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December 1, 2003

To the Citizens of the City of Urbana:

The Comprehensive Annual Financial Report (CAFR) of the City of Urbana, Illinois, for the fiscal year ended June 30, 2003 is submitted herewith. The CAFR is management's annual financial report to its taxpayers, governing board, oversight bodies, investors and creditors.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City of Urbana, and in particular, the City Comptroller. 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.

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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Urbana's MD&A can be found on pages 12-22.

The CAFR is presented in three sections:

The introductory section contains this transmittal letter, G.F.O.A. Certificate of Achievement Award, list of principal officials, and organizational chart.

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, the basic financial statements, the notes to the financial statements, required supplemental information, and the combining and individual non-major fund statements and schedules.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

GENERAL INFORMATION

The City of Urbana 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 36,475 and 11.4 square miles are within the City boundaries. The City operates under the Council-Mayor form of government. The legislative authority of the City is vested in a seven-member council, each elected from their respective districts. The Mayor is elected at large. Each member and the Mayor serve a four-year term.

REPORTING ENTITY AND SERVICES PROVIDED

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, the Champaign-Urbana Solid Waste Disposal System. This joint venture does not meet the criteria for inclusion in the City's financial report. However, financial information for the joint venture is included in the notes to the financial statements.

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

Police Services:	Patrol, Traffic Control, and Criminal Investigation
Fire Services:	Fire Suppression, Fire Prevention, and Emergency Medical Assistance
Public Works Services:	Street Maintenance and Reconstruction, Traffic Maintenance, Street Lighting Maintenance and Reconstruction, Sanitary and Storm Sewer Maintenance and Reconstruction, Arbor Maintenance and Improvement, Parking (on enterprise basis)
Community Development Services:	Planning and Zoning Enforcement, Building Inspection, Economic Development, and Housing Improvement
Other Services:	Library Services, Human Relations

ECONOMIC CONDITION AND OUTLOOK

Champaign County continues to maintain a very stable economic environment. The University of Illinois dominates the local economy and is responsible for a significant part of this economic stability. Food, service, and high technology industries dominate the small amount of manufacturing in the area. Two of the City's major revenue sources, sales and utility taxes, are especially reflective of this local economic stability and have been important in keeping Urbana financially sound and relatively debt-free. The City of Urbana has also been aggressive in encouraging new business development and in annexing properties into the City limits. This stability and

aggressive development posture has allowed the local unemployment rate to average 3.1%, property values to average 5.0% annual growth and per-capita income to average 3.0% annual growth over the last three years. This economic growth is expected to continue at slightly lower rates over the next three to four years due to general economic slowdown. While economic activity in Champaign has remained relatively strong, the State of Illinois has experienced a dramatic decrease in the amount of state revenues from various taxes. This decrease in state revenues has resulted in a corresponding decrease in the local share of the State Income Tax received by the City of Urbana, which amounts to approximately 8% of total city revenues and 15% of General Fund revenues. In addition, the State of Illinois has begun to review all it's various revenue sharing formulas with local governments. If the general State economy does not improve or the State Legislature changes some of these revenue sharing formulas, revenues may not be sufficient to continue current service levels in the future. If this occurs, the City will have to examine the possibility of enacting revenues enhancements or expenditure reductions.

MAJOR INITIATIVES

Significant initiatives for the City in the current year are:

a) Continue to monitor the construction of a 5.4 million-dollar renovation to the City's street lighting system. By the end of fiscal year 2004, $4.2 million will have been spent toward this project, with the balance of $1.2 million allocated for spending over the next 2 years.

b) Continue to monitor the construction of a $8.25 million addition to the City Library building. Construction began in spring of 2003 and is scheduled for completion in fall of 2004.

c) Monitor the final stages of a $3.1 million comprehensive renovation to the sidewalks, streetscape, and lighting in the downtown area. The majority of this work should be completed by spring of 2004.

d) Determine what action the City (possibly in conjunction with other local government entities) will be required to take to remedy leakage in an old inactive landfill. At this time, it is uncertain how much this remedy may cost.

e) Complete adoption of a new comprehensive plan by June 2004. The last comprehensive plan, which provides policies by which land use, neighborhood preservation, economic development, transportation, social, environmental and quality of life decisions are made within the City and properties within 1-1/2 miles of the City limits, was last approved in 1982.

For the future, three areas of emphasis will be:

a) Continue to identify and implement improvements in efficiency and new technology that will allow continued service delivery at lowest possible cost. One technology that is currently being studied is the implementation of a

Geographical Information System (GIS) that will provide enhanced information concerning properties and infrastructure improvements in the City.

b) Closely monitor the City's revenue and expenditure systems, especially given the current depression in the State economy. A significant portion of City revenues is received from State revenue sharing programs. It may be necessary to curtail certain expenditure levels if amounts from these revenue sharing programs continue to be adversely impacted.

c) Monitor the progress of certain significant economic development projects that are currently in various stages of deliberation or construction:

1. A residential housing complex centered around a privately financed public golf course, which was opened in the spring of 1999.

2. Improvements and changes made to the downtown-enclosed retail shopping mall.

3. Identify and implement initial redevelopment efforts in the Tax Increment Financing District Area 4, which is located in the northern part of the city limits.

4. Receive approval for a new Tax Increment Financing District Area 5.

FINANCIAL INFORMATION

Management is responsible for and gives extensive consideration to its system of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of records for preparing financial reports and maintaining accountability for assets. The independent auditors also review internal control. Recommendations for improvements and weaknesses discovered are disclosed as a part of that audit. No instances of material weaknesses in the City's internal control system were noted in this audit.

Management is also responsible for maintaining certain budgetary controls to ensure compliance with various 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. Budgetary control for debt service funds is achieved through the original debt ordinance provisions. The level of expenditures cannot exceed appropriated amounts within certain basic expenditure categories within an individual department for the general fund or fund in whole for non-general funds.

The Budget Officer is authorized to transfer amounts within basic expenditure categories of personnel, materials and supplies, contractual and operations, and

capital outlay. This budgetary control is maintained through the application of a weekly and monthly financial reporting system. Unspent amounts may or may not be re-appropriated in the following year's budget, as needed.

JOINT VENTURES

The City 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.

PENSION TRUST FUNDS

A description of the City's three pension trust fund operations follows:

a) All employees except sworn police and fire personnel, that meet certain minimum hourly standards must be enrolled and participate in the Illinois Municipal Retirement Fund (IMRF). IMRF is a multiple employer retirement system that acts as a common investment and administrative agent for local government in Illinois. Participating members are required to contribute 4.5% of their annual salary for 2003 (same in 2002) and the City is required to contribute the remaining amounts necessary to fund the system, based on an actuarially determined amount that accumulates sufficient assets to pay benefits when due. The City contributed 2.53% of salaries in calendar year 2003 (1.9% in 2002). At December 31, 2002, the IMRF retirement plan was 21.6% over-funded as a percentage of covered salary (57.1% at December 31, 2001). Any unfunded amounts are amortized over a thirty-year period.

b) Sworn police personnel are covered by the Police Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members are required to contribute 9.9% of their salary and the City is required to contribute an amount actuarially determined, such that sufficient assets will be available to pay benefits when due. The amount contributed by the City equaled 42% of salaries in 2003 (43% in 2002). The unfunded actuarial accrued liability at June 30, 2002, was 294% of covered salaries, (289% in 2001). This amount is being amortized over a thirty-three year closed period.

c) Sworn fire personnel are covered by the Firemen's Pension Plan, which is a defined benefit, single employer plan, whose benefits and contribution levels are established by state statute. Members are required to contribute 8.5% of their salary and the City is required to contribute an amount actuarially determined, such that sufficient assets will be available to pay benefits when due. The amount contributed by the City equaled 30% of salaries in 2003 (23% in 2002). The unfunded actuarial accrued liability at

June 30, 2002, was 103% of covered salaries, up from 44% in 2001. Unfunded amounts are being amortized over a thirty-three year closed period.

CASH MANAGEMENT

The City's investment policy is to minimize risk while maintaining a competitive yield. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, a U.S. government security mutual fund, money market funds, common stock mutual funds, common stocks, and accounts of insurance companies. The total value of these invested amounts at June 30, 2003 was $65,852,511 ($68,418,275 in 2002). The average yield of investments was 6.6% in 2003 (7.2% in 2002) before the impact of significant increases in the market value of investments during the year. After the impact of these market increases, the City earned $3,001,736 on its investments in 2003, as compared to a loss of $4,416 in 2002. These amounts include pension trust funds. A breakdown of deposits and investments by category follows (including pension trust funds):

	Amount	Percent Total
U.S. Government Securities in which the securities are insured or held by the City's agent in the City's name	$29,330,019	45%
Deposits insured by federal depository insurance	3,432,774	5%
Deposits collateralized with collateral held by the City's agent in the name of the City	6,019,852	9%
Deposits not insured by federal depository insurance and not collateralized with collateral held by the City's agent in the name of the City	2,343,231	4%
Illinois Public Treasurer's Investment Pool and other investments in which the City interest is not in specific securities	7,847,102	11%
Not insured or collateralized (equities)	16,879,533	26%
	$65,852,511	

RISK MANAGEMENT

The City purchases commercial insurance to insure exposure to loss from risks other than worker's compensation claims. The City self-insures worker's compensation losses up to a limit of $350,000 per individual claim. The results of the self-insurance program are reported in the City's Worker's Compensation Retained Risk Internal Service Fund.

OTHER INFORMATION

State statutes require an annual audit of the books of account, financial records, and transactions by an independent certified public accountant. 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 is included in the financial section of this report. The auditor's report relative to the Federal Single Audit Act is reported separately.

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Urbana for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the 15th consecutive year that Urbana has achieved this award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet these requirements and we intend to submit it to the GFOA to determine its eligibility for another certificate.

We would like to commend the entire staff of the Finance Department for their efficient and dedicated service in helping prepare this report. We would also like to commend the Mayor, members of the City Council and all officials and officers of the City of Urbana for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Bruce Walden
CHIEF ADMINISTRATIVE OFFICER

Ronald C. Eldridge
COMPTROLLER
Certified Public Accountant

/sda

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, 2002

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

President

Executive Director

CITY OF URBANA

List of Principal Officials

June 30, 2003

Elected Officials

Mayor
Tod Satterthwaite

City Clerk
Phyllis D. Clark

Alderwoman
Ester Patt

Alderwoman
Ruth Wyman

Alderman
James H. Hayes, Jr.

Alderwoman
Danielle Chynoweth

Alderwoman
Laura Huth

Alderman
Joseph A. Whelan, Jr.

