	-	-	-
General Government	222,595	-	-	-	-	-
Urban Redevelopment and Housing	-	-	502,624	1,320,950	394,519	703,751
Capital Outlay	-	972,226	53,052	-	284,356	199,930
Total Expenditures	222,595	1,125,286	555,676	1,320,950	678,875	903,681
Excess of Revenues Over (Under) Expenditures	(220,295)	(981,838)	(239,416)	(23,029)	(2,210)	(311,047)
Other Financing Sources (Uses):						
Transfers In	204,400	946,131	202,330	23,029	-	187,498
Transfers (Out)	-	-	-	-	(2,000)	-
Total Other Financing Sources (Uses)	204,400	946,131	202,330	23,029	(2,000)	187,498
Net Change in Fund Balances	(15,895)	(35,707)	(37,086)	-	(4,210)	(123,549)
Fund Balance, Beginning of Year	29,023	4,484,270	263,807	-	-	984,646
Fund Balance, End of Year	\$ 13,128	\$ 4,448,563	\$ 226,721	\$ -	\$ (4,210)	\$ 861,097

(Continued)

CITY OF URBANA
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended June 30, 2013

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	Tax Increment Financing District 2	Tax Increment Financing District 4	Economic Development	Insurance Financing	Recycling	Public Television	Police Records	Total
Revenues:								
Property Tax	\$ 1,255,136	\$ 750,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,605,172
Intergovernmental	-	110,692	6,396	-	-	-	88,458	2,469,689
Investment Income:								
Interest	19,982	17,217	23,657	35,888	340	64	-	159,949
Net Appreciation (Depreciation) in Fair Value of Investments	(29,510)	(25,014)	(24,953)	(49,922)	-	-	-	(219,997)
Total Net Investment Earnings	(9,528)	(7,797)	(1,296)	(14,034)	340	64	-	(60,048)
Licenses, Fines and Service Charges	-	-	86,689	-	1,171,273	1,510	-	1,453,050
Total Revenues	1,245,608	853,627	91,789	(14,034)	1,171,613	1,574	88,458	6,467,863
Expenditures:								
Current:								
Public Safety	-	-	-	-	-	-	107,823	260,883
Highways and Streets	-	-	-	-	1,069,311	-	-	1,069,311
General Government	-	-	99,708	-	-	155,450	-	477,753
Urban Redevelopment and Housing	246,293	507,851	174,419	-	-	-	-	3,850,407
Capital Outlay	35,450	287,372	-	-	137,549	2,495	-	1,972,430
Total Expenditures	281,743	795,223	274,127	-	1,206,860	157,945	107,823	7,630,784
Excess of Revenues Over (Under) Expenditures	963,865	58,404	(182,338)	(14,034)	(35,247)	(156,371)	(19,365)	(1,162,921)
Other Financing Sources (Uses):								
Transfers In	-	116,938	-	-	564,544	174,753	19,365	2,438,988
Transfers (Out)	(593,359)	-	(38,310)	-	-	-	-	(633,669)
Total Other Financing Sources (Uses)	(593,359)	116,938	(38,310)	-	564,544	174,753	19,365	1,805,319
Net Change in Fund Balances	370,506	175,342	(220,648)	(14,034)	529,297	18,382	-	642,398
Fund Balance, Beginning of Year	2,021,136	1,563,268	627,736	2,955,643	-	-	-	12,929,529
Fund Balance, End of Year	\$ 2,391,642	\$ 1,738,610	\$ 407,088	\$ 2,941,609	\$ 529,297	\$ 18,382	\$ -	\$ 13,571,927

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses, Fines and Service Charges	\$ -	\$ -	\$ 2,300	\$ 2,300
Expenditures-Current:				
General Government:				
Contractual Services	233,701	233,701	222,595	11,106
Net Revenues Over (Under) Expenditures	(233,701)	(233,701)	(220,295)	13,406
Other Financing Sources:				
Transfers In	204,400	204,400	204,400	-
Net Change in Fund Balance	(29,301)	(29,301)	(15,895)	13,406
Fund Balance, Beginning of Year	29,023	29,023	29,023	-
Fund Balance, End of Year	\$ (278)	\$ (278)	\$ 13,128	\$ 13,406

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 92,840	\$ 167,400	\$ 62,676	\$ (104,724)
Investment Earnings:				
Interest	90,900	90,900	54,896	(36,004)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(76,164)	(76,164)
Total Net Investment Earnings	90,900	90,900	(21,268)	(112,168)
Licenses, Fines and Service Charges	126,589	126,589	46,175	(80,414)
Other	40,000	40,000	55,865	15,865
Total Revenues	350,329	424,889	143,448	(281,441)
Expenditures:				
Current:				
Public Safety:				
Police:				
Materials and Supplies	217,327	217,327	27,999	189,328
Contractual Services	123,052	123,052	80,240	42,812
Total Current-Police	340,379	340,379	108,239	232,140
Fire:				
Materials and Supplies	14,364	14,364	4,370	9,994
Contractual Services	74,945	73,775	40,451	33,324
Total Current-Fire	89,309	88,139	44,821	43,318
Total Current Expenditures	429,688	428,518	153,060	275,458
Capital Outlay	2,201,984	2,324,839	972,226	1,352,613
Total Expenditures	2,631,672	2,753,357	1,125,286	1,628,071
Net Revenues Over (Under) Expenditures	(2,281,343)	(2,328,468)	(981,838)	1,346,630
Other Financing Sources (Uses):				
Transfers In	996,290	958,195	946,131	(12,064)
Net Change in Fund Balance	(1,285,053)	(1,370,273)	(35,707)	1,334,566
Fund Balance, Beginning of Year	4,484,270	4,484,270	4,484,270	-
Fund Balance, End of Year	\$ 3,199,217	\$ 3,113,997	\$ 4,448,563	\$ 1,334,566

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State Grants	\$ 3,250	\$ 3,250	\$ 2,391	\$ (859)
Federal Grants	196,879	286,870	287,015	145
Total Intergovernmental	200,129	290,120	289,406	(714)
Investment Earnings:				
Interest	600	600	141	(459)
Licenses, Fines and Service Charges				
	60,750	60,750	26,713	(34,037)
Total Revenues	261,479	351,470	316,260	(35,210)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	78,586	89,005	93,389	(4,384)
Supplies	700	700	700	-
Contractual Services	579,922	670,049	408,535	261,514
Total Current-Urban Redevelopment and Housing	659,208	759,754	502,624	257,130
Capital Outlay	120,239	120,239	53,052	67,187
Total Expenditures	779,447	879,993	555,676	324,317
Net Revenues Over (Under) Expenditures	(517,968)	(528,523)	(239,416)	289,107
Other Financing Sources (Uses):				
Transfers In (Out)	319,433	319,433	202,330	(117,103)
Net Change in Fund Balance	(198,535)	(209,090)	(37,086)	172,004
Fund Balance, Beginning of Year	263,807	263,807	263,807	-
Fund Balance, End of Year	\$ 65,272	\$ 54,717	\$ 226,721	\$ 172,004