Alderman
Milton E. Otto

Administrative Officials

Chief Administrative Officer
Bruce K. Walden

Police Chief
Eddie Adair

Fire Chief
Rex Mundt

Public Works Director
William Gray

Community Development Director
Libby Tyler

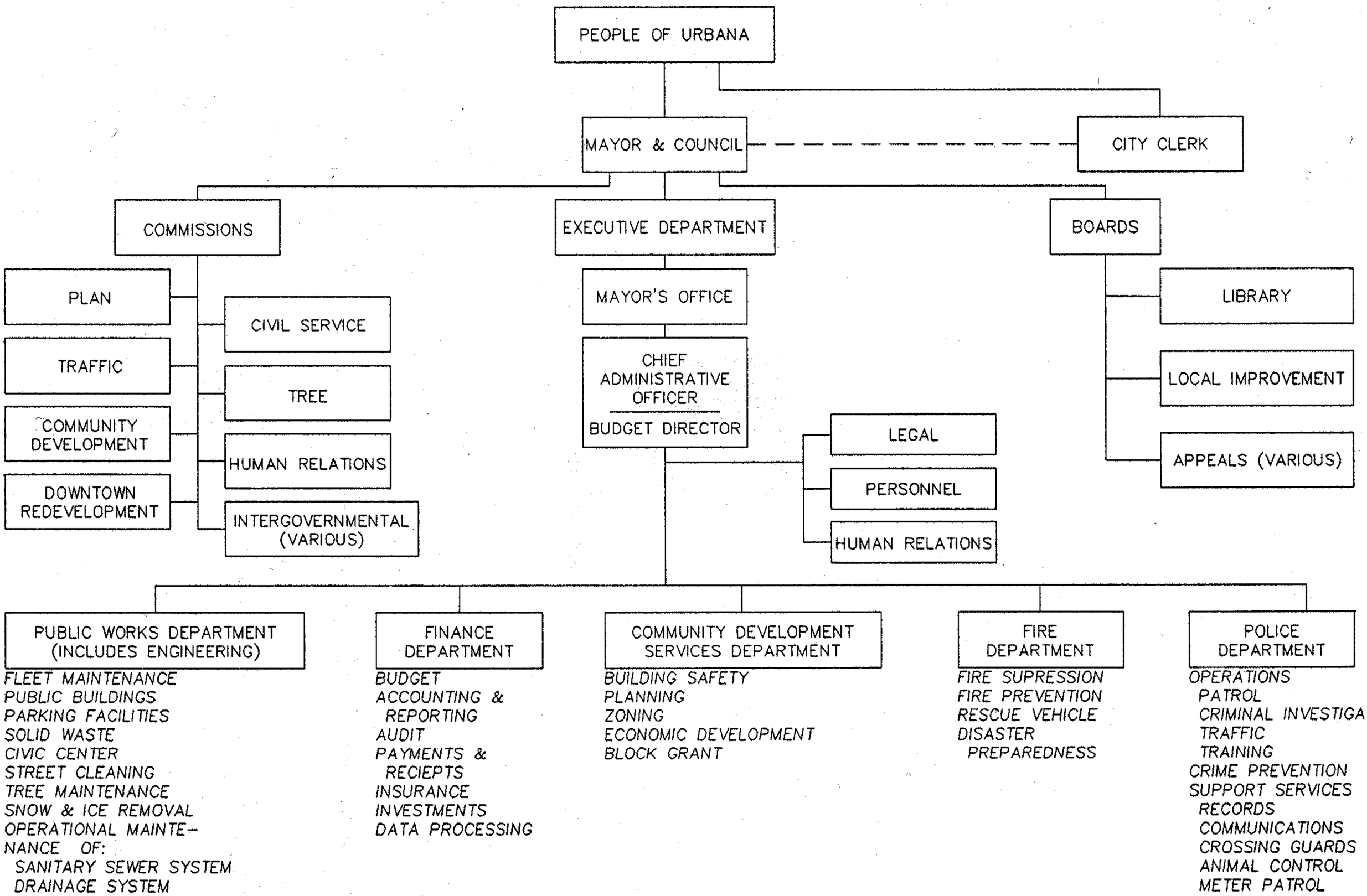
Corporation Counsel
Steve Holz

City Comptroller
Ronald C. Eldridge

Personnel Director
Mona Shannon

Urbana Free Library Director
Fred Schlipf

CITY OF URBANA
ORGANIZATION CHART
STRUCTURE AND MAJOR SERVICE FUNCTIONS



FINANCIAL SECTION

MARTIN HOOD FRIESE & ASSOCIATES, LLC

2507 South Neil St.
Champaign, Illinois 61820
PHONE 217.351.2000
FAX 217.351.7726

INDEPENDENT AUDITORS' REPORT

Honorable Tod Satterthwaite, Mayor
and the Members of the Urbana City Council
Urbana, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Illinois, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Urbana, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit. The prior year partial comparative information on the enterprise fund has been derived from the City's 2002 financial statements. The financial statements of the City as of June 30, 2002, were audited by other auditors whose report dated September 27, 2002, expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Urbana Free Library Fund, Tax Stabilization Fund and Building Financing Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 19, 2003, on our consideration of the City of Urbana, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 12 to 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Martin, Hood, Friese & Associates, LLC

September 12, 2003

Management's Discussion and Analysis

June 30, 2003

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, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

Financial Highlights:

- The assets of the City of Urbana exceeded liabilities at June 30, 2003, by $93,459,864. Of this amount $27,580,110 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's net assets increased by $6,895,327 during the year.

- At June 30, 2003, the governmental funds reported combined fund balances of $29,708,362, of which $24,173,814 was unreserved and is available for spending at the City's discretion.

- Governmental fund balances decreased $546,734 (1.8%) during the year.

- The City's long-term debt decreased $1,024,798 due to scheduled debt principal retirements of $797,430, early retirement payment of $232,260 and an increase in accumulated compensated employee absences of $4,892.

Overview of the Financial Statements:

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

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

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

- The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

- Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City of Urbana's governmental activities include Public Safety, Highways and Streets, General Government, Urban Redevelopment and Housing, Library Services and Interest on Long-term Debt. The City of Urbana has one business-type activity, the Motor Vehicle Parking System.

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Urbana, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the City of Urbana can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating the City of Urbana's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

- The City of Urbana maintains twenty-three 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, Urbana Free Library, Tax Stabilization and Building Financing Funds, 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 except for the debt service funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

- The basic governmental fund financial statements can be found on pages 25-33 of this report.

Proprietary Funds:

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Urbana maintains two different types of proprietary funds, enterprise and internal service:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Urbana utilizes one enterprise fund to account for its Motor Vehicle Parking System.

- Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Urbana uses internal service funds to account for it's fleet and equipment maintenance in the Central Garage Fund and for it's worker's compensation claims costs in the Worker's Compensation Retained Risk Fund. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements and combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

- The basic proprietary fund financial statements can be found on pages 34-37 of this report.

Fiduciary Funds:

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Urbana's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The only fiduciary funds utilized by the City of Urbana are the Firemen's and Policemen's Pension Trust Funds. The basic fiduciary fund financial statements can be found on pages 38-39 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 41-72 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning funding progress for the City's I.M.R.F. employee pension obligation. Required supplementary information can be found on page 74 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 75-109 of this report.

Government-wide Financial Analysis:

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City of Urbana's net assets reflects it's investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Urbana uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Urbana's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Following is a comparative statement of net assets (amounts expressed in thousands):

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	$34,576	$35,149	$ 1,857	$ 1,891	$36,433	$37,040
Capital assets	55,985	49,608	6,310	6,356	62,295	55,964
Total assets	$90,561	$84,757	$ 8,167	$ 8,247	$98,729	$93,004
Long-term liabilities	1,273	1,767	1,686	2,217	2,959	3,984
Other liabilities	2,237	2,405	72	50	2,309	2,455
Total liabilities	$ 3,510	$ 4,172	$ 1,758	$ 2,267	$ 5,268	$ 6,439
Net assets:						
Invested in capital assets	55,985	49,138	4,624	4,139	60,609	53,277
Restricted	5,271	4,194	--	--	5,271	4,194
Unrestricted	25,795	27,253	1,785	1,841	27,580	29,094
Total net assets	$87,051	$80,585	$ 6,409	$ 5,980	$93,460	$86,565

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

There was an increase in net assets from governmental activities of $6,466,220. This amount plus $381,555 from last year's unrestricted net assets was used to increase the investment in capital assets of $6,847,775. There was an increase in net assets from business-type activities of $429,107. This amount plus $55,745 from last year's unrestricted net assets was used to increase the investment in capital assets of $484,852.

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for Services	$ 4,715	$ 4,505	$ 1,104	$ 962	$ 5,819	$ 5,467
Operating Grants & Contributions	1,364	2,291	-	-	1,835	2,291
Capital Grants & Contributions	471	-	-	-	471	-
General Revenues:						
Property Tax	6,816	6,259	-	-	6,816	6,259
Utility Tax	3,859	3,392	-	-	3,859	3,392
State Sales Tax	3,383	3,545	-	-	3,383	3,545

(cont'd)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Intergovernmental, Not Restricted to Specific Programs	$ 5,901	$ 5,824	$ -	$ -	$ 5,901	$ 5,824
Investment Income	1,305	933	23	44	1,328	977
Municipal Sales Tax	2,115	2,063	-	-	2,115	2,063
Other Taxes	1,413	1,322	-	-	1,413	1,322
Other	505	712	-	-	505	712
Total Revenues	$31,847	$30,846	$ 1,127	$ 1,006	$32,974	$31,852
Expenses:						
Public Safety	$10,120	$ 9,840	$ -	$ -	$10,120	$ 9,840
Highways & Streets	7,354	6,955	-	-	7,354	6,956
General Government	2,234	2,091	-	-	2,234	2,091
Urban Redevelopment And Housing	3,413	3,250	-	-	3,413	3,250
Library Services	2,326	2,403	-	-	2,326	2,403
Interest on LT Debt	4	26	-	-	4	26
Motor Vehicle Parking	-	-	628	580	628	580
Total Expenses	$25,451	$24,565	$ 628	$ 580	$26,079	$25,145
Increase in Net Assets Before Transfers	$ 6,396	$ 6,281	$ 499	$ 426	$ 6,895	$ 6,707
Transfers In (Out)	70	(169)	(70)	169	-	-
Increase in Net Assets	$ 6,466	$ 6,112	$ 429	$ 595	$ 6,895	6,707
Net Assets, Beg. Year	80,585	74,473	5,980	5,385	86,565	79,858
Net Assets, End Year	$87,051	$80,585	$ 6,409	$ 5,980	$93,460	$86,565

- As noted, net assets from governmental activities increased $6,466.220 (8% growth). This increase is similar to last year when net assets from government activities increased $6,112,055 (8% growth). Total revenues increased 3.2% compared to last year and expenses increased 3.6%. Significant revenue changes were:

  - The utility tax increased 14% due to an increase in the tax rate on telecommunications.

  - Investment income increased 40% due to significant increases in the fair value of some of the city's U.S. Treasury bond investments. Investment income in the near future will likely approximate amounts earned in previous years.

  - Operating and capital grant revenues decreased 20% because the City received fewer grants for library services and certain housing improvements.

- Other revenues decreased 29% because the City raised a higher amount of private donations last year toward the library building improvement. As the goal was reached this year, fund-raising efforts were lowered.

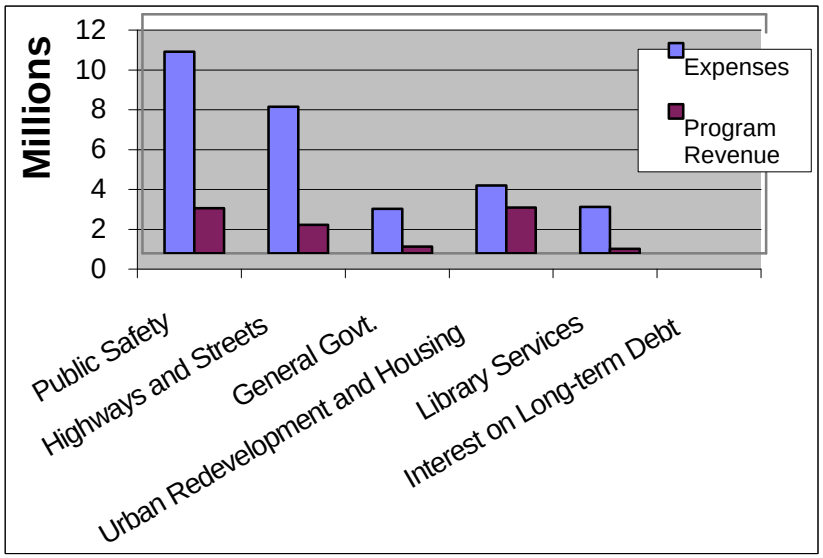
- As noted earlier, expenses increased 3.7%. This amount generally reflected inflationary increases in most services combined with a slight decrease in the costs of library services and housing rehabilitation programs related to a lower level of grant revenues, as noted above.

- Interest on long-term debt was significantly lower because final payment on two debt issues was made last year.

- Future cost increases are expected to be similar or slightly below inflationary increases.

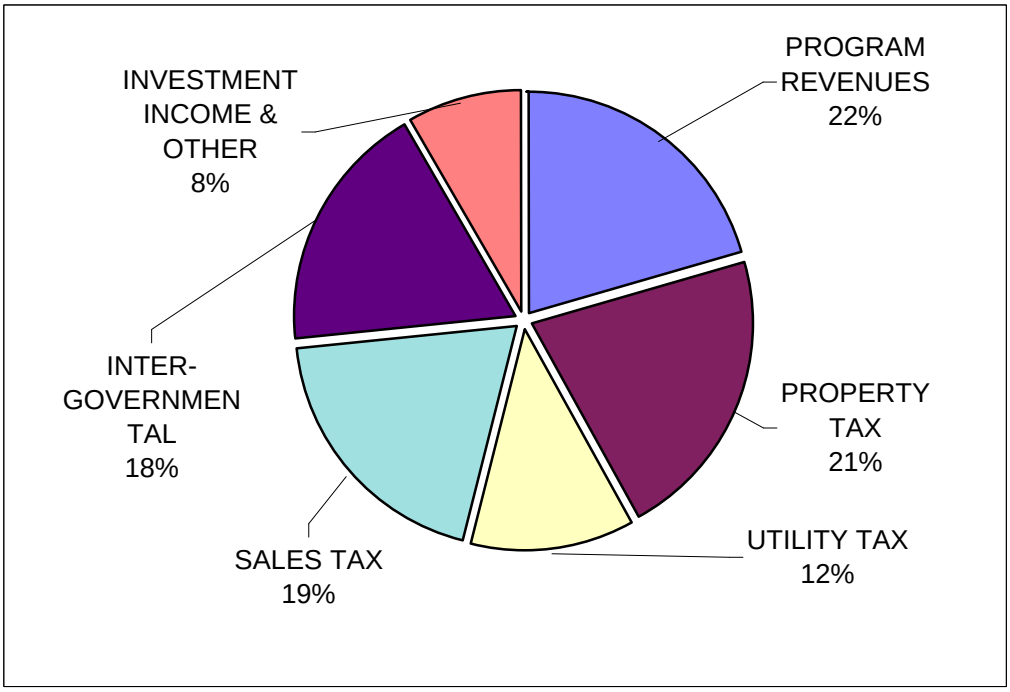
The percentage that program revenues paid for expenses (29.3%) was very similar to last year (30.9%). This slight decrease was due to the lower level of operating grants noted above.