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 2,730,471	\$ 2,730,471	\$ 1,237,155	\$ (1,493,316)
Licenses, Fines, and Service Charges	1,000	1,000	60,766	59,766
Total Revenues	2,731,471	2,731,471	1,297,921	(1,433,550)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	192,717	192,717	161,606	31,111
Supplies	1,700	1,700	1,344	356
Contractual Services	2,672,368	2,708,358	1,158,000	1,550,358
Total Expenditures	2,866,785	2,902,775	1,320,950	1,581,825
Net Revenues Over (Under) Expenditures	(135,314)	(171,304)	(23,029)	148,275
Other Financing Sources (Uses):				
Transfers In (Out)	25,990	25,990	23,029	(2,961)
Net Change in Fund Balance	(109,324)	(145,314)	-	145,314
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ (109,324)	\$ (145,314)	\$ -	\$ 145,314

CITY OF URBANA

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
Federal Entitlement	\$ 797,606	\$ 797,606	\$ 674,906	\$ (122,700)
Licenses, Fines, and Service Charges	38,000	38,000	1,759	(36,241)
Total Revenues	835,606	835,606	676,665	(158,941)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	187,244	187,244	178,765	8,479
Materials and Supplies	1,000	1,000	694	306
Contractual Services	360,940	360,940	215,060	145,880
Total Urban Redevelopment and Housing	549,184	549,184	394,519	154,665
Capital Outlay	284,422	284,422	284,356	66
Total Expenditures	833,606	833,606	678,875	154,731
Net Revenues Over (Under) Expenditures	2,000	2,000	(2,210)	4,210
Other Financing Sources (Uses):				
Transfers In (Out)	(2,000)	(2,000)	(2,000)	-
Net Change in Fund Balance	-	-	(4,210)	4,210
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ (4,210)	\$ 4,210

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 688,160	\$ 688,160	\$ 599,304	\$ (88,856)
Investment Earnings:				
Interest	5,000	5,000	7,764	2,764
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(14,434)	(14,434)
Total Net Investment Earnings	5,000	5,000	(6,670)	(11,670)
Total Revenues	693,160	693,160	592,634	(100,526)
Expenditures:				
Current-Urban Redevelopment and Housing:				
Personnel Services	27,600	27,600	27,600	-
Contractual Services	751,563	879,563	676,151	203,412
Total Current-Urban Redevelopment and Housing	779,163	907,163	703,751	203,412
Capital Outlay	1,358,949	1,358,949	199,930	1,159,019
Total Expenditures	2,138,112	2,266,112	903,681	1,362,431
Net Revenues Over (Under) Expenditures	(1,444,952)	(1,572,952)	(311,047)	1,261,905
Other Financing Uses:				
Transfers In (Out)	(79,708)	48,292	187,498	139,206
Net Change in Fund Balance	(1,524,660)	(1,524,660)	(123,549)	1,401,111
Fund Balance, Beginning of Year	984,646	984,646	984,646	-
Fund Balance, End of Year	\$ (540,014)	\$ (540,014)	\$ 861,097	\$ 1,401,111

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 1,223,520	\$ 1,223,520	\$ 1,255,136	\$ 31,616
Investment Earnings:				
Interest	10,030	10,030	19,982	9,952
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(29,510)	(29,510)
Total Net Investment Earnings	10,030	10,030	(9,528)	(19,558)
Total Revenues	1,233,550	1,233,550	1,245,608	12,058
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	77,100	77,100	66,293	10,807
Contractual Services	248,227	248,227	180,000	68,227
Total Urban Redevelopment and Housing	325,327	325,327	246,293	79,034
Capital Outlay	4,324,872	4,324,872	35,450	4,289,422
Total Expenditures	4,650,199	4,650,199	281,743	4,368,456
Net Revenues Over (Under) Expenditures	(3,416,649)	(3,416,649)	963,865	4,380,514
Other Financing Sources (Uses):				
Transfers In (Out)	(1,061,766)	(1,061,766)	(593,359)	468,407
Net Change in Fund Balance	(4,478,415)	(4,478,415)	370,506	4,848,921
Fund Balance, Beginning of Year	2,021,136	2,021,136	2,021,136	-
Fund Balance, End of Year	\$ (2,457,279)	\$ (2,457,279)	\$ 2,391,642	\$ 4,848,921

CITY OF URBANA

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Tax	\$ 913,620	\$ 913,620	\$ 750,732	\$ (162,888)
Intergovernmental-State Grant	-	-	110,692	110,692
Investment Income:				
Interest	16,700	16,700	17,217	517
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(25,014)	(25,014)
Net Investment Earnings	16,700	16,700	(7,797)	(24,497)
Total Revenues	930,320	930,320	853,627	(76,693)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	634,339	634,339	507,851	126,488
Capital Outlay	444,682	444,682	287,372	157,310
Total Expenditures	1,079,021	1,079,021	795,223	283,798
Net Revenues Over (Under) Expenditures	(148,701)	(148,701)	58,404	207,105
Other Financing Sources (Uses):				
Transfers In (Out)	118,440	118,440	116,938	(1,502)
Net Change in Fund Balance	(30,261)	(30,261)	175,342	205,603
Fund Balance, Beginning of Year	1,563,268	1,563,268	1,563,268	-
Fund Balance, End of Year	\$ 1,533,007	\$ 1,533,007	\$ 1,738,610	\$ 205,603

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 6,396	\$ 6,396
Investment Income:				
Interest	8,000	8,000	23,657	15,657
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(24,953)	(24,953)
Total Net Investment Earnings	8,000	8,000	(1,296)	(9,296)
Licenses, Fines and Service Charges	89,000	89,000	86,689	(2,311)
Total Revenues	97,000	97,000	91,789	(5,211)
Expenditures:				
Current:				
General Government:				
Personnel Services	94,182	94,182	94,182	-
Contractual Services	8,000	8,000	5,526	2,474
Total Current-General Government	102,182	102,182	99,708	2,474
Urban Redevelopment and Housing:				
Personnel Services	7,900	9,100	11,462	(2,362)
Contractual Services	546,039	544,839	162,957	381,882
Total Current-Urban Redevelopment and Housing	553,939	553,939	174,419	379,520
Total Expenditures	656,121	656,121	274,127	381,994
Net Revenues Over (Under) Expenditures	(559,121)	(559,121)	(182,338)	376,783
Other Financing Sources (Uses):				
Transfers In (Out)	(88,310)	(88,310)	(38,310)	50,000
Net Change in Fund Balance	(647,431)	(647,431)	(220,648)	426,783
Fund Balance, Beginning of Year	627,736	627,736	627,736	-
Fund Balance, End of Year	\$ (19,695)	\$ (19,695)	\$ 407,088	\$ 426,783