Expenses and Program Revenues – Governmental Activities



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

Revenues by Sources – Governmental Activities



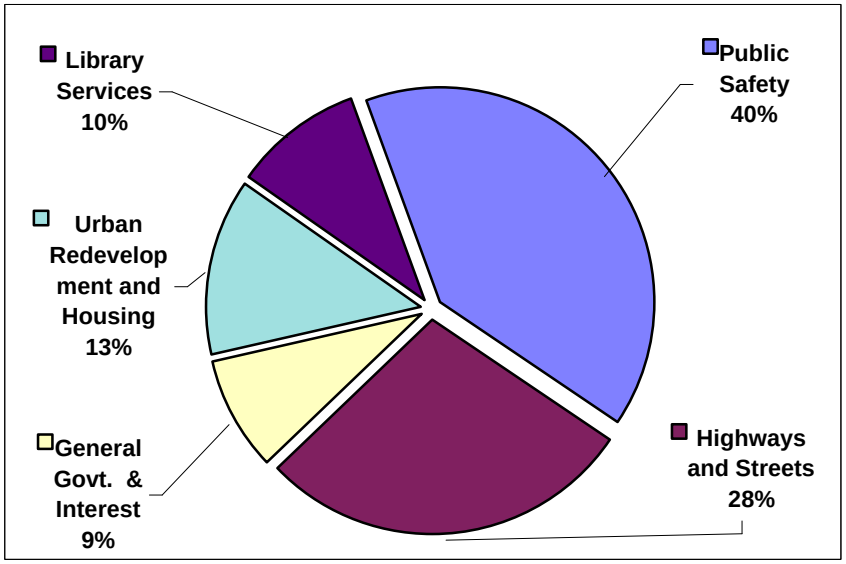
Financial Analysis of the Government's Funds:

As noted earlier, the City of Urbana uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Urbana's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City of Urbana's governmental funds reported combined ending fund balances of $29,708,362 (81% is unreserved, 80% level last year), a decrease of $546,734 over last year. The main reason for this reduction was the planned capital outlay of the new Library building improvement of $1.7 million, of which accumulated fund balance was used to pay these costs.

The general fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the general fund by $2,563,265. Planned transfers of $2,494,651 to various other funds mainly for future capital projects reduced the increase in fund balance $68,614 for the year to $4,331,805 at June 30, 2003. Management believes this level of fund balance (25% of total expenditures) is very acceptable.

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

Expenditures by Program – Governmental Activities



Proprietary Funds:

The only City of Urbana proprietary fund is the Motor Vehicle Parking Fund. This fund provides the same information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Motor Vehicle Parking Fund at June 30, 2003 were $1,784,830, which was a decrease of $55,745 over last year. This decrease was due to planned capital investments of $484,852, which exceeded the net change in assets for the year by that amount.

Budgetary Highlights.

Differences between the original budget and the final amended budget for the general fund were minor (increase of $53,930). Of this increase, $26,371 was to be funded out of revenue increases directly related to the budget changes. The remaining $27,559 was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budget, thus eliminating the need to draw upon existing fund balances.

Capital Asset Administration:

The City of Urbana's investment in capital assets includes land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals, and

other infrastructure. This investment in capital assets as of June 30, 2003, was $62,295,724 (net of accumulated depreciation), an increase of $6,331,587 over last year (11% increase). This increase of $6,331,587 was $2,396,856 higher than the increase last year. This was mainly attributable to an additional $1 million spent on the library building project and an additional $2 million in infrastructure improvements. Infrastructure improvements are expected to be between last year's and current year amounts for the next few years, as the City completes a number of new street construction projects. Depreciation amounts for the year are similar to the previous years. Major capital asset events during the year were:

- Addition of $9,016,431 in total capital assets
- Addition of $6,451,590 in infrastructure, of which $5,771,422 was in various street improvements with the two largest single improvements costing $1,938,720 for the Cunningham and Anthony Drive project and $1,755,142 for the street lighting improvement project. All other individual infrastructure improvements cost less than $200,000.
- Addition of $1,835,087 in buildings and improvements, the largest item costing $1,635,118 for construction costs of the new Library building addition.
- Depreciation expense of $2,477,328 was charged ($1,497,223 was for infrastructure)

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

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	$ 3,321	$ 3,307	$ 3,722	$ 3,707	$ 7,043	$ 7,014
Building and Improvements	9,023	7,521	2,299	2,356	11,322	9,877
Equipment	3,784	3,877	289	293	4,073	4,170
Infrastructure	39,857	34,903	-	-	39,857	34,903
Total Net Capital Assets	$55,985	$49,608	$ 6,310	$ 6,356	$62,295	$55,964

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 outstanding bonded debt of $1,686,295 at June 30, 2003. 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	
	2003	2002	2003	2002	2003	2002
General obligation	$ -	$ 470	$ -	$ -	$ -	$ 470
Special revenue	-	-	1,686	2,217	1,686	2,217
Total bonds	$ -	$ 470	$ 1,686	$ 2,217	$ 1,686	$ 2,687
Accumulated employee Absences	$ 844	$ 839	$ -	$ -	$ 844	$ 839
Landfill post-closure Monitoring	$ 430	$ 458	$ -	$ -	$ 430	$ 458
Total	$ 1,274	$ 1,767	$ 1,686	$ 2,217	$ 2,960	$ 3,984

During the year, $1,029,690 was retired and $4,892 in additional accumulated employee absences was accrued.

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

Economic Factor's and Next Year's Budget.

Assessed valuation increased 5.5% last year and has averaged 4.8% annual growth over the last three years and 5.1% over the last 10 years. The City of Urbana has been very aggressive in encouraging new business development, encouraging new housing construction, and annexing properties into the city limits. These actions have been the primary reason for this growth. We believe the future of the local real estate market remains strong, although growth in assessed value may be slightly less than the 10-year average in the future.

The general fund budget for next year has increased 2.9%.

Request for Information.

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

Statement of Net Assets
June 30, 2003

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents:			
Cash on Hand	$ 3,257	$ 280	$ 3,537
Checking	53,193	-	53,193
Savings	5,129,775	1,833,002	6,962,777
Il. Public Treasurer's Pool	6,787,936	423	6,788,359
Money Market Funds	126,342	-	126,342
Investments	11,753,048	-	11,753,048
Receivables(net of uncollectibles)	4,875,401	30,313	4,905,714
Internal Balances	5,838	(5,838)	-
Prepaid Items	264,223	-	264,223
Inventory of Supplies, at Cost	69,368	-	69,368
Investment in Joint Venture	45,555	-	45,555
Restricted Assets:			
Cash and Cash Equivalents:			
Checking	8,889	-	8,889
Savings	220,946	-	220,946
Il. Public Treasurer's Pool	637,011	-	637,011
Money Market Funds	64,135	-	64,135
Investments	4,434,861	-	4,434,861
Receivables	94,605	-	94,605
Internal Balances	1,319	(1,319)	-
Capital Assets (net of accumulated depreciation):			
Land	3,321,263	3,721,624	7,042,887
Buildings and Improvements	9,023,355	2,299,404	11,322,759
Equipment	3,783,597	289,271	4,072,868
Infrastructure	39,857,210	-	39,857,210
Total Assets	$ 90,561,127	$ 8,167,160	$ 98,728,287
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	$ 1,298,657	$ 32,744	$ 1,331,401
Accrued Interest	-	34,764	34,764
Accrued Salaries and Taxes	620,384	4,523	624,907
Unearned Revenues	317,710	-	317,710
Non-Current Liabilities:			
Due Within One Year	569,239	271,583	840,822
Due After More Than One Year	704,107	1,414,712	2,118,819
Total Liabilities	3,510,097	1,758,326	5,268,423
Net Assets:			
Invested in Capital Assets, net of Related Debt	55,985,425	4,624,004	60,609,429
Restricted for:			
Highways and Streets	3,167,847	-	3,167,847
Library Building Expansion	2,024,496	-	2,024,496
Library Materials	77,982	-	77,982
Unrestricted	25,795,280	1,784,830	27,580,110
Total Net Assets	87,051,030	6,408,834	93,459,864
Total Liabilities and Net Assets	$ 90,561,127	$ 8,167,160	$ 98,728,287

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

CITY OF URBANA

Statement of Activities
Fiscal Year Ended June 30, 2003

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Public Safety	$10,119,869	$ 2,214,653	$ 47,991	$ -	$ (7,857,225)	$ -	$(7,857,225)
Highways and Streets	7,354,100	1,424,026	-	-	(5,930,074)	-	(5,930,074)
General Government	2,234,056	330,874	-	-	(1,903,182)	-	(1,903,182)
Urban Redevelopment & Housing	3,412,707	606,699	1,223,602	470,533	(1,111,873)	-	(1,111,873)
Library Services	2,325,974	138,836	92,494	-	(2,094,644)	-	(2,094,644)
Interest on Long-Term Debt	4,450	-	-	-	(4,450)	-	(4,450)
Total Governmental Activities	25,451,156	4,715,088	1,364,087	470,533	(18,901,448)	-	(18,901,448)
Business-Type Activities:							
Motor Vehicle Parking	627,612	1,103,646	-	-	-	476,034	476,034
Total Functions/Programs	$26,078,768	$ 5,818,734	$1,364,087	$ 470,533	(18,901,448)	476,034	(18,425,414)
General Revenues:							
Property Tax					6,816,463	-	6,816,463
Utility Tax					3,858,619	-	3,858,619
State Sales Tax					3,382,787	-	3,382,787
Sewer Benefit Tax					771,091	-	771,091
Hotel/Motel Tax					642,340	-	642,340
Intergovernmental, Not Restricted to Specific Functions/Programs					5,900,695	-	5,900,695
Investment Income					1,305,234	22,846	1,328,080
Other					485,321	-	485,321
Municipal Sales Tax					2,115,078	-	2,115,078
Gain on Sale of Capital Assets					20,367	-	20,367
(Decrease) in Investment in Joint Venture					(100)	-	(100)
Transfers					69,773	(69,773)	-
Total General Revenues and Transfers					25,367,668	(46,927)	25,320,741
Change in Net Assets					6,466,220	429,107	6,895,327
Net Assets, Beginning of Year					80,584,810	5,979,727	86,564,537
Net Assets, End of Year					$87,051,030	$6,408,834	$93,459,864

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

Governmental Funds - Combined Balance Sheet

June 30, 2003

ASSETS	General	Urbana Free Library	Tax Stabilization	Building Financing	Other Governmental Funds	Totals
Cash and Cash Equivalents:						
Cash on Hand	$ 2,591	$ 516	$ -	$ -	$ 150	$ 3,257
Checking	5,948	18,999	-	-	28,246	53,193
Savings	1,622,063	829,274	10,622	464,669	2,153,632	5,080,260
Il. Public Treasurer's Pool	1,822,030	-	691,889	1,625,403	2,648,614	6,787,936
Money Market Funds	-	-	-	-	126,342	126,342
Investments	145,566	-	910,429	610,757	10,086,296	11,753,048
Receivables (Net of Uncollectibles)	2,485,161	925,603	-	137,500	1,272,461	4,820,725
Due from Other Funds	-	24,235	494,960	-	5,869	525,064
Prepaid Expenditures	264,223	-	-	-	-	264,223
Restricted Assets:						
Checking	-	8,889	-	-	-	8,889
Savings	-	69,093	-	-	151,853	220,946
Il. Public Treasurer's Pool	-	-	-	-	637,011	637,011
Money Market Funds	-	64,135	-	-	-	64,135
Investments	-	1,947,197	-	-	2,487,664	4,434,861
Receivables	-	13,164	-	-	81,441	94,605
Due from Other Funds	-	-	-	-	1,319	1,319
Total Assets	$ 6,347,582	$ 3,901,105	$ 2,107,900	$2,838,329	$ 19,680,898	$34,875,814
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to Other Funds	$ 432,491	$ -	$ -	$ -	$ 166,680	$ 599,171
Accounts Payable	328,588	32,003	6,654	309,594	502,450	1,179,289
Accrued Salaries and Taxes	571,437	36,662	-	-	4,215	612,314
Deferred Revenues	683,261	972,795	-	-	1,120,622	2,776,678
Total Liabilities	2,015,777	1,041,460	6,654	309,594	1,793,967	5,167,452
Fund Balance:						
Reserved for Prepaid Expenditures	264,223	-	-	-	-	264,223
Reserved for:						
Highways and Streets	-	-	-	-	3,167,847	3,167,847
Library Building Expansion	-	2,024,496	-	-	-	2,024,496
Library Materials	-	77,982	-	-	-	77,982
Unreserved, Reported In:						
General Fund	4,067,582	-	-	-	-	4,067,582
Special Revenue Funds	-	757,167	2,101,246	2,528,735	12,115,392	17,502,540
Capital Projects Funds	-	-	-	-	2,603,692	2,603,692
Total Fund Balance	4,331,805	2,859,645	2,101,246	2,528,735	17,886,931	29,708,362
Total Liabilities and Fund Balance	$ 6,347,582	$ 3,901,105	$ 2,107,900	$2,838,329	$ 19,680,898	$34,875,814

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

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

June 30, 2003

Total fund balances, governmental funds	$ 29,708,362
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	55,898,434
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	2,504,523
Internal service funds are used by management to charge the costs of certain activities such as central garage and worker's compensation costs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	213,057
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(1,273,346)
Net assets of governmental activities	$ 87,051,030