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income:				
Interest	\$ -	\$ -	\$ 35,888	\$ 35,888
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(49,922)	(49,922)
Total Net Investment Earnings	-	-	(14,034)	(14,034)
Other Financing Sources (Uses):				
Transfers In (Out)	(350,000)	(350,000)	-	350,000
Net Change in Fund Balance	(350,000)	(350,000)	(14,034)	335,966
Fund Balance, Beginning of Year	2,955,643	2,955,643	2,955,643	-
Fund Balance, End of Year	\$ 2,605,643	\$ 2,605,643	\$ 2,941,609	\$ 335,966

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Investment Income-Interest	\$ 9,000	\$ 9,000	\$ 340	\$ (8,660)
Licenses, Fines and Service Charges	1,139,900	1,139,900	1,171,273	31,373
Total Revenues	1,148,900	1,148,900	1,171,613	22,713
Expenditures:				
Current-Highways and Streets				
Personnel Services	381,330	417,040	364,215	52,825
Supplies	134,700	134,700	90,841	43,859
Contractual Services	747,810	747,810	614,255	133,555
Total Current-				
Highways and Streets	1,263,840	1,299,550	1,069,311	230,239
Capital Outlay	221,383	221,383	137,549	83,834
Total Expenditures	1,485,223	1,520,933	1,206,860	314,073
Net Revenues Over (Under) Expenditures	(336,323)	(372,033)	(35,247)	336,786
Other Financing Sources (Uses):				
Transfers In (Out)	(28,910)	(28,910)	564,544	593,454
Net Change in Fund Balance	(365,233)	(400,943)	529,297	930,240
Fund Balance, Beginning of Year	593,464	593,464	-	-
Fund Balance, End of Year	\$ 228,231	\$ 192,521	\$ 529,297	\$ 930,240

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Investment Income-Interest	\$ -	\$ -	\$ 64	\$ 64
Licenses, Fines and Service Charges	100	100	1,510	1,410
Total Revenues	100	100	1,574	1,474
Expenditures:				
Current-General Government				
Personnel Services	139,980	139,980	141,228	(1,248)
Supplies	42,500	42,500	7,292	35,208
Contractual Services	10,470	10,470	6,930	3,540
Total Current- General Government	192,950	192,950	155,450	37,500
Capital Outlay	2,500	2,500	2,495	5
Total Expenditures	195,450	195,450	157,945	37,505
Net Revenues Over (Under) Expenditures	(195,350)	(195,350)	(156,371)	38,979
Other Financing Sources (Uses):				
Transfers In (Out)	154,400	154,400	174,753	20,353
Net Change in Fund Balance	(40,950)	(40,950)	18,382	59,332
Fund Balance, Beginning of Year	27,947	27,947	-	-
Fund Balance, End of Year	\$ (13,003)	\$ (13,003)	\$ 18,382	\$ 59,332

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 88,920	\$ 88,920	\$ 88,458	\$ (462)
Expenditures:				
Current-Public Safety				
Personnel Services	102,190	102,190	99,455	2,735
Contractual Services	11,160	11,160	8,368	2,792
Total Current- Public Safety	113,350	113,350	107,823	5,527
Net Revenues Over (Under) Expenditures	(24,430)	(24,430)	(19,365)	5,065
Other Financing Sources (Uses):				
Transfers In (Out)	24,430	24,430	19,365	(5,065)
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF URBANA

Non-Major Capital Projects Funds
 Combining Balance Sheet
 June 30, 2013

ASSETS	Capital Improvement and Replacement	Broadband Construction	Sanitary Sewer Construction	Motor Fuel Tax	Boneyard Impr.	Total
Cash and Cash Equivalents:						
Checking	\$ 5,955	\$ 19,655	\$ -	\$ 5,428	\$ -	\$ 31,038
Savings	1,507,844	-	240,446	68,456	2,336,760	4,153,506
Illinois Treasurer's Pool	-	-	-	150,969	-	150,969
Investments	1,378,194	-	-	2,667,222	-	4,045,416
Receivables (Net of Uncollectibles):						
Due from Other Governments	109,711	670,375	-	121,936	-	902,022
Other Taxes	58,994	-	306,349	-	-	365,343
Due from Other Funds	54,087	-	-	-	-	54,087
Prepaid Expenses	1,797	-	-	-	-	1,797
Total Assets	\$ 3,116,582	\$ 690,030	\$ 546,795	\$ 3,014,011	\$ 2,336,760	\$ 9,704,178
 LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	\$ -	\$ 750,798	\$ -	\$ -	\$ -	\$ 750,798
Accounts Payable	161,056	28,565	14,501	184,253	345,303	733,678
Total Liabilities	161,056	779,363	14,501	184,253	345,303	1,484,476
Fund Balance:						
Non-spendable, prepaid expenditures	1,797	-	-	-	-	1,797
Restricted for Street Improvements	-	(89,333)	-	2,829,758	-	2,740,425
Restricted for Boneyard Improvements	-	-	-	-	1,991,457	1,991,457
Committed for Street Improvements	2,873,482	-	-	-	-	2,873,482
Committed for Sewer Improvements	-	-	532,294	-	-	532,294
Committed for Other Infrastructure improvements	80,247	-	-	-	-	80,247
Total Fund Balance	2,955,526	(89,333)	532,294	2,829,758	1,991,457	8,219,702
Total Liabilities and Fund Balance	\$ 3,116,582	\$ 690,030	\$ 546,795	\$ 3,014,011	\$ 2,336,760	\$ 9,704,178

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Cap. Impr. and Replacement	Broadband Construction	San. Sewer Construction	Motor Fuel Tax	Boneyard Impr.	Total
Revenues:						
Local Sales Tax - Motor Fuel	\$ 714,323	\$ -	\$ -	\$ -	\$ -	\$ 714,323
Sewer Benefit Tax	-	-	1,223,631	-	-	1,223,631
Intergovernmental	852,856	970,092	-	2,027,564	-	3,850,512
Investment Earnings:						
Interest	20,848	-	109	39,689	554	61,200
Net Appreciation (Depreciation) in Fair Value Investments	(28,993)	-	-	(54,984)	-	(83,977)
Total Net Investment Earnings	(8,145)	-	109	(15,295)	554	(22,777)
Licenses, Fines, and Service Charges	74,220	-	1,250	-	-	75,470
Other	4,967	-	-	-	-	4,967
Total Revenues	1,638,221	970,092	1,224,990	2,012,269	554	5,846,126
Expenditures:						
Current - Highways and Streets	342,864	127,603	68,697	-	35,000	574,164
Capital Outlay:						
Street and Light Improvements	1,280,902	-	-	3,005,017	-	4,285,919
Broadband Construction	-	1,006,220	-	-	-	1,006,220
Sewer Construction	84,516	-	308,539	-	-	393,055
Boneyard Construction	-	-	-	-	1,774,097	1,774,097
General Buildings	30,827	-	-	-	-	30,827
Total Capital Outlay	1,396,245	1,006,220	308,539	3,005,017	1,774,097	7,490,118
Total Expenditures	1,739,109	1,133,823	377,236	3,005,017	1,809,097	8,064,282
Net of Revenues Over (Under) Expenditures	(100,888)	(163,731)	847,754	(992,748)	(1,808,543)	(2,218,156)
Other Financing Sources (Uses):						
Transfers In (Out)	730,543	-	(669,110)	-	-	61,433
Bond Proceeds	-	-	-	-	3,800,000	3,800,000
Total Other Financing Sources (Uses)	730,543	-	(669,110)	-	3,800,000	3,861,433
Net Change in Fund Balances	629,655	(163,731)	178,644	(992,748)	1,991,457	1,643,277
Fund Balance, Beginning of Year	2,325,871	74,398	353,650	3,822,506	-	6,576,425
Fund Balance, End of Year	\$ 2,955,526	\$ (89,333)	\$ 532,294	\$ 2,829,758	\$ 1,991,457	\$ 8,219,702