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

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

Fiscal Year Ended June 30, 2003

	General	Urbana Free Library	Tax Stabilization	Building Financing	Other Governmental Funds	Totals
Revenues:						
Property Tax	$ 2,744,510	$1,892,531	$ -	$ -	$ 2,036,570	$ 6,673,611
Utility Tax	3,858,619	-	-	-	-	3,858,619
State Sales Tax	3,382,787	-	-	-	-	3,382,787
Sewer Benefit Tax	-	-	-	-	771,091	771,091
Hotel/Motel Tax	642,340	-	-	-	-	642,340
Intergovernmental	3,806,085	155,398	-	-	4,989,814	8,951,297
Net Investment Earnings	214,476	72,803	129,629	-	880,171	1,297,079
Licenses, Fines, and Service Charges	3,170,060	138,836	6,975	-	183,235	3,499,106
Other	-	485,321	-	-	3,311	488,632
Municipal Sales Tax	2,115,078	-	-	-	-	2,115,078
Total Revenues	19,933,955	2,744,889	136,604	-	8,864,192	31,679,640
Expenditures:						
Current:						
Public Safety	9,802,996	-	-	-	115,498	9,918,494
Highways and Streets	4,691,616	-	1,000	-	359,659	5,052,275
General Government	1,971,274	-	-	-	223,883	2,195,157
Urban Redevelopment and Housing	896,097	-	-	-	2,505,546	3,401,643
Library Services	-	2,127,262	-	-	146,305	2,273,567
Debt Service:						
Principal Retirement	-	-	-	-	470,095	470,095
Interest	-	-	-	-	12,209	12,209
Capital Outlay	8,707	1,715,359	80,132	-	7,170,298	8,974,496
Total Expenditures	17,370,690	3,842,621	81,132	-	11,003,493	32,297,936
Excess of Revenues Over (Under) Expenditures	2,563,265	(1,097,732)	55,472	-	(2,139,301)	(618,296)
Other Financing Sources (Uses):						
Transfers In	-	2,003,052	-	-	4,502,926	6,505,978
Transfers Out	(2,494,651)	-	(1,730,250)	(885,118)	(1,324,397)	(6,434,416)
Total Other Financing Sources (Uses)	(2,494,651)	2,003,052	(1,730,250)	(885,118)	3,178,529	71,562
Net Changes in Fund Balances	68,614	905,320	(1,674,778)	(885,118)	1,039,228	(546,734)
Fund Balance, Beginning of Year	4,263,191	1,954,325	3,776,024	3,413,853	16,847,703	30,255,096
Fund Balance, End of Year	$ 4,331,805	$2,859,645	$ 2,101,246	$ 2,528,735	$ 17,886,931	$ 29,708,362

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

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

Fiscal Year Ended June 30, 2003

Net change in fund balance, total governmental funds	$ (546,734)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,290,689
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	142,852
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond repayments.	470,095
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.	31,417
Internal service funds are used by management to charge the costs of certain activities such as a central garage and and worker's compensation costs, to individual funds. The net revenue (expense) of the internal service funds is reported with government activities	77,901
Change in net assets of governmental activities	$ 6,466,220

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

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Tax	$ 2,724,076	$ 2,750,447	$ 2,744,510	$ (5,937)
Utility Tax	3,769,997	3,769,997	3,858,619	88,622
State Sales Tax	3,216,308	3,216,308	3,382,787	166,479
Hotel/Motel Tax	617,761	617,761	642,340	24,579
Intergovernmental	4,141,918	4,141,918	3,806,085	(335,833)
Net Investment Earnings;				
Interest	149,000	149,000	149,323	323
Net Increase (Decrease) in Fair Value of Investments	-	-	65,153	65,153
Subtotal, Net Investment Earnings	149,000	149,000	214,476	65,476
Licenses, Fines, and Service Charges	2,962,184	2,962,184	3,170,060	207,876
Municipal Sales Tax	2,129,880	2,129,880	2,115,078	(14,802)
Total Revenues	$ 19,711,124	$ 19,737,495	$ 19,933,955	$ 196,460
Expenditures-Current:				
Police:				
Personnel Services	$ 4,680,130	$ 4,594,542	$ 4,550,271	$ 44,271
Materials & Supplies	44,090	44,090	33,404	10,686
Other Services & Charges	890,474	891,124	787,691	103,433
Total Police	5,614,694	5,529,756	5,371,366	158,390
Fire:				
Personnel Services	4,082,632	4,194,887	3,989,175	205,712
Materials & Supplies	61,390	58,390	47,608	10,782
Other Services & Charges	431,121	434,121	394,847	39,274
Total Fire	4,575,143	4,687,398	4,431,630	255,768
Total Public Safety	10,189,837	10,217,154	9,802,996	414,158
Highways and Streets:				
Personnel Services	2,803,530	2,812,484	2,760,046	52,438
Materials & Supplies	391,920	391,920	327,879	64,041
Other Services & Charges	1,800,694	1,785,694	1,603,691	182,003
Total Highways and Streets	4,996,144	4,990,098	4,691,616	298,482

(Continued)

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
General Government:				
Executive:				
Personnel Services	$ 752,922	$ 819,436	$ 665,879	$ 153,557
Materials & Supplies	16,280	16,280	13,843	2,437
Other Services & Charges	307,334	241,864	174,665	67,199
Total Executive	1,076,536	1,077,580	854,387	223,193
Finance:				
Personnel Services	743,044	768,871	745,186	23,685
Materials & Supplies	59,750	59,750	36,098	23,652
Other Services & Charges	195,923	206,437	168,559	37,878
Total Finance	998,717	1,035,058	949,843	85,215
City Clerk:				
Personnel Services	116,313	116,313	116,262	51
Materials & Supplies	2,070	2,070	1,581	489
Other Services & Charges	45,998	25,098	20,891	4,207
Total City Clerk	164,381	143,481	138,734	4,747
Legislative:				
Personnel Services	26,600	26,600	26,600	-
Materials & Supplies	750	750	126	624
Other Services & Charges	9,300	9,300	1,584	7,716
Total Legislative	36,650	36,650	28,310	8,340
Total GeneralGovernment	2,276,284	2,292,769	1,971,274	321,495
Urban Redevelopment and Housing:				
Personnel Services	642,740	643,914	559,200	84,714
Materials & Supplies	14,830	14,830	8,995	5,835
Other Services & Charges	392,251	392,251	327,902	64,349
Total Community Development	1,049,821	1,050,995	896,097	154,898
Total Current Expenditures	18,512,086	18,551,016	17,361,983	1,189,033
Capital Outlay	8,294	23,294	8,707	14,587
Total Expenditures	$ 18,520,380	$ 18,574,310	$ 17,370,690	$ 1,203,620

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

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Tax	$ 1,935,524	$ 1,935,524	$ 1,892,531	$ (42,993)
Intergovernmental	239,323	239,323	155,398	(83,925)
Net Investment Earnings - Interest	12,500	12,500	72,803	60,303
Licenses, Fines and Service Charges	168,420	168,420	138,836	(29,584)
Other-Donations	-	-	485,321	485,321
Total Revenues	2,355,767	2,355,767	2,744,889	389,122
Expenditures:				
Current:				
Library Services:				
Personnel Services	1,581,314	1,581,314	1,562,300	19,014
Materials and Supplies	331,895	331,895	271,419	60,476
Contractual Services	416,317	416,317	293,543	122,774
Total Library Services	2,329,526	2,329,526	2,127,262	202,264
Capital Outlay	8,055,828	7,949,916	1,715,359	6,234,557
Total Expenditures	10,385,354	10,279,442	3,842,621	6,436,821
Net Revenues Over (Under) Expenditures	(8,029,587)	(7,923,675)	(1,097,732)	6,825,943
Other Financing Sources (Uses):				
Transfers In	8,135,499	7,949,916	2,003,052	(5,946,864)
Net Change in Fund Balance	105,912	26,241	905,320	879,079
Fund Balance, Beginning of Year	1,954,325	1,954,325	1,954,325	-
Fund Balance, End of Year	$ 2,060,237	$ 1,980,566	$ 2,859,645	$ 879,079

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

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Investment Income:				
Interest	$ 185,653	$ 185,653	$ 82,406	$ (103,247)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	47,223	47,223
Net Investment Earnings	185,653	185,653	129,629	(56,024)
Licenses, Fines and Service Charges	-	-	6,975	6,975
Total Revenues	185,653	185,653	136,604	(49,049)
Expenditures:				
Current:				
Highways and Streets:				
Contractual Services	9,000	9,000	1,000	8,000
General Government:				
Contractual Services	4,700	4,700	-	4,700
Urban Redevelopment and Housing:				
Contractual Services	1,000	1,000	-	1,000
Capital Outlay	26,658	176,658	80,132	96,526
Total Expenditures	41,358	191,358	81,132	110,226
Net Revenues Over (Under) Expenditures	144,295	(5,705)	55,472	61,177
Other Financing Uses:				
Transfers In (Out)	(2,409,553)	(2,409,553)	(1,730,250)	679,303
Net Change in Fund Balance	(2,265,258)	(2,415,258)	(1,674,778)	740,480
Fund Balance, Beginning of Year	3,776,024	3,776,024	3,776,024	-
Fund Balance, End of Year	$1,510,766	$1,360,766	$ 2,101,246	$ 740,480

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

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental-State Grant	$ 700,000	$ 700,000	$ -	$ (700,000)
Other-Donations	195,197	195,197	-	(195,197)
Total Revenues	895,197	895,197	-	(895,197)
Other Financing Sources (Uses):				
Transfers In (Out)	(6,053,765)	(5,947,853)	(885,118)	5,062,735
Net Change in Fund Balance	(5,158,568)	(5,052,656)	(885,118)	4,167,538
Fund Balance, Beginning of Year	3,413,853	3,413,853	3,413,853	-
Fund Balance, End of Year	$(1,744,715)	$ (1,638,803)	$2,528,735	$ 4,167,538

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

Proprietary Funds
Statement of Net Assets
June 30, 2003

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal
	Current Year	Last Year	Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash on Hand	$ 280	$ 280	$ -
Savings	1,833,002	1,459,598	49,515
Il. Public Treasurer's Pool	423	404,248	-
Receivables (Net of Uncollectibles):			
Accounts	30,313	32,110	54,676
Due from Other Funds	-	-	79,945
Inventory of Supplies	-	-	69,368
Total Current Assets	1,864,018	1,896,236	253,504
Capital Assets:			
Land	3,721,624	3,706,624	-
Buildings and Improvements	5,593,246	5,445,229	-
Equipment	470,046	497,817	164,528
Less Accumulated Depreciation	(3,474,617)	(3,293,278)	(77,537)
Total Capital Assets (net of Accumulated Depreciation)	6,310,299	6,356,392	86,991
Total Assets	8,174,317	8,252,628	340,495
LIABILITIES			
Current Liabilities:			
Due to Other Funds	7,157	5,325	-
Accounts Payable	32,744	1,885	119,368
Accrued Interest	34,764	44,196	-
Accrued Salaries and Taxes	4,523	4,255	8,070
General Obligation Bonds-Current	271,583	343,205	-
Total Current Liabilities	350,771	398,866	127,438
Non-Current Liabilities:			
General Obligation Bonds	1,414,712	1,874,035	-
Total Liabilities	1,765,483	2,272,901	127,438
NET ASSETS			
Invested in Capital Assets (Net of Related Debt)	4,624,004	4,139,152	86,991
Unrestricted	1,784,830	1,840,575	126,066
Total Net Assets	$ 6,408,834	$ 5,979,727	$ 213,057

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

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

Fiscal Year Ended June 30, 2003

	Business-type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal
	Current Yr.	Last Yr.	Funds
Operating Revenues:			
Parking Meters	$ 847,596	$ 727,358	$ -
Parking Rentals	256,050	234,534	-
Charges for Services	-	-	853,015
Total Operating Revenues	1,103,646	961,892	853,015
Operating Expenses:			
Personnel Services	124,969	111,918	373,322
Supplies	33,699	33,601	13,841
Contractual Services	118,290	74,378	118,040
Equipment Parts	-	-	111,163
Fuel	-	-	136,557
Depreciation	243,429	227,774	12,345
Worker's Compensation Claims	-	-	16,212
Total Operating Expenses	520,387	447,671	781,480
Operating Income	583,259	514,221	71,535
Non Operating Revenues (Expenses):			
Investment Income (Net of Invest. Expense)	22,846	44,065	8,155
Interest Expense	(107,225)	(132,507)	-
Total Non Operating Revenues (Expenses)	(84,379)	(88,442)	8,155
Income Before Transfers In (Out)	498,880	425,779	79,690
Transfers In (Out)	(69,773)	168,669	(1,789)
Change in Net Assets	429,107	594,448	77,901
Net Assets, Beginning of Year	5,979,727	5,385,279	135,156
Net Assets, End of Year	$ 6,408,834	$ 5,979,727	$ 213,057

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

Proprietary Funds
Statement of Cash Flows

Fiscal Year Ended June 30, 2003

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal
	Current Year	Last Year	Service Funds
Cash Flows from Operating Activities:			
Receipts from Users	$ 1,105,443	$ 1,000,433	$ 801,336
Payments to Employees	(124,701)	(111,846)	(372,315)
Payments to Suppliers	(119,298)	(108,836)	(441,409)
Worker's Compensations Claims	-	-	(108,970)
Net Cash Provided by (Used in) Operating Activities	861,444	779,751	(121,358)
Cash Flows from Non-Capital Financing Activities:			
Transfers In (Out)	(69,773)	168,669	(1,789)
Cash Flows from Capital and Related Financing Activities:			
(Purchase) of Land	(15,000)	(60,568)	-
(Purchase) of Buildings and Improvements	(148,017)	(200,791)	-
(Purchase) of Equipment	(34,319)	(224,578)	(31,457)
Payment of Interest on Debt	(116,657)	(131,536)	-
Payment of Debt Principal	(530,945)	(265,360)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(844,938)	(882,833)	(31,457)
Cash Flows from Investing Activities:			
Investment Income	22,846	44,065	8,155
Increase (Decrease) in Cash and Cash Equivalents	(30,421)	109,652	(146,449)
Beginning Cash and Cash Equivalents	1,864,126	1,754,474	195,964
Ending Cash and Cash Equivalents	$ 1,833,705	$ 1,864,126	$ 49,515

(Continued)