CITY OF URBANA

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local Sales Tax - Motor Fuel	\$ 736,660	\$ 736,660	\$ 714,323	\$ (22,337)
Intergovernmental	192,000	342,000	852,856	510,856
Investment Earnings:				
Interest	30,500	30,500	20,848	(9,652)
Net Appreciation (Depreciation) in Fair Value Investments	-	-	(28,993)	(28,993)
Total Net Investment Earnings	30,500	30,500	(8,145)	(38,645)
Licenses, Fines, and Service Charges	17,000	17,000	74,220	57,220
Other	5,000	5,000	4,967	(33)
Total Revenues	981,160	1,131,160	1,638,221	507,061
Expenditures:				
Current - Highways and Streets	542,768	602,066	342,864	259,202
Capital Outlay:				
Street and Light Improvements	7,822,095	7,852,095	1,232,502	6,619,593
Sewer Construction	136,169	136,169	84,516	51,653
Highways and Streets	69,400	312,275	48,400	263,875
General Buildings	-	30,827	30,827	-
Total Capital Outlay	8,027,664	8,331,366	1,396,245	6,935,121
Total Expenditures	8,570,432	8,933,432	1,739,109	7,194,323
Net of Revenues Over (Under) Expenditures	(7,589,272)	(7,802,272)	(100,888)	7,701,384
Other Financing Sources (Uses):				
Transfers In	634,020	634,020	730,543	96,523
Net Change in Fund Balance	(6,955,252)	(7,168,252)	629,655	7,797,907
Fund Balance, Beginning of Year	2,325,871	2,325,871	2,325,871	-
Fund Balance, End of Year	\$ (4,629,381)	\$ (4,842,381)	\$ 2,955,526	\$ 7,797,907

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-Federal Grant	\$ 1,380,711	\$ 1,380,711	\$ 970,092	\$ (410,619)
Expenditures:				
Current - Highways and Streets	166,940	161,940	127,603	34,337
Capital Outlay:				
Broadband Construction	1,001,398	1,006,398	1,006,220	178
Total Expenditures	1,168,338	1,168,338	1,133,823	34,515
Net Change in Fund Balance	212,373	212,373	(163,731)	(376,104)
Fund Balance, Beginning of Year	74,398	74,398	74,398	-
Fund Balance, End of Year	\$ 286,771	\$ 286,771	\$ (89,333)	\$ (376,104)

CITY OF URBANA

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, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer Benefit Tax	\$ 1,273,210	\$ 1,273,210	\$ 1,223,631	\$ (49,579)
Investment Earnings:				
Interest	2,000	2,000	109	(1,891)
Licenses, Fines and Service Charges	5,000	5,000	1,250	(3,750)
Total Revenues	1,280,210	1,280,210	1,224,990	(55,220)
Expenditures:				
Current - Highways and Streets	94,800	94,800	68,697	26,103
Capital Outlay-Sewer Construction	636,194	636,194	308,539	327,655
Total Expenditures	730,994	730,994	377,236	353,758
Net of Revenues Over (Under) Expenditures	549,216	549,216	847,754	298,538
Other Financing Sources (Uses):				
Transfers (Out)	(669,110)	(669,110)	(669,110)	-
Net Change in Fund Balance	(119,894)	(119,894)	178,644	298,538
Fund Balance, Beginning of Year	353,650	353,650	353,650	-
Fund Balance, End of Year	\$ 233,756	\$ 233,756	\$ 532,294	\$ 298,538

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental-				
State Allotment	\$ 1,028,320	\$ 1,028,320	\$ 994,811	\$ (33,509)
State Grants	928,279	928,279	1,032,753	104,474
Total, Intergovernmental	<u>1,956,599</u>	<u>1,956,599</u>	<u>2,027,564</u>	<u>70,965</u>
Investment Earnings:				
Interest	25,000	25,000	39,689	14,689
Net Appreciation (Depreciation) in Fair Value Investments	-	-	(54,984)	(54,984)
Total Net Investment Earnings	<u>25,000</u>	<u>25,000</u>	<u>(15,295)</u>	<u>(40,295)</u>
Total Revenues	<u>1,981,599</u>	<u>1,981,599</u>	<u>2,012,269</u>	<u>30,670</u>
Expenditures-Capital Outlay:				
Street Improvements	5,604,794	5,341,094	2,947,060	2,394,034
Signal Improvements	200,000	463,700	57,957	405,743
Total Expenditures	<u>5,804,794</u>	<u>5,804,794</u>	<u>3,005,017</u>	<u>2,799,777</u>
Net Change in Fund Balance	(3,823,195)	(3,823,195)	(992,748)	2,830,447
Fund Balance, Beginning of Year	<u>3,822,506</u>	<u>3,822,506</u>	<u>3,822,506</u>	-
Fund Balance, End of Year	<u>\$ (689)</u>	<u>\$ (689)</u>	<u>\$ 2,829,758</u>	<u>\$ 2,830,447</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings:				
Interest	\$ -	\$ -	\$ 554	\$ 554
Expenditures-Capital Outlay:				
Current-Highways and Streets	-	35,000	35,000	-
Capital Outlay-Boneyard Impr.	-	7,765,000	1,774,097	5,990,903
Total Expenditures	-	7,800,000	1,809,097	5,990,903
Net of Revenues Over (Under) Expenditures	-	(7,800,000)	(1,808,543)	5,991,457
Other Financing Sources (Uses):				
Bond Proceeds	-	7,800,000	3,800,000	(4,000,000)
Net Change in Fund Balance	-	-	1,991,457	1,991,457
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 1,991,457	\$ 1,991,457

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Parking Meters	\$ 851,470	\$ 851,470	\$ 777,375	\$ (74,095)
Parking Rentals	308,410	308,410	305,835	(2,575)
Total Operating Revenues	1,159,880	1,159,880	1,083,210	(76,670)
Operating Expenses:				
Personnel Services	219,650	219,650	207,538	12,112
Supplies	50,340	50,340	41,637	8,703
Contractual Services	412,296	412,296	189,113	223,183
Depreciation	290,000	290,000	285,474	4,526
Total Operating Expenses	972,286	972,286	723,762	248,524
Operating Income	187,594	187,594	359,448	171,854
Non-Operating Revenues (Expenses):				
Intergovernmental-University Payment	100,000	100,000	100,000	-
Investment Income (Net of Investment Expense):				
Interest	27,000	27,000	37,921	10,921
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(52,202)	(52,202)
Total Net Investment Earnings	27,000	27,000	(14,281)	(41,281)
Interest Expense	(184,000)	(184,000)	(11,169)	172,831
Total Non-Operating Revenues (Expenses)	(57,000)	(57,000)	74,550	131,550
Income (Loss) Before Transfers	130,594	130,594	433,998	303,404
Transfers (Out)	(583,410)	(583,410)	(581,078)	2,332
Change in Net Assets	(452,816)	(452,816)	(147,080)	305,736
Net Position, Beginning of Year	8,747,996	8,747,996	8,747,996	-
Net Position, End of Year	\$ 8,295,180	\$ 8,295,180	\$ 8,600,916	\$ 305,736

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 1,144,830	\$ 1,144,830	\$ 987,063	\$ (157,767)
Operating Expenses:				
Personnel Services	406,070	406,070	361,906	44,164
Supplies	18,270	18,270	15,729	2,541
Contractual Services	144,500	144,500	102,950	41,550
Equipment Parts	210,000	210,000	178,588	31,412
Fuel	434,000	434,000	337,888	96,112
Depreciation	27,400	27,400	16,394	11,006
Total Operating Expenses	1,240,240	1,240,240	1,013,455	226,785
Operating Income (Loss)	(95,410)	(95,410)	(26,392)	69,018
Net Assets, Beginning of Year	186,593	186,593	186,593	-
Net Position, End of Year	\$ 91,183	\$ 91,183	\$ 160,201	\$ 69,018

CITY OF URBANA

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

June 30, 2013

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	\$ 5,285	\$ 24	\$ 5,309
Savings	403,103	847,237	1,250,340
Money Market Funds	82,323	1,021,323	1,103,646
Total Cash and Cash Equivalents	<u>490,711</u>	<u>1,868,584</u>	<u>2,359,295</u>
Investments, at Fair Value:			
U.S. Government Securities	12,277,014	7,941,390	20,218,404
Certificates of Deposit	3,103,416	630,000	3,733,416
Corporate Bonds	-	2,673,184	2,673,184
Municipal Bonds	321,555	347,560	669,115
Domestic Common Stocks	-	4,495,996	4,495,996
Mutual Funds	19,475,724	11,502,162	30,977,886
Total Investments	<u>35,177,709</u>	<u>27,590,292</u>	<u>62,768,001</u>
Receivables (Net of Uncollectibles)			
Property Tax	778,405	1,134,322	1,912,727
Accrued Interest	25,176	95,225	120,401
Total Receivables (Net of Uncollectibles)	<u>803,581</u>	<u>1,229,547</u>	<u>2,033,128</u>
 Total Assets	 <u>36,472,001</u>	 <u>30,688,423</u>	 <u>67,160,424</u>
 LIABILITIES			
Accounts Payable	825	11,128	11,953
Accrued Salaries and Taxes	-	22	22
Total Liabilities	<u>825</u>	<u>11,150</u>	<u>11,975</u>
 NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 36,471,176</u>	<u>\$ 30,677,273</u>	<u>\$ 67,148,449</u>

CITY OF URBANA

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

Fiscal Year Ended June 30, 2013

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	\$ 1,482,369	\$ 2,138,159	\$ 3,620,528
Employee Contributions	359,615	385,475	745,090
Total Contributions	<u>1,841,984</u>	<u>2,523,634</u>	<u>4,365,618</u>
Investment Income:			
Interest and Dividends	906,146	600,184	1,506,330
Net Increase (Decrease) in Fair Value of Investments	2,282,851	1,643,029	3,925,880
Total Investment Income	<u>3,188,997</u>	<u>2,243,213</u>	<u>5,432,210</u>
Less Investment Expense	(8,872)	(154,097)	(162,969)
Net Investment Income	<u>3,180,125</u>	<u>2,089,116</u>	<u>5,269,241</u>
Other Income:			
Pension Credits Purchased	3,778	-	3,778
Total Additions	<u>5,025,887</u>	<u>4,612,750</u>	<u>9,638,637</u>
Deductions:			
Benefits	1,792,629	1,895,417	3,688,046
Transfers & Refunds Service Credits	-	156,012	156,012
Administrative Costs	22,956	20,136	43,092
Total Deductions	<u>1,815,585</u>	<u>2,071,565</u>	<u>3,887,150</u>
Change in Net Assets	3,210,302	2,541,185	5,751,487
Net Position, Beginning of Year	<u>33,260,874</u>	<u>28,136,088</u>	<u>61,396,962</u>
Net Position, End of Year	<u>\$ 36,471,176</u>	<u>\$ 30,677,273</u>	<u>\$ 67,148,449</u>

STATISTICAL SECTION

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

	Page
Financial Trends	114
<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	120
<p>These schedules contain information to help the reader assess the City's most significant local revenue sources.</p>	
Debt Capacity	123
<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	128
<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	130
<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 Position by Component (restated)
Last Ten Fiscal Years(accrual basis of accounting)
(amounts expressed in thousands)

	<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>	<u>2013</u>
Govt. Activities:										
Invested in Capital Assets, (net of related debt)	\$62,292	\$64,917	\$67,218	\$69,988	\$74,059	\$77,101	\$79,853	\$81,466	\$87,036	\$92,594
Restricted	9,515	9,610	11,872	11,098	11,907	12,905	14,164	13,603	9,781	10,645
Unrestricted	22,556	22,705	22,842	24,519	25,637	24,615	21,977	22,085	27,336	23,820
Total Govt. Activities, Net Assets	<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>	<u>\$127,059</u>
Business-type Activities:										
Invested in Capital Assets, (net of related debt)	\$4,940	\$5,160	\$5,055	\$5,025	\$4,893	\$5,017	\$5,458	\$5,609	\$5,778	\$6,248
Unrestricted	1,869	2,166	2,338	2,425	3,399	3,571	3,189	3,048	2,970	2,353
Total Business-type Activities, Net Assets	<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>	<u>\$8,601</u>
Primary Government:										
Invested in Capital Assets, (net of related debt)	\$67,232	\$70,077	\$72,273	\$75,013	\$78,952	\$82,118	\$85,311	\$87,075	\$92,814	\$98,842
Restricted	9,515	9,610	11,872	11,098	11,907	12,905	14,164	13,603	9,781	10,645
Unrestricted	24,425	24,871	25,180	26,944	29,036	28,186	25,166	25,133	30,306	26,172
Total Primary Government Net Assets	<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>	<u>\$135,660</u>