Proprietary Funds
Statement of Cash Flows, Continued

Fiscal Year Ended June 30, 2003

	Business-Type Activities Motor Vehicle Parking Enterprise Fund		Governmental Activities Internal
	Current Year	Last Year	Service Funds
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 583,259	514,221	71,535
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	243,429	227,774	12,345
(Increase) Decrease in Accounts Receivable	1,797	38,541	(54,676)
(Increase) in Due from Other Funds	-	-	(51,679)
(Increase) in Inventory of Supplies	-	-	(3,980)
Increase in Due to Other Funds	1,832	1,484	-
Increase (Decrease) in Accounts Payable	30,859	(2,341)	(95,910)
Increase in Accrued Salaries and Taxes	268	72	1,007
Net Cash Provided (Used in) Operating Activities	$ 861,444	$ 779,751	$ (121,358)

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

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

June 30, 2003

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	$ -	$ 264	$ 264
Savings	329,800	626,842	956,642
Money Market Funds	6,776	224,477	231,253
Subtotal, Cash and Cash Equivalents	336,576	851,583	1,188,159
Investments, at fair value	20,073,367	13,541,424	33,614,791
Receivables (Net of Uncollectibles)			
Property Tax	317,762	501,843	819,605
Accrued Interest	8,920	93,917	102,837
Total Assets	20,736,625	14,988,767	35,725,392
LIABILITIES			
Accounts Payable	4,021	59,624	63,645
NET ASSETS			
Held in Trust for Pension Benefits	$ 20,732,604	$ 14,929,143	$ 35,661,747

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

Fiscal Year Ended June 30, 2003

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	$ 688,615	$ 1,064,928	$ 1,753,543
Employee Contributions	193,694	243,003	436,697
Subtotal Contributions	882,309	1,307,931	2,190,240
Investment Income:			
Interest and Dividends	798,158	505,482	1,303,640
Net Increase (Decrease) in Fair Value of Investments	378,585	112,578	491,163
Total, Investment Income	1,176,743	618,060	1,794,803
Less Investment Expense	(2,876)	(87,270)	(90,146)
Net Investment Income	1,173,867	530,790	1,704,657
Total Additions	2,056,176	1,838,721	3,894,897
Deductions:			
Benefits	1,225,962	993,071	2,219,033
Administrative Costs	14,127	15,413	29,540
Total Deductions	1,240,089	1,008,484	2,248,573
Change in Net Assets	816,087	830,237	1,646,324
Net Assets, Beginning of Year	19,916,517	14,098,906	34,015,423
Net Assets, End of Year	$ 20,732,604	$ 14,929,143	$ 35,661,747

Note 1 - Reporting Entity, Description of Funds and Account Groups 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, 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, accounts groups, 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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services in connection with the proprietary funds' principal operations. The principal operating revenues of the Motor Vehicle Parking System enterprise fund and the government's internal service funds are charges to customers for services. Operating expenses for the enterprise fund and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Funds Used by the City - A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements. The City of Urbana utilizes the following funds:

1) Major Governmental Funds:

General – The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement are accounted for in this fund. The General Fund pays operating expenditures, fixed charges, and capital improvement costs not paid through other funds.

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

Tax Stabilization – This fund accounts for large, known and possible future obligations. Revenues to pay for these obligations are provided by transfers from the general fund.

Building Financing – This fund is being used to accumulate funds for future expansion of city buildings and facilities. Transfers from the general fund provide revenues for these activities.

2) Major Proprietary Fund:

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

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

Municipal Retirement – This fund accounts for real property taxes that are levied to provide monies to make required payments to the Illinois Municipal Retirement Fund.

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.

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 restricted for various housing rehabilitation loans and grant payments.

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

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

Tax Increment Financing District 1 – This fund accounts for the incremental property taxes, and state sales tax realized within the Tax Increment Financing District Number 1. It also accounts for a state grant. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

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

Tax Increment Financing District 3 – This fund accounts for the incremental property taxes realized within the Tax Increment Financing District Number 3. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district.

Tax Increment Financing District 4 – This fund accounts for the incremental property taxes realized within the Tax Increment Financing District Number 4. Expenditure of these revenues is restricted to capital improvements and redevelopment within the district

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

Sales Tax Grant – This fund accounts for monies set aside and transferred each year to the general fund to replace certain sales tax proceeds that are required to be deposited to the tax increment district funds in order to obtain a State sales tax grant. A transfer from the general fund originally provided revenues for these transfers.

Insurance Financing – This fund is being used to accumulate funds for possible obligations from the City's worker's compensation retained risk program. Actual costs of the program are reported in the Worker's Compensation Retained Risk Internal Service Fund.

4) Nonmajor Debt Service Funds - are used to account for the annual payment of principal, interest, and expenditures on long-term general obligation debt and special assessment debt that has a general obligation commitment. Debt derived from the operations of an enterprise activity is accounted for in the enterprise funds. Debt Service Funds used by the City are:

1994 Capital Bonds – This fund accounts for debt service payments on a 1994 general obligation debt issue. Final debt service payment was made in 2003.

1992 T.I.F. 3 Bonds – This fund accounts for debt service payments on a 1992 general obligation debt issue. Final debt service payment was made in 2003.

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

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

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

6) Nonmajor Internal Service Funds – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost-reimbursement basis. Internal Service Funds used by the City are:

Central Garage – This fund is used to account for vehicle maintenance costs, which are provided, to other departments, on a cost-reimbursement basis.

Worker's Compensation Retained Risk – This fund is used to account for the accumulation of monies necessary to pay for worker's compensation claims under a self-insurance program. Revenues are being accumulated through charges to the various departments of the City.

7) Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The City maintains two pension trust fiduciary funds:

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

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

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

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

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

1) Deposits and Investments – The City considers cash on hand, checking, savings, the Illinois Public Treasurer's Pool, money market funds, and investments with original maturity of three months or less from the date of acquisition to be cash and cash equivalents. At June 30, 2003, there were no investments that were considered to be cash equivalents. The City maintains a cash and investment pool for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet in cash and investments. Interest income is distributed to each appropriate fund based on an average daily balance. Investments are reported at fair value. The Illinois Public Treasurer's Investment Pool is an investment pool managed by and regulatory oversight provided by the State of Illinois, Office of the Treasurer. While not SEC registered, the pool does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The reported value of the pool is the same as the fair value of the pool shares. The City is authorized by state statute and locally approved investment policies to invest in the following:

a. obligations of the U.S. Treasury, its agencies and instruments

b. savings accounts, certificates of deposit, or time deposits that are direct obligations of any bank or savings and loan association that is insured by the Federal Deposit Insurance Corporation

c. Illinois Public Treasurer's Investment Pool

d. money market mutual funds where the portfolio is limited to U.S. Government securities Investments are stated at fair value.

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

a. general and separate accounts of Illinois authorized life insurance companies

b. mutual funds

c. common stocks

2) Receivables and Payables

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

The City passes its annual tax levy ordinance on or before the second Tuesday of December. The taxes are extended by the Champaign County Clerk against the equalized assessed valuation as of January 1st of the calendar year that the levy ordinance was enacted. Property taxes become a lien at that time. Property tax bills are due in two equal installments, payable in June and in September of the following year. The Champaign County Treasurer remits receipts to the City within a short period after collection. Delinquent property tax bills are sold in October. For governmental fund financial statements, approximately one-half of the property tax levy is deferred since this amount is normally not collected within a time period to be available (defined as within 60 days). No provision has been made for delinquent property taxes since in past years the amount has averaged less than one percent per year. As a home-rule unit of government, no property tax limitations are imposed.

3) Inventories and Prepaid Items

The only inventories for supplies are carried in the Central Garage Internal Service Fund ($69,368), and are stated at the lower of cost or market, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments reflect costs to future periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

4) Restricted Assets:

Assets that are not available to finance general operations of the City are reported as restricted on the Statement of Net Assets. The restriction for highways and streets is imposed under State of Illinois laws concerning how motor fuel taxes may be spent. The restriction for library building expansion and library materials is imposed under covenants related to the donation of private funds for these purposes. The City's policy is to apply restricted resources first when an expense in incurred for purposes, which both restricted and unrestricted net assets are available.

5) Capital Assets:

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

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

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

6) Compensated Absences:

City employees are granted vacation pay and sick leave in various amounts. Sick leave and vacation benefits may be accumulated; however, upon death or retirement, employees are eligible to receive only a portion of accumulated time. Such amounts are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds record as an expenditure the amount accrued during the year that would normally be liquidated with expendable available resources. In prior years, the General Fund has been used to liquidate the accumulated absences for governmental funds. There were no accumulated amounts for the proprietary funds at June 30, 2003.

7) Long-Term Obligations:

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

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

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

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

Approximately ½ of the amount of property tax receivable is deferred in the governmental funds	$2,458,968
The amount of the investment in the joint venture Is not reported as an asset in the governmental funds	45,555
Total	$2,504,523

Another element of that reconciliation states that "long-term liabilities, including bonds payable, 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	$ 843,596
Future landfill monitoring	429,750
Total	$1,273,346

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

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

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

Capital outlays	$8,755,672
Depreciation	(2,464,983)
Total	$6,290,689

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

In the governmental funds, the payment to the joint venture was reported as an expenditure under Highways and Streets. In the statement of activities this payment was increased by the decrease in the investment in the joint venture, which is shown as an asset.	$ (100)

Accrued interest payable	$ 7,759
Amortization of long-term liability for future landfill Monitoring	28,650
Accumulated employee compensated absences	(4,892)
Total	$31,417

Note 3 – Stewardship, Compliance, and Accountability:

Budgetary Information – The Mayor and Budget Officer (Chief Administrative Officer acts as the Budget Officer) submit an operating budget to the City Council on approximately May 1, of each year for the fiscal year beginning on July 1, of that year. Public hearings and study sessions are conducted to obtain taxpayer comment. Prior to July 1, the budget ordinance is legally adopted. The Chief Administrative Officer is authorized to transfer budget amounts within each of the categories of personnel services materials and supplies, 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 $278,657 for all funds. Two significant budget changes were (1) to reduce the amount originally budgeted for the library building improvement by $211,824 to reflect a revised estimate of construction costs and (2) to add $150,000 for landfill mitigation costs.

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 and Debt Service Funds. Budgetary control of the Pension Trust Funds is maintained through an annual actuarial review. Budgetary control of Debt Service Funds is achieved through the original debt ordinance provisions. 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 year end, the carrying amount of the government's deposits was $11,795,857 and the bank balance was $12,672,862. Of the

bank balance, $3,332,774 was covered by general depository insurance, $6,996,856 was covered by collateral held by the City's agent in the City's name and $2,343,231 was not insured or covered by collateral.

Investments – The City's investments are categorized below to give an indication of the level of risk assumed:

Category 1 – insured or registered, or securities held by the City or the City's agent in the City's name.

At year-end, the City's investment balances were as follows (fair value):

	Category 1	Total
U.S. Government Securities	$29,330,019	$29,330,019
Investments Not Subject to Categorization:		
Insurance Company Accounts		616,933
Investment in Illinois Public Treasurer's Pool		7,425,370
Investment in Money Market Mutual Funds		421,732
Investment in Common Stock Mutual Funds		11,668,671
Investment in Common Stocks		4,593,930

No credit risk level is assigned to investment in Insurance Company Accounts, the Illinois Public Treasurer's Investment Pool, the Money Market Mutual Funds, Common Stock Mutual Funds, or Common Stocks since the City does not own any specific identifiable securities.

B. Investment in Joint Venture:

The Cities of Champaign and Urbana have entered into a joint venture, called the Champaign-Urbana Solid Waste Disposal System (CUSWDS), to oversee the operations of a local sanitary landfill. Effective June 1, 1987, the CUSWDS landfill ceased active operations. However, CUSWDS will be responsible for overseeing closeout and long-term maintenance of the site. The landfill was operated on an enterprise basis with its revenues derived primarily from user charges. The co-directors of the joint venture, the Mayor of Urbana and the City Manager of Champaign, have equal voting rights in respect to the system's operations. The annual budget is approved by both City Councils. Financial responsibility is based on the population of the two cities, at the time of the venture's establishment. Based on this proportionate share of population, the City of Urbana owns 38.2% of the net worth of the joint venture. This amount is shown as a

asset called Investment in Joint Venture in the government-wide statement of net assets. The City of Champaign is reporting the remaining 61.8%. Management anticipates that revenues will approximate expenses in the future.