CITY OF URBANA
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

(Page 1 of 2)

	<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>	<u>2013</u>
Expenses:										
Govt. Activities:										
Public Safety	\$10,387	\$10,838	\$11,563	\$11,982	\$12,536	\$14,151	\$14,368	\$14,644	\$15,116	\$16,107
Highways & Streets	7,554	9,773	9,049	9,411	9,728	10,591	10,956	10,980	10,376	11,527
General Govt.	2,338	2,475	2,783	3,109	3,019	3,264	3,376	3,395	3,457	3,654
Urban Redevelopment and Housing	3,841	4,390	4,842	5,903	5,480	5,561	5,790	6,647	6,737	5,969
Interest on Long-term Debt	-	-	-	-	-	-	-	-	-	-
Library Services	2,461	2,666	2,801	3,103	3,298	3,641	3,693	3,582	3,844	3,933
Total Govt. Activities, Expenses	<u>26,581</u>	<u>30,142</u>	<u>31,038</u>	<u>33,508</u>	<u>34,061</u>	<u>37,208</u>	<u>38,183</u>	<u>39,248</u>	<u>39,530</u>	<u>41,190</u>
Business-type Activities: motor vehicle parking	606	631	592	655	668	715	747	758	698	735
Total Primary Govt. Expenses	<u>\$27,187</u>	<u>\$30,773</u>	<u>\$31,630</u>	<u>\$34,163</u>	<u>\$34,729</u>	<u>\$37,923</u>	<u>\$38,930</u>	<u>\$40,006</u>	<u>\$40,228</u>	<u>\$41,925</u>
Program Revenues:										
Charges for Services:										
Public Safety	2,416	2,229	2,653	2,315	3,847	3,089	2,717	2,763	2,883	2,988
Highways and Streets	1,614	1,543	1,704	1,559	2,292	1,955	1,742	1,748	1,783	1,833
Other Activities	1,218	1,443	1,891	1,292	1,938	1,405	1,217	1,278	1,941	1,300
Operating Grants	2,012	2,345	2,800	1,837	1,720	1,797	2,200	1,799	1,826	2,512
Capital Grants	449	8	372	22	46	252	1,998	1,874	6,200	3,890
Total Govt. Activities Program Revenues	<u>7,709</u>	<u>7,568</u>	<u>9,420</u>	<u>7,025</u>	<u>9,843</u>	<u>8,498</u>	<u>9,874</u>	<u>9,462</u>	<u>14,633</u>	<u>12,523</u>
Business-type Activities: Charges for Services	1,038	1,121	1,105	1,076	1,104	1,101	1,034	1,107	1,102	1,183
Total Primary Govt. Program Revenues	<u>8,747</u>	<u>8,689</u>	<u>10,525</u>	<u>8,101</u>	<u>10,947</u>	<u>9,599</u>	<u>10,908</u>	<u>10,569</u>	<u>15,735</u>	<u>13,706</u>
Net (Expense) Revenue:										
Govt. Activities	(18,872)	(22,574)	(21,618)	(26,483)	(24,218)	(28,710)	(28,309)	(29,786)	(24,897)	(28,667)
business-type Activities	432	490	513	421	436	386	287	349	404	448
Total Primary Govt. Net (Expense) Revenue	<u>\$ (18,440)</u>	<u>\$ (22,084)</u>	<u>\$ (21,105)</u>	<u>\$ (26,062)</u>	<u>\$ (23,782)</u>	<u>\$ (28,324)</u>	<u>\$ (28,022)</u>	<u>\$ (29,437)</u>	<u>\$ (24,493)</u>	<u>\$ (28,219)</u>

CITY OF URBANA
Changes in Net Position
Last Ten Fiscal Years

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

(Page 2 of 2)

	<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>	<u>2013</u>
General Revenues and Other										
Changes in Net Assets:										
Governmental Activities:										
Property Tax	7,191	7,809	8,320	9,081	9,430	10,968	10,401	11,614	10,583	10,397
Utility Tax	3,861	3,922	4,120	3,832	3,757	3,832	3,694	3,865	3,965	4,093
State & Local Sales Tax	5,685	6,038	6,604	8,094	8,836	8,736	8,422	9,070	9,791	10,170
Other Taxes	1,428	1,411	1,500	1,551	1,551	1,530	1,660	1,801	2,128	2,211
Intergovernmental	5,558	5,104	4,544	5,300	5,311	5,422	3,859	3,734	4,109	4,333
Investment Income	162	959	618	1,712	1,487	954	1,152	418	769	(411)
Other	481	157	122	87	88	86	144	47	44	199
Transfers	39	43	490	500	(245)	201	350	396	508	581
Total Govt. Activities	<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>	<u>31,573</u>
Business-type Activities										
Investment Income	7	70	44	136	161	111	122	58	94	(14)
Other	-	-	-	-	-	-	-	-	100	
Transfers	(38)	(43)	(480)	(300)	243	(201)	(330)	(388)	(308)	(381)
Total Business-type Activities	<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>	<u>(595)</u>
Total Primary Government	<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>	<u>30,977</u>
Change in Net Assets:										
Governmental Activities:	5,537	2,869	4,700	3,674	5,997	3,019	1,373	1,159	7,000	2,905
Business-type Activities	400	311	31	31	342	293	39	11	90	(141)
Total Primary Government	<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>	<u>\$ 2,758</u>