Summary financial information for the joint venture at June 30, 2003, and the for the year then ended, is as follows:

Total Assets	$119,254
Total Liabilities	0
Total Fund Equity	$119,254
Total Revenues	$ 50,844
Total Expenses	51,106
Net Income (Less)	$ (262)

C. Capital Assets:

1) A summary of changes in capital assets follows:

	Balance 06/30/02	Additions	Deletions	Balance 06/30/03
Governmental Activities:				
Land (not being depreciated)	$ 3,307,323	$ 13,940	$ --	$ 3,321,263
Capital assets being Depreciated:				
Buildings and Improvements	9,829,435	1,674,686	--	11,504,121
Accum. Depn.	(2,308,194)	(172,572)	--	(2,480,766)
Buildings and Improvements Net	7,521,241	1,502,114	--	9,023,355
Equipment	8,394,956	678,879	(1,041,294)	8,032,541
Accum. Depn.	(4,450,739)	(807,533)	1,009,328	(4,248,944)
Equipment Net	3,944,217	(128,654)	(31,966)	3,783,597
Infrastructure	46,398,963	6,451,590	--	52,850,553
Accum. Depn.	(11,496,120)	(1,497,223)	--	(12,993,343)
Infrastructure Net	34,902,843	4,954,367	--	39,857,210
Total, Governmental Activities, Net Capital Assets	$ 49,675,624	$ 6,341,767	$ (31,966)	$55,985,425

	Balance 06/30/02	Additions	Deletions	Balance 06/30/03
Business-type Activities:				
Land (not being depreciated)	$ 3,706,624	$ 15,000	$ --	$ 3,721,624
Capital assets being Depreciated:				
Buildings and Improvements	5,445,229	160,401	(12,384)	5,593,246
Accum. Depn.	(3,089,236)	(216,990)	12,384	(3,293,842)
Buildings and Improvements Net	2,355,993	(56,589)	--	2,299,404
Equipment	497,817	21,935	(49,706)	470,046
Accum. Depn.	(204,042)	(26,439)	49,706	(180,775)
Equipment Net	293,775	(4,504)	--	289,271
Total, Business-type Activities, Net Capital Assets	$ 6,356,392	$ (46,093)	$ --	$ 6,310,299

Depreciation expense was charged to functions/programs as follows:

Public Safety	$ 453,090
Highways and Streets	1,877,422
General Government	72,337
Urban Redevelopment and Housing	26,228
Library	48,251
Total Depreciation Expense, Governmental Activities	$2,477,328

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. General obligation bonds have also been issued to refund general obligation bonds. As of June 30, 2003, the City had no outstanding general obligation debt. During the year, the amount of $340,095 in principal and $8,900 in interest was paid as the final payment on a bond issue dated June 1, 1994 (1994C Capital Improvement Bonds). Debt service on this issue was being paid through the 1994 Capital Bonds Debt Service Fund by an operating transfer from the Sales Tax Grant Special Revenue Fund. During the year,

the amount of $130,000 in principal and $3,309 in interest was also paid as the final payment on a bond issue dated October 1, 1992 (1992 TIF 3 Bonds). Debt service on this issue was being provided by an operating transfer from the Tax Increment Financing District 3 Special Revenue Fund.

2) Employee compensated absences in the amount of $843,596 were accrued at June 30, 2003 (See Note 1-F-6).

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, 2003, $429,750 remains outstanding to be paid over the next 15 years. These costs should be paid out of amounts to be provided in future periods, rather than from resources currently available. Each year, this estimate of costs is subject to changes resulting from inflation, technology, or applicable laws. The City has applied the Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs, and has included in long-term debt the liability for the estimated costs to close and maintain the landfill.

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

5) Revenue Bonds – The City of Urbana also issues bonds where income from the acquired or constructed assets is used to pay debt service. During the year, the amount of $274,905 in principal and $2,437 in interest was paid as the final payment on a bond issue dated June 1, 1994 (1994C Capital Improvement Bonds). Debt service on this issue was paid by the Motor Vehicle Parking Enterprise Fund. At June 30, 2003, the City had the following outstanding revenue obligation debt:

a. A revenue bond issue dated June 1, 1994 (1994A Parking Bonds) provides for serial retirement of varying amounts of principal and interest over the next 10 years as listed below. Debt service on this issue is being provided by an operating transfer from the Tax Increment Financing District 1 Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund.

Year	Interest Rate	Principal	Interest
2004	5.3	$ 55,000	$ 48,300
2005	5.3	60,000	45,413
2006	5.3	70,000	42,263
2007	5.3	75,000	38,588
2008	5.3	85,000	34,650
2009	5.3	95,000	30,188
2010	5.3	105,000	25,200
2011	5.3	115,000	19,688
2012	5.3	125,000	13,650
2013	5.3	135,000	7,088
		$ 920,000	$ 305,028

During the year, $50,000 of principal and $50,650 interest was paid.

b. A revenue bond issue dated June 1, 1994, (1994B Parking Bonds) provides for serial retirement of varying amounts of principal and interest over the next 10 years as listed below. Debt service on this issue is being provided by an operating transfer from the Tax Increment Financing District Two Special Revenue Fund to the Motor Vehicle Parking Enterprise Fund.

Year	Interest Rate	Principal	Interest
2004	5.2	$210,000	$ 30,940
2005	5.2	225,000	20,020
2006	5.2	20,000	8,320
2007	5.2	20,000	7,280
2008	5.2	20,000	6,240
2009	5.2	20,000	5,200
2010	5.2	20,000	4,160
2011	5.2	20,000	3,120
2012	5.2	20,000	2,080
2013	5.2	20,000	1,040
		$595,000	$ 88,400

During the year, $200,000 of principal and $38,473 interest was paid.

c. A revenue note dated December 15, 2001 (Tepper Note) that is considered a revenue obligation debt provides for serial retirement of varying amounts of principal and interest over the next 14 years as listed below. Debt service on this issue is being paid by the Motor Vehicle Parking Enterprise Fund.

Year	Interest Rate	Principal	Interest
2004	9.0	$ 6,583	$ 15,417
2005	9.0	7,176	14,824
2006	9.0	7,822	14,178
2007	9.0	8,526	13,474
2008	9.0	9,293	12,707
2009	9.0	10,129	11,871
2010	9.0	11,041	10,959
2011	9.0	12,035	9,965
2012	9.0	13,118	8,882
2013	9.0	14,298	7,702
2014	9.0	15,585	6,415
2015	9.0	16,988	5,012
2016	9.0	18,517	3,483
2017	9.0	20,184	1,816
		$ 171,295	$ 136,705

During the year, $6,040 of principal and $15,666 interest was paid.

E. The annual requirements to amortize all long-term revenue obligations (business-type activities), as of June 30, 2003, including interest of $530,133 are as follows:

Year Ended	Amount
2004	$ 366,240
2005	372,433
2006	162,583
2007	162,868
2008	167,890
2009	172,388
2010	176,360
2011	179,808
2012	182,730
2013	185,128
2014	22,000
2015	22,000
2016	22,000
2017	22,000
	$2,216,428

F. Changes in Long-Term Debt - The following is a summary of debt transactions of the City for the year ended June 30, 2003:

	Payable 6/30/02	Retired	Additions	Payable 6/30/03	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
1992 TIF 3 Bonds	$ 130,000	$ 130,000	$ --	$ --	$ --
1994C Cap. Imp. Bonds	340,095	340,095	--	--	--
Total	$ 470,095	$ 470,095	$ --	$ --	$ --
Accumulated Compensated Absences	$ 838,704	$ --	$ 4,892	$ 843,596	$540,589
Landfill Post-closure Monitoring	$ 458,400	$ 28,650	$ --	$ 429,750	$ 28,650
Business-type Activities:					
Revenue Bonds & Notes:					
1994A Parking Bonds	$ 970,000	$ 50,000	$ --	$ 920,000	$ 55,000
1994B Parking Bonds	795,000	200,000	--	595,000	210,000
1994C Parking Bonds	274,905	274,905	--	--	--
2002 Tepper Note	177,335	6,040	--	171,295	6,583
Total	$2,217,240	$530,945	$ --	$1,686,295	$271,583

G. Pension and Retirement Fund Commitments:

1) Illinois Municipal Retirement Fund (IMRF):

The City of Urbana contributes to the Illinois Municipal Retirement Fund ("IMRF"), a defined benefit pension plan that provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. I.M.R.F. is an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. I.M.R.F. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees that participate in I.M.R.F. are required to contribute 4.5 percent of their annual covered salary, as required by State Statute. The City of Urbana is required to contribute at an actuarially determined rate. The City of Urbana rate for

calendar year 2002 was 1.94% and for calendar year 2003 is 2.53% of payroll. The employer contribution requirements are established and may be amended by the I.M.R.F. Board of Trustees.

For December 31, 2002, the City of Urbana's annual pension cost of $124,808 was equal to the City of Urbana's required and actual contributions. The required contribution was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year attributable to inflation, (c) additional salary increases ranging from .4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) 3% per year cost-of-living adjustments. The actuarial value of I.M.R.F. assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2002 actuarial valuation were based on the 1999-01 experience study. I.M.R.F.'s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2002 was 10 years.

Trend Information

Actuarial Date	Annual Pension Cost (APC)	% APC Contributed	Net Pension Obligation
12/31/02	$124,808	100%	$0
12/31/01	$154,118	100%	$0
12/31/00	$219,551	100%	$0
12/31/99	$399,114	100%	$0
12/31/98	$385,171	100%	$0
12/31/97	$418,462	100%	$0
12/31/96	$405,117	100%	$0
12/31/95	$377,385	100%	$0
12/31/94	$391,576	100%	$0
12/31/93	$368,799	100%	$0

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

2) Police Pension Fund:

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

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

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

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

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

Annual Required Contribution	$ 820,842
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	0
Annual Pension Cost	820,842
Contributions Made	1,064,928
Increase (decrease) in Net Pension Obligation	(244,086)
Net Pension Obligation, Beginning of Year	(1,322,237)
Net Pension Obligation, End of Year	$(1,566,323)

The annual required contribution for the current year was determined as part of the June 30, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return [net of administrative expenses], (b) projected salary increases of 5.25% per year, and (c) post retirement benefit increases of 3% per year. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over a 33 year closed period.

Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2000	$683,965	141.7%	($1,037,360)
June 30, 2001	$768,096	137.0%	($1,322,237)
June 30, 2002	$820,842	129.7%	($1,566,323)

Actuarial Value Date	6/30/00	6/30/01	6/30/02
Actuarial Value of Plan Assets	$13,582,546	$14,491,027	$15,176,111
Actuarial Accrued Liability (Entry Age Normal Cost)	$19,769,233	$21,196,511	$22,308,414
Unfunded (Overfunded) Actuarial Accrued Liability	$ 6,186,687	$ 6,705,484	$ 7,132,303
Funded Ratio	68.7%	68.4%	68.0%
Covered Payroll	$ 2,005,269	$ 2,319,005	$ 2,428,211
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	308.5%	289.2%	293.7%

3) Firemen's Pension Fund:

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

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

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 are required to contribute 8.455% of their salary to the Firemen's Pension Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City of Urbana is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

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

Annual Required Contribution	$ 613,475
Interest on Net Pension Obligation	0
Adjustment to Annual Required Contribution	0
Annual Pension Cost	613,475
Contributions Made	688,615
Increase (decrease) in Net Pension Obligation	(75,140)
Net Pension Obligation, Beginning of Year	(134,209)
Net Pension Obligation, End of Year	$ (209,349)

The annual required contribution for the current year was determined as part of the June 30, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return [net of administrative expenses], (b) projected salary increases of 5.25% per year, and (c) post retirement benefit increases of 3% per year. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over a 33 year closed period.

Three-Year Trend Information:

Actuarial Valuation Date	Annual Pension Cost (A.P.C.)	Percent A.P.C. Contributed	Net Pension Obligation
June 30, 2000	$459,832	105.0%	($129,358)
June 30, 2001	$517,183	100.9%	($134,209)
June 30, 2002	$613,475	112.2%	$(209,349)

Actuarial Value Date	6/30/00	6/30/01	6/30/02
Actuarial Value of Plan Assets	$20,943,568	$21,796,116	$21,819,871
Actuarial Accrued Liability (Entry Age Normal Cost)	$21,272,505	$22,731,090	$24,108,435
Unfunded (Overfunded) Actuarial Accrued Liability	$ 328,937	$ 934,974	$ 2,288,564
Funded Ratio	98.5%	95.9%	90.5%
Covered Payroll	$ 2,007,050	$ 2,138,464	$ 2,232,027
Unfunded (Overfunded) Actuarial Accrued Liability As % Covered Payroll	16.4%	43.7%	102.5%

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, 2003 is not readily ascertainable.