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Non-spendable, prepaids	\$290	\$283	\$282	\$287	\$352	\$324	\$300	\$371	\$390	\$418
Unassigned	3,995	4,478	5,102	5,850	6,035	6,904	6,018	4,715	5,830	4,645
Total, General Fund	<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>	<u>5,063</u>
All Other Govt. Funds:										
Non-spendable, prepaids	186	66	359	79	84	36	34	29	28	20
Restricted for:										
Library Services	1,618	1,382	1,474	1,581	1,733	1,766	1,860	2,080	2,108	2,127
T.I.F. Economic Development	4,584	4,793	6,393	6,620	7,726	8,603	9,443	7,974	5,959	5,875
Street Improvements	2,838	3,086	3,338	2,532	2,012	2,177	2,530	3,549	3,823	2,740
Boneyard Improvements	0	0	0	0	0	0	0	0	0	1,991
Total, Restricted	<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>	<u>12,733</u>
Committed for:										
Other Purposes	141	127	388	411	346	670	484	205	293	783
Vehicle & Eq. Replacement	3,585	4,332	4,528	4,868	4,942	4,561	4,388	4,011	4,484	4,449
Other Economic Development	4,234	2,653	2,406	2,030	1,884	591	521	683	600	388
Worker Compensation Claims	3,039	3,141	2,965	3,214	3,521	3,329	3,114	2,820	2,956	2,942
Street & Sewer Improvements	-	-	-	-	-	-	-	473	2,599	3,406
Other Infrastructure Impr.	4,998	4,178	3,098	3,048	3,086	2,447	910	1,590	155	80
Total, Committed	<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>	<u>12,048</u>
Total, All Other Govt. Funds	<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>	<u>24,802</u>
Total, All Govt. Funds	<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>	<u>\$29,864</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	Percentage Change
2013	329,368,177	239,673,992	569,042,169	1.355%	1,707,126,507	33%	-2.7%
2012	340,386,247	244,199,112	584,585,359	1.319%	1,753,756,077	33%	-1.9%
2011	350,754,767	245,020,899	595,775,666	1.294%	1,787,326,998	33%	0.7%
2010	345,226,107	246,662,888	591,888,995	1.294%	1,775,666,985	33%	2.0%
2009	339,924,357	240,170,456	580,094,813	1.294%	1,740,284,439	33%	7.0%
2008	325,902,257	216,421,955	542,324,212	1.294%	1,626,972,636	33%	7.2%
2007	298,445,597	207,230,391	505,675,988	1.294%	1,517,027,964	33%	7.8%
2006	272,438,176	196,612,417	469,050,593	1.312%	1,407,151,779	33%	9.6%
2005	251,591,356	176,215,955	427,807,311	1.312%	1,283,421,933	33%	11.8%
2004	228,417,723	154,153,753	382,571,476	1.312%	1,147,714,428	33%	8.2%
2003	209,667,923	143,906,739	353,574,662	1.318%	1,060,723,986	33%	-32.1%

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City of Urbana:										
Library	0.5347	0.5089	0.4927	0.4998	0.4853	0.4752	0.4822	0.4787	0.4950	0.5262
General	0.1998	0.2454	0.2339	0.2735	0.3312	0.3472	0.3357	0.3326	0.3269	0.2941
Police Pension	0.3689	0.3328	0.3266	0.2964	0.2704	0.3034	0.2921	0.2913	0.2851	0.2909
<u>Fire Pension</u>	<u>0.2516</u>	<u>0.2319</u>	<u>0.2410</u>	<u>0.2245</u>	<u>0.2073</u>	<u>0.1684</u>	<u>0.1842</u>	<u>0.2094</u>	<u>0.2050</u>	<u>0.2008</u>
City of Urbana:	1.3550	1.3190	1.2942	1.2942	1.2942	1.2942	1.2942	1.3120	1.3120	1.3120
School District	4.9537	4.5983	4.4083	4.3178	4.3507	4.2880	4.3377	4.3178	4.4758	4.5961
Champaign County	0.8138	0.7841	0.7688	0.7487	0.7426	0.7389	0.7616	0.7801	0.7981	0.7048
Park District	1.0115	0.9526	0.8586	0.8354	0.6962	0.6961	0.7066	0.7218	0.7463	0.7534
Parkland College	0.5191	0.5120	0.5064	0.5082	0.5115	0.4688	0.4720	0.4776	0.4847	0.4838
Mass Transit	0.2966	0.2831	0.2725	0.2619	0.2575	0.2544	0.2592	0.2623	0.2677	0.2695
Cunningham Town	0.2164	0.2030	0.1942	0.1885	0.1875	0.1917	0.1919	0.1932	0.1988	0.2017
Public Health	0.1163	0.1102	0.1075	0.1071	0.1052	0.1049	0.1060	0.1087	0.1126	0.1135
Forest Preserve	0.0880	0.0843	0.0817	0.0790	0.0783	0.0779	0.0800	0.0818	0.0839	0.0840
Total	9.3704	8.8466	8.4922	8.3408	8.2237	8.1149	8.2092	8.2553	8.4799	8.5188

Source: Champaign County Clerk

CITY OF URBANA
Principle Property Taxpayers
June 30, 2013

	2013			2004		
	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation	Equalized Assessed Value	Rank	Percent of Total Assessed Valuation
Provena Covenant / Presence	14,354,540	1	2.5%	14,773,490	2	4.2%
Town and Country Apartments	8,587,720	2	1.5%	5,761,860	5	1.6%
Tekton Group (Lincoln Melrose)	5,467,310	3	0.9%	5,839,610	4	1.7%
Campus Property Management	5,238,310	4	0.9%	9,474,310	3	2.7%
Amber Apartment LLC	4,364,270	5	0.7%			0.0%
Supervalue Inc	4,356,130	6	0.7%	4,624,860	6	1.3%
Walmart Property	3,682,380	7	0.6%			0.0%
The Scion Group LLC	3,532,320	8	0.6%			0.0%
Hunsinger Enterprises Inc	3,152,180	9	0.5%			0.0%
Meijer Inc	3,143,880	10	0.5%			0.0%
C.U. Partners, Holiday Inn	-	-	0.0%	3,526,470	9	1.0%
Carle Foundation	2,343,210		0.4%	14,871,910	1	4.2%
Flex-N-Gate	2,746,720		0.5%	3,689,240	7	1.0%
Clark Lindsey Village			0.0%	3,682,080	8	1.0%
Univeristy Commons			0.0%	3,397,980	10	1.0%
Total of Top 10	55,879,040		9.6%	55,542,640		15.7%
Total Urbana EAV	584,585,359			353,574,662		

Source: Champaign County Clerk

Note: Carle Foundation did not pay property taxes in 2013

CITY OF URBANA
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
2013	7,710,681	3,574,872	46.4%			
2012	7,710,681	4,039,136	52.4%	3,626,140	7,665,276	99.4%
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%

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				
2013	\$ 3,800,000	\$ -	\$ -	\$ 3,800,000	0.26%	\$ 92.07
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

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

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
2013	\$ 3,800,000	\$ -	\$ 3,800,000	0.7%	\$ 91.39
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%	\$ -

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. Information on taxable value can be found in the Assessed Value Schedule.