J. Receivables:

At June 30, 2003 the City of Urbana has accrued the following receivables in both the government-wide and governmental fund financial statements (these amounts are received shortly after the end of the year):

	General	Urbana Free Library	Building Financing
Unrestricted:			
Property Tax	$ 494,421	$ 916,646	$ --
Accounts	85,421	--	--
Accrued Interest	--	--	--
Due from Other Governments:			
State:			
Income Tax	204,019	--	--
Sales Tax	1,057,658	--	--
Motor Fuel Tax	--	--	--
Corp. Personal Repl. Tax	12,974	8,957	--
Telecomm. Tax	343,810	--	--
Grants	--	--	137,500
Federal, Grants	--	--	--
Other Taxes:			
Utility Tax	193,414	--	--
Hotel/Motel Tax	53,655	--	--
Local Sales Tax	24,159	--	--
Recycling Tax	15,630	--	--
Total	$2,485,161	$ 925,603	$ 137,500
Restricted:			
Accrued Interest	$ --	$ 13,164	$ --
Due from Other Govt. - State Motor Fuel Tax	--	--	--
Total	$ --	$ 13,164	$ --

	Other Govt.	Internal Service	Govt. Activ. Total
Unrestricted (cont'd):			
Property Tax	$1,056,099	$ --	$2,467,166
Accounts	4,000	54,676	144,097
Accrued Interest	42,669	--	42,669
Due from Other Governments:			
State:			
Income Tax	--	--	204,019
Sales Tax	--	--	1,057,658
Motor Fuel Tax	--	--	--

	Other Govt.	Internal Service	Govt. Activ. Total
Corp. Personal Repl. Tax	$ --	$ --	$ 21,931
Telecomm. Tax	--	--	343,810
Grants	59,800	--	197,300
Federal, Grants	109,893	--	109,893
Other Taxes:			
Utility Tax	--	--	193,414
Hotel/Motel Tax	--	--	53,655
Local Sales Tax	--	--	24,159
Recycling Tax	--	--	15,630
Total	$1,272,461	$ 54,676	$4,875,401
Restricted:			
Accrued Interest	$ --	$ --	$ 13,164
Due from Other Govt. - State Motor Fuel Tax	81,441	--	81,441
Total	$ 81,441	$ --	$ 94,605

K. Interfund Receivables and Payables:

A schedule of due to and from other funds follows:

	Due From	Due To
General Fund	$ --	$ 432,491
Urbana Free Library	24,235	--
Tax Stabilization	494,960	--
Other Govt. Funds – Unrestricted	5,869	166,680
Other Govt. Funds – Restricted	1,319	--
Internal Service Funds:		
Central Garage	79,945	--
Total, Govt. Activities	$ 606,328	$ 599,171
Business-type Activities:		
Motor Vehicle Parking	--	7,157
Total	$ 606,328	$ 606,328

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

A schedule of interfund transfers follows:

	Transfers In	Transfers Out
General Fund	$ --	$2,494,651
Urbana Free Library	2,003,052	--
Tax Stabilization	--	1,730,250
Building Financing	--	885,118
Other Govt. Funds	4,502,926	1,324,397
Internal Service Funds:		
Central Garage	--	1,789
Total, Govt. Activities	$6,505,978	$6,436,205
Business-type Activities:		
Motor Vehicle Parking	--	69,773
Total	$6,505,978	$6,505,978

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 transfers were made:

- $715,700 from the General Fund to the Capital Improvement and Replacement Fund to provide for future capital improvements.
- $550,000 from the General Fund to the Municipal Retirement Fund for operational costs.
- $320,871 from the General Fund to the Urbana Free Library Fund for operational costs.
- $501,300 from the General Fund to the Capital Improvement and Replacement Fund for future capital improvements
- $885,118 from the Building Financing Fund to the Urbana Free Library Fund for building construction costs.
- $750,000 from the Tax Stabilization Fund to the Urbana Free Library Fund for building construction costs.
- $980,000 from the Tax Stabilization Fund to the Capital Improvement and Replacement Fund for future capital improvements

L. Reserve of Fund Balance:

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

1) The Firemen's and Policemen's Pension Trust Funds are single-employer, defined benefit pension plans to provide retirement, death, and disability benefits to firemen, policemen, and their dependents. As a result, fund balance is reserved for employee benefits.

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

Note 5 – Other Information:

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

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

The City is also exposed to risk of loss from job-related illnesses and injuries to employees. To cover this risk, the City, in 1994, established a limited risk management and retention program. Charges for premiums are paid from City funds and departments into the Worker's Compensation Retained Risk Internal Service Fund and are available to pay claims, claim reserves and administrative costs. 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 $350,000 per individual claim. Estimated losses have been determined based upon workers compensation claims made from the inception of the program through June 30, 2003. Amounts for claims incurred but not reported are considered to be immaterial at June 30, 2003. There have been no significant reductions in coverage from the prior year and settlements have been below coverage since inception of the program. Changes in the balance of claims liabilities during the past two years are as follows:

	2003	2002
Unpaid Claims, Beginning of Year	$ 192,483	$ 181,517
Incurred Claims	16,212	181,180
Claim Payments	(109,043)	(170,214)
Unpaid Claims, End of Year	$ 99,652	$ 192,483

B. Deferred Compensation Plan:

The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan

assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reported as a part of these financial statements.

C. Related Party Transactions:

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

The City of Urbana made payments to the City of Champaign under an agreement that provided police and fire dispatching services to Urbana. These payments totaled $274,185 in 2003, and were reported under Other Services and Charges – Public Safety in the General Fund.

The City of Urbana received payments from the University of Illinois under an agreement in which the City provides fire safety services to the University. These payments totaled $1,121,579 in 2003, and were reported under Intergovernmental Revenues in the General Fund.

D. Contingent Liabilities:

1) There are several lawsuits in which the City may potentially be involved. The City Attorney believes that the potential settlements from these claims, in excess of insurance coverage, would not materially affect the financial statements.

2) In August 2002, the City became aware that a small amount of liquid material from an old landfill that has not been active since 1987 was leaking into a nearby waterway. Preliminary results of testing lead management to believe that the amount and nature of the leaking material is not of a significant hazard to the waterway or environment. So far, the City has installed some leakage protection and restored some deterioration on the water bank. At June 30, 2003, the City has spent $66,853 on these improvements. At this time, it is impossible to determine what costs the City may incur in this matter in the future, thus no amounts have been reported in the financial statements. Management believes the amounts would not materially affect the financial statements.

3) The City has entered into agreements with various businesses as part of economic development and annexation arrangements. These agreements require the City to make certain annual payments over a period of time, which are based on certain levels of economic activity of the business in the future, such as value of property or level of retail sales. At this time, since management cannot estimate the amount of the future payments that may be required, no amounts have been reported in the financial statements. Future potential amounts that may be required under the agreements total a maximum of $5,200,000 to be paid in approximate annual payments over the next 10 years.

E. Construction Commitments:

At June 30, 2003, there are the following uncompleted construction contracts:

Project Title	Fund	Remaining Committed Construction
Downtown Street and Lighting Improvements:	Capital Impr. and Replacement	$ 576,285
	Tax Increment Financing Dist. 1	208,926
	Tax Increment Financing Dist. 2	72,747
	Motor Vehicle Parking System	147,542
Census Tract Lighting	Community Dev. Block Grant	360,285
	Capital Impr. and Replacement	27,715
Washington/Vine Impr.	Motor Fuel Tax	445,000
Library Building Addition	Urbana Free Library	4,949,062
		$6,787,562

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, 2003, have been issued separately. These reports contain information concerning whether grant activity is presented fairly in the financial statements, whether internal controls are sufficient to provide reasonable assurance that the funds are managed properly, and whether material grant compliance requirements have been met.

G. Other Post-Employment Benefits:

In addition to the pension benefits disclosed in Note 4.G, the City provides retired employees an option to remain on the City's group health care and life insurance program. Retired employees are required to reimburse the City for one hundred percent

of the cost of the benefits provided under this option. Health care and life insurance costs are recorded net of the reimbursements. At June 30, 2003, 32 retirees were enrolled in the City's health and life insurance program. Amounts incurred by the City and reimbursed by the retired employees was $147,600 for the year ended June 30, 2003.

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.

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CITY OF URBANA

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

June 30, 2003

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
12/31/02	$ 18,345,131	$ 16,953,498	$ (1,391,633)	108.21%	$ 6,433,417	(21.63%)
12/31/01	19,110,786	15,676,083	(3,434,703)	121.91%	6,020,221	(57.05%)
12/31/00	17,874,586	14,321,612	(3,552,974)	124.81%	5,792,901	(61.33%)
12/31/99	15,834,430	12,973,331	(2,861,099)	122.05%	5,467,322	(52.33%)
12/31/98	13,650,558	11,746,175	(1,904,383)	116.21%	5,094,857	(37.37%)
12/31/97	11,722,929	10,801,065	(921,864)	108.53%	5,035,409	(18.30%)
12/31/96	9,856,534	9,213,799	(642,735)	106.98%	4,794,418	(13.41%)
12/31/95	8,713,605	8,659,346	(54,259)	100.63%	4,487,787	(1.21%)
12/31/94	7,065,611	7,296,653	231,042	96.83%	4,228,678	5.46%
12/31/93	6,357,410	6,586,814	229,404	96.52%	3,987,021	5.75%

NON-MAJOR GOVERNMENTAL FUNDS

- **DEBT SERVICE FUNDS**
- **SPECIAL REVENUE FUNDS**
- **CAPITAL PROJECTS FUNDS**

Non-Major Governmental Funds - Combining Balance Sheet
June 30, 2003

ASSETS	Debt Service	Special Revenue	Capital Projects	Totals
Cash and Cash Equivalents:				
Cash on Hand	$ -	$ 150	$ -	$ 150
Checking	-	28,246	-	28,246
Savings	-	1,828,051	325,581	2,153,632
Il. Public Treasurer's Pool	-	1,767,707	880,907	2,648,614
Money Market Funds	-	126,342	-	126,342
Investments	-	8,568,714	1,517,582	10,086,296
Receivables (net of Uncollectibles)	-	1,217,661	54,800	1,272,461
Due from Other Funds	-	923	4,946	5,869
Restricted Assets:				
Cash and Cash Equivalents:				
Savings	-	151,853	-	151,853
Il. Public Treasurer's Pool	-	637,011	-	637,011
Investments	-	2,487,664	-	2,487,664
Receivables	-	81,441	-	81,441
Due from Other Funds	-	1,319	-	1,319
Total Assets	$ -	$ 16,897,082	$2,783,816	$ 19,680,898
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to Other Funds	$ -	$ 166,680	$ -	$ 166,680
Accounts Payable	-	390,714	111,736	502,450
Accrued Salaries and Taxes	-	4,215	-	4,215
Deferred Revenues	-	1,052,234	68,388	1,120,622
Total Liabilities	-	1,613,843	180,124	1,793,967
Fund Balance:				
Restricted for Highways and Streets	-	3,167,847	-	3,167,847
Unreserved, Designated For:				
Employee Retirement Costs	-	89,641	-	89,641
Future Capital Outlay	-	-	2,603,692	2,603,692
Social Service Agencies	-	30,217	-	30,217
Equipment Replacement	-	3,103,947	-	3,103,947
Urban Housing and Development	-	5,317,997	-	5,317,997
Local Matching for State Grants	-	536,557	-	536,557
Worker Compensation Claims	-	3,037,033	-	3,037,033
Total Fund Balance	-	15,283,239	2,603,692	17,886,931
Total Liabilities and Fund Balance	$ -	$ 16,897,082	$2,783,816	$ 19,680,898

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

Fiscal Year Ended June 30, 2003

	Debt Service	Special Revenue	Capital Projects	Totals
Revenues:				
Property Tax	$ -	$ 2,036,570	$ -	$ 2,036,570
Sewer Benefit Tax	-	-	771,091	771,091
Intergovernmental	-	4,494,683	495,131	4,989,814
Investment Income:				
Interest	-	510,934	51,673	562,607
Net Appreciation (Depreciation) in Fair Value of Investments	-	293,738	23,826	317,564
Total Net Investment Earnings	-	804,672	75,499	880,171
Licenses, Fines and Services Charges	-	172,853	10,382	183,235
Other	-	-	3,311	3,311
Total Revenues	-	7,508,778	1,355,414	8,864,192
Expenditures:				
Current:				
Public Safety	-	115,498	-	115,498
Highways & Streets	-	291,950	67,709	359,659
General Government	-	223,883	-	223,883
Urban Redevelopment and Housing	-	2,505,546	-	2,505,546
Library Services	-	146,305	-	146,305
Debt Service:				
Principal Retirement	470,095	-	-	470,095
Interest	12,209	-	-	12,209
Capital Outlay	-	4,053,760	3,116,538	7,170,298
Total Expenditures	482,304	7,336,942	3,184,247	11,003,493
Excess of Revenues Over (Under) Expenditures	(482,304)	171,836	(1,828,833)	(2,139,301)
Other Financing Sources (Uses):				
Transfers In	482,304	1,826,003	2,194,619	4,502,926
Transfers (Out)	-	(935,537)	(388,860)	(1,324,397)
Total Other Financing Sources (Uses)	482,304	890,466	1,805,759	3,178,529
Net Changes in Fund Balances	-	1,062,302	(23,074)	1,039,228
Fund Balance, Beginning of Year	-	14,220,937	2,626,766	16,847,703
Fund Balance, End of Year	$ -	$15,283,239	$ 2,603,692	$17,886,931

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

Fiscal Year Ended June 30, 2003

	1994 Capital Bonds	1992 T.I.F. 3 Bonds	Total
Expenditures-Debt Service:			
Principal	$ 340,095	$ 130,000	$ 470,095
Interest	8,900	3,309	12,209
Total Expenditures	348,995	133,309	482,304
Other Financing Sources (Uses):			
Transfers In (Out)	348,995	133,309	482,304
Net Change in Fund Balances	-	-	-
Fund Balance, Beg. of Year	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -

CITY OF URBANA

Non-Major Special Revenue Funds - Combining Balance Sheet

June 30, 2003

(Page 1 of 2)