CITY OF URBANA

Direct and Overlapping Governmental Activities Debt

June 30, 2013

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	\$ 53,493,000	85%	\$ 45,221,062
Champaign County	44,871,342	16%	7,396,084
Forest Preserve	889,000	16%	144,884
Parkland College	65,440,000	63%	41,356,192
C-U Health District	2,146,510	28%	608,910
C-U Mass Transit District	-	25%	-
Urbana Park District	<u>1,201,835</u>	98%	<u>1,177,884</u>
Subtotal, Overlapping Debt			95,905,019
City of Urbana Direct Debt			<u>0</u>
Total Direct and Overlapping Debt			<u><u>\$ 95,905,019</u></u>

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 ability of the City of Urbana to issue and repay long-term debt, that 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	
2013	\$ 1,168,929	\$ 1,019,366	\$ 149,563	\$ 169,034	\$ 13,639	\$ 182,673	0.82
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 revenues 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	(2) Per Capita Income	(1) Median Age	(3) Education Level in Years of Formal Schooling	(4) School Enrollment	(5) Unemployment Rate
2013	41,581	\$ 1,625,235	\$ 39,086	24.0	14.1	4,454	8.5%
2012	41,511	\$ 1,576,859	\$ 37,987	24.0	14.1	4,331	8.8%
2011	41,440	\$ 1,544,303	\$ 37,266	24.0	14.1	4,242	8.6%
2010	40,210	\$ 1,440,483	\$ 35,824	24.0	14.1	4,206	10.4%
2009	39,170	\$ 1,423,242	\$ 36,335	24.0	14.1	4,155	8.7%
2008	38,130	\$ 1,299,852	\$ 34,090	24.6	13.5	4,141	5.6%
2007	37,090	\$ 1,206,723	\$ 32,535	24.6	13.5	4,088	3.9%
2006	36,590	\$ 1,140,620	\$ 31,173	24.6	13.5	4,303	4.1%
2005	36,555	\$ 1,137,116	\$ 31,107	24.6	13.1	4,369	4.8%
2004	36,515	\$ 1,081,538	\$ 29,619	24.6	13.1	4,414	5.4%

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 Seven Years Ago

Employer	Description	2013			2006		
		Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
University of Illinois	Education	10,820	1	11.4%	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	930	5	1.0%	1,200	5	1.0%
Provena Hospital	Health Care	700	6	0.7%	882	6	0.8%
Urbana Schools	Education	900	7	1.0%	730	8	0.6%
Plastipak	Manufacturing	810	9	0.9%	-	-	-
Champaign County	Government	800	8	0.8%	800	7	0.7%
Christie Clinic	Health Care	750	10	0.8%	-	-	-
Solo Cup	Manufacturing	-	-	-	700	9	0.6%
Super Value	Food Distribution	-	-	-	625	10	0.5%
Total		24,411		25.8%	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:										
Police Safety:										
Sworn	51.0	51.0	54.0	55.0	55.0	55.0	55.0	55.0	55.0	54.0
Civilian	21.0	21.0	21.0	21.0	22.0	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	56.0	57.0	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	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Maintenance	32.5	32.5	31.5	31.5	32.5	32.5	32.5	29.5	32.5	32.5
Engineering	10.5	10.5	12.5	12.5	12.5	12.5	13.5	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	3.5	3.5	3.5
Legal	3.0	3.0	3.0	4.0	5.0	5.0	5.0	4.0	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	11.8
Information Tech.	11.0	11.0	11.0	11.0	11.0	11.0	10.0	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	7.5	7.5	7.5	6.5	7.5	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	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Library Services	44.0	44.0	45.0	47.0	47.0	48.0	48.0	48.4	50.4	50.5
Total	309.0	309.0	315.0	320.0	324.0	325.0	325.0	318.4	325.4	328.2

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	2013	
Public Safety:												
Police Department:												
Arrests	5,986	6,750	6,730	7,509	7,281	7,227	7,442	7,251	6,146	6,170	5,956	
Service Calls	21,470	22,737	22,916	19,681	20,479	21,480	21,967	20,964	20,066	20,646	20,100	
Reports Written	7,505	8,014	8,209	7,649	7,740	6,277	7,163	7,119	7,083	7,304	7,108	
Parking Tickets Issued	67,212	58,354	53,640	55,451	46,186	42,772	35,143	33,601	24,436	24,666	22,744	
Fire Department:												
Fires	187	209	209	*	*	175	194	172	186	291	258	
Overpressure, Explosion, Overheat	20	9	6			7	12	11	8	13	5	
Rescue EMS	1,657	1,759	1,668			2,126	2,134	2,141	2,285	2,325	2,412	
Hazardous Condition	175	182	238			171	221	217	253	239	248	
Service Call	359	398	381			332	343	434	456	467	560	
Good Intent	367	294	417			478	452	476	434	430	380	
False Alarm or False Call	1,106	1,103	1,034			1,111	1,097	1,072	1,004	1,000	1,064	
Severe Weather or Natural Disaster	12	12	11			6	0	2	4	5	2	
Special Incident	3	4	2			4	3	4	5	2	4	
Uncoded	6	8	25			75	0	0	0	0	0	
Inspections:												
Fire/CD combined	**	**	**	**	**	**	**	**	**	**	**	39
Certified Housing												18
Commercial												842
Mult Family												252
Residential												49
U of I Fire Inspection												44

* Records for responses are corrupted unable to obtain accurate information

** Changed tracking for Inspections in 2013 to be able to break them down into specific categories

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

(Page 2 of 2)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Highways and Streets										
Street Resurfacing (Sq. Yard Asphalt and Concrete)				74,000	41,000	37,550	48,182	62,010	63,248	129,271
Recycled Tons of Waste Collected (1000's)										
Non-landscape	5.8	5.8	6.0	6.0	6.2	7.8	7.3	8.6	8.8	9.6
Landscape	10.3	11.0	12.4	13.5	14.5	19.0	20.3	16.9	21.9	17.9
General Government:										
Licenses/Permits Processed	571	502	524	799	810	793	792	833	877	992
Parking Rentals and Permits	1,925	1,944	2,025	1,947	1,917	1,827	1,837	1,815	1,815	1,762
Urban Redevelopment and Housing:										
Permits Issued	2,457	2,439	2,121	1,982	1,852	1,642	1,627	1,456	1,513	1,346
Zoning/Planning Cases	93	79	99	86	59	76	54	51	75	43
Library Services:										
Items Circulated (in thousands)	661	777	836	878	904	878	858	876	873	822
Reference Questions (in thousands)	95	105	125	118	119	119	123	119	137	140
Attendance at Library Programs (thousands)	24	25	30	29	30	32	30	34	35	29
Number Times Patrons Utilized Library thru Door Count (thousands)										
		(information before 2009 not available)				490	483	493	494	466

Source: Various city departments.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:										
Highways and Streets:										
Area City (sq. mi.)	11.5	11.5	11.6	11.6	11.6	11.7	11.9	11.9	11.9	11.9
Miles Streets	127.8	128.3	130.4	141.2	141.6	144.6	145.5	145.5	143.8	143.8
Miles Sewers	199.7	201.8	221.2	222.1	225.7	235.6	237.3	241.0	241.9	243.0
Street Lights	3,767	3,469	3,469	3,469	3,569	3,569	3,619	3,659	3,688	3,651
City Trees	12,120	12,260	12,400	12,550	12,580	12,610	12,640	12,670	12,700	11,572
Library Services:										
Library Building (sq. feet)	27,000	52,000	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.