ASSETS	Municipal Retirement	Motor Fuel Tax	Social Service Agencies	Vehicle and Equipment Replacement	Community Development			Tax Increment Financing District 1
					Special	Home	Block Grant	
Cash and Cash Equivalents:								
Cash on Hand	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ -
Checking	-	-	-	-	17,773	1	10,472	-
Savings	1,727	-	37,717	215,175	127,941	-	-	281,976
Il. Public Treasurer's Pool	-	-	-	153,688	-	-	-	874,952
Money Market Funds	-	-	-	-	-	-	-	-
Investments	97,109	-	-	2,752,608	-	-	-	-
Receivables (net of Uncollectibles)	-	-	-	-	36,986	35,148	41,759	294,743
Due from Other Funds	-	-	-	342	-	-	-	-
Restricted Assets:	-	-	-	-	-	-	-	-
Savings	-	151,853	-	-	-	-	-	-
Il. Public Treasurer's Pool	-	637,011	-	-	-	-	-	-
Investments	-	2,487,664	-	-	-	-	-	-
Receivables	-	81,441	-	-	-	-	-	-
Due from Other Funds	-	1,319	-	-	-	-	-	-
Total Assets	$ 98,836	$ 3,359,288	$ 37,717	$ 3,121,813	$ 182,700	$ 35,149	$ 52,281	$ 1,451,671
LIABILITIES AND FUND BALANCE								
Liabilities:								
Due to Other Funds	$ 3,452	$ -	$ 7,500	$ -	$ 54,759	$ 35,149	$ 52,281	$ -
Accounts Payable	5,743	191,441	-	2,517	12,500	-	-	641
Accrued Salaries and Taxes	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	15,349	-	-	-	298,944
Total Liabilities	9,195	191,441	7,500	17,866	67,259	35,149	52,281	299,585
Fund Balance:								
Restricted for Highways and Streets	-	3,167,847	-	-	-	-	-	-
Unrestricted, Unreserved, Designated For:								
Employee Retirement Costs	89,641	-	-	-	-	-	-	-
Social Service Agencies	-	-	30,217	-	-	-	-	-
Equipment Replacement	-	-	-	3,103,947	-	-	-	-
Urban Housing and Development	-	-	-	-	115,441	-	-	1,152,086
Local Matching for State Grants	-	-	-	-	-	-	-	-
Worker Compensation Claims	-	-	-	-	-	-	-	-
Total Fund Balance	89,641	3,167,847	30,217	3,103,947	115,441	-	-	1,152,086
Total Liabilities and Fund Balance	$ 98,836	$ 3,359,288	$ 37,717	$ 3,121,813	$ 182,700	$ 35,149	$ 52,281	$ 1,451,671

CITY OF URBANA
Non-Major Special Revenue Funds - Combining Balance Sheet
June 30, 2003

ASSETS	Tax Increment Financing District 2	Tax Increment Financing District 3	Tax Increment Financing District 4	Economic Development	Sales Tax Grant	Insurance Financing	Total
Cash and Cash Equivalents:							
Cash on Hand	$ -	$ -	$ -	$ 100	$ -	$ -	$ 150
Checking	-	-	-	-	-	-	28,246
Savings	96,117	335,687	45,981	137,514	8,227	539,989	1,828,051
Il. Public Treasurer's Pool	736,130	882	-	-	-	2,055	1,767,707
Money Market Funds	-	-	-	-	126,342	-	126,342
Investments	171,321	536,548	-	2,151,914	364,429	2,494,785	8,568,714
Receivables (net of Uncollectibles)	342,145	337,348	81,863	5,000	42,669	-	1,217,661
Due from Other Funds	90	287	-	-	-	204	923
Restricted Assets:							
Savings	-	-	-	-	-	-	151,853
Il. Public Treasurer's Pool	-	-	-	-	-	-	637,011
Investments	-	-	-	-	-	-	2,487,664
Receivables	-	-	-	-	-	-	81,441
Due from Other Funds	-	-	-	-	-	-	1,319
Total Assets	$ 1,345,803	$ 1,210,752	$ 127,844	$ 2,294,528	$ 541,667	$ 3,037,033	$ 16,897,082
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to Other Funds	$ -	$ -	$ -	$ 8,429	$ 5,110	$ -	$ 166,680
Accounts Payable	155,015	9,769	1,935	11,153	-	-	390,714
Accrued Salaries and Taxes	1,369	1,296	-	1,550	-	-	4,215
Deferred Revenues	320,043	346,755	71,143	-	-	-	1,052,234
Total Liabilities	476,427	357,820	73,078	21,132	5,110	-	1,613,843
Fund Balance:							
Restricted for Highways and Streets	-	-	-	-	-	-	3,167,847
Unrestricted, Unreserved, Designated For:							
Employee Retirement Costs	-	-	-	-	-	-	89,641
Social Service Agencies	-	-	-	-	-	-	30,217
Equipment Replacement	-	-	-	-	-	-	3,103,947
Urban Housing and Development	869,376	852,932	54,766	2,273,396	-	-	5,317,997
Local Matching for State Grants	-	-	-	-	536,557	-	536,557
Worker Compensation Claims	-	-	-	-	-	3,037,033	3,037,033
Total Fund Balance	869,376	852,932	54,766	2,273,396	536,557	3,037,033	15,283,239
Total Liabilities and Fund Balance	$ 1,345,803	$ 1,210,752	$ 127,844	$ 2,294,528	$ 541,667	$ 3,037,033	$ 16,897,082

CITY OF URBANA

Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2003

(Page 1 of 2)

	Municipal Retirement	Motor Fuel Tax	Social Service Agencies	Vehicle and Equipment Replacement	Community Development Special	Community Development Home	Community Development Block Grant	Tax Increment Financing District 1
Revenues:								
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 588,518
Intergovernmental	-	1,094,224	-	144,575	357,128	878,129	946,440	-
Investment Income:								
Interest	700	102,350	-	117,460	1,718	-	-	19,100
Net Appreciation (Depreciation) in Fair Value of Investments	253	58,522	-	74,004	-	-	-	-
Total Net Investment Earnings	953	160,872	-	191,464	1,718	-	-	19,100
Licenses, Fines and Services Charges	-	-	-	62,191	22,544	21,046	31,664	-
Total Revenues	953	1,255,096	-	398,230	381,390	899,175	978,104	607,618
Expenditures:								
Current:								
Public Safety	64,086	-	-	51,412	-	-	-	-
Highways & Streets	291,950	-	-	-	-	-	-	-
General Government	61,833	-	162,050	-	-	-	-	-
Urban Redevelopment and Housing	85,580	-	-	-	364,128	914,706	497,573	11,837
Library Services	146,305	-	-	-	-	-	-	-
Capital Outlay	-	691,513	-	780,330	-	-	470,533	1,058,799
Total Expenditures	649,754	691,513	162,050	831,742	364,128	914,706	968,106	1,070,636
Excess of Revenues Over (Under) Expenditures	(648,801)	563,583	(162,050)	(433,512)	17,262	(15,531)	9,998	(463,018)
Other Financing Sources (Uses):								
Transfers In	550,000	-	150,970	886,960	-	15,531	-	-
Transfers (Out)	-	-	-	-	(2,002)	-	(9,998)	(76,063)
Total Other Financing Sources (Uses)	550,000	-	150,970	886,960	(2,002)	15,531	(9,998)	(76,063)
Net Change in Fund Balances	(98,801)	563,583	(11,080)	453,448	15,260	-	-	(539,081)
Fund Balance, Beginning of Year	188,442	2,604,264	41,297	2,650,499	100,181	-	-	1,691,167
Fund Balance, End of Year	$ 89,641	$ 3,167,847	$ 30,217	$ 3,103,947	$ 115,441	$ -	$ -	$ 1,152,086

(Continued)

CITY OF URBANA

Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2003

	Tax Increment Financing District 2	Tax Increment Financing District 3	Tax Increment Financing District 4	Economic Development	Sales Tax Grant	Insurance Financing	Total
Revenues:							
Property Tax	$ 611,528	$ 757,161	$ 79,363	$ -	$ -	$ -	$ 2,036,570
Intergovernmental	297,905	-	-	776,282	-	-	4,494,683
Investment Income:							
Interest	24,762	21,562	133	95,004	40,735	87,410	510,934
Net Appreciation (Depreciation) in Fair Value of Investments	8,598	10,568	-	65,464	25,115	51,214	293,738
Total Net Investment Earnings	33,360	32,130	133	160,468	65,850	138,624	804,672
Licenses, Fines and Service Charges	-	-	-	35,408	-	-	172,853
Total Revenues	942,793	789,291	79,496	972,158	65,850	138,624	7,508,778
Expenditures:							
Current:							
Public Safety	-	-	-	-	-	-	115,498
Highways and Streets	-	-	-	-	-	-	291,950
General Government	-	-	-	-	-	-	223,883
Urban Redevelopment and Housing	232,863	168,497	10,230	220,132	-	-	2,505,546
Library Services	-	-	-	-	-	-	146,305
Capital Outlay	979,245	73,340	-	-	-	-	4,053,760
Total Expenditures	1,212,108	241,837	10,230	220,132	-	-	7,336,942
Excess of Revenues Over (Under) Expenditures	(269,315)	547,454	69,266	752,026	65,850	138,624	171,836
Other Financing Sources (Uses):							
Transfers In	-	-	-	143,900	-	78,642	1,826,003
Transfers (Out)	38,707	(255,009)	(22,200)	-	(608,972)	-	(935,537)
Total Other Financing Sources (Uses)	38,707	(255,009)	(22,200)	143,900	(608,972)	78,642	890,466
Net Change in Fund Balances	(230,608)	292,445	47,066	895,926	(543,122)	217,266	1,062,302
Fund Balance, Beginning of Year	1,099,984	560,487	7,700	1,377,470	1,079,679	2,819,767	14,220,937
Fund Balance, End of Year	$ 869,376	$ 852,932	$ 54,766	$ 2,273,396	$ 536,557	$ 3,037,033	$15,283,239

Municipal Retirement Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Investment Earnings:				
Interest	$ 2,000	$ 2,000	$ 700	$ (1,300)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	253	253
Total Revenues	2,000	2,000	953	(1,047)
Expenditures-Current:				
Public Safety:				
Personnel Services	78,686	78,686	64,086	14,600
Highways & Streets:				
Personnel Services	358,464	358,464	291,950	66,514
General Government:				
Personnel Services	75,920	75,920	61,833	14,087
Urban Redevelopment & Housing:				
Personnel Services	105,077	105,077	85,580	19,497
Library Services:				
Personnel Services	179,638	179,638	146,305	33,333
Total Expenditures	797,785	797,785	649,754	148,031
Net Revenues Over (Under) Expenditures	(795,785)	(795,785)	(648,801)	146,984
Other Financing Sources (Uses):				
Transfers In (Out)	550,000	550,000	550,000	-
Net Change in Fund Balance	(245,785)	(245,785)	(98,801)	146,984
Fund Balance, Beginning of Year	188,442	188,442	188,442	-
Fund Balance, End of Year	$ (57,343)	$ (57,343)	$ 89,641	$ 146,984

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental-				
State Allotment	$ 1,075,000	$ 1,075,000	$ 1,057,840	$ (17,160)
State Reimbursements	43,000	43,000	36,384	(6,616)
Total, Intergovermental	1,118,000	1,118,000	1,094,224	(23,776)
Investment Earnings:				
Interest	90,000	90,000	102,350	12,350
Net Appreciation (Depreciation) in Fair Value Investments	-	-	58,522	58,522
Total Net Investment Earnings	90,000	90,000	160,872	70,872
Total Revenues	1,208,000	1,208,000	1,255,096	47,096
Expenditures-Capital Outlay:				
Windsor/Philo	75,000	75,000	-	75,000
Annual Street Maintenance	560,473	560,473	326,583	233,890
Lincoln/Florida	171,330	171,330	171,330	-
Huff/Boudreau Improvements	500,000	500,000	-	500,000
University/Guardian Improvements	75,000	75,000	-	75,000
Washington/Vine Improvement	1,000,000	1,000,000	191,591	808,409
Signal Improvements	299,725	299,725	2,009	297,716
Total Expenditures	2,681,528	2,681,528	691,513	1,990,015
Net Change in Fund Balance	(1,473,528)	(1,473,528)	563,583	2,037,111
Fund Balance, Beginning of Year	2,604,264	2,604,264	2,604,264	-
Fund Balance, End of Year	$ 1,130,736	$ 1,130,736	$ 3,167,847	$ 2,037,111

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures-Current:				
General Government:				
Contractual Services	$ 169,550	$ 169,550	$ 162,050	$ 7,500
Other Financing Sources:				
Transfers In	158,470	158,470	150,970	(7,500)
Net Change in Fund Balance	(11,080)	(11,080)	(11,080)	-
Fund Balance, Beginning of Year	41,297	41,297	41,297	-
Fund Balance, End of Year	$ 30,217	$ 30,217	$ 30,217	$ -

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 26,050	$ 120,385	$ 144,575	$ 24,190
Investment Earnings:				
Interest	75,000	75,000	117,460	42,460
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	74,004	74,004
Total Net Investment Earnings	75,000	75,000	191,464	116,464
Licenses, Fines and Service Charges	24,000	24,000	62,191	38,191
Total Revenues	125,050	219,385	398,230	178,845
Expenditures:				
Current - Public Safety:				
Contractual Services	126,381	126,381	51,412	74,969
Capital Outlay	1,355,018	1,455,853	780,330	675,523
Total Expenditures	1,481,399	1,582,234	831,742	750,492
Net Revenues Over (Under) Expenditures	(1,356,349)	(1,362,849)	(433,512)	929,337
Other Financing Sources (Uses):				
Transfers In	1,015,750	1,015,750	886,960	(128,790)
Net Change in Fund Balance	(340,599)	(347,099)	453,448	800,547
Fund Balance, Beg. of Year	2,650,499	2,650,499	2,650,499	-
Fund Balance, End of Year	$ 2,309,900	$ 2,303,400	$ 3,103,947	$ 800,547

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental:				
State Grants	$ 19,430	$ 50,047	$ 19,430	$ (30,617)
Federal Grants	317,711	317,711	337,698	19,987
Total Intergovernmental	337,141	367,758	357,128	(10,630)
Net Investment Earnings - Interest	2,010	2,010	1,718	(292)
Licenses, Fines and Service Charges	132,410	192,410	22,544	(169,866)
Total Revenues	471,561	562,178	381,390	(180,788)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	11,763	11,763	6,203	5,560
Contractual Services	487,695	578,312	357,925	220,387
Total Expenditures	499,458	590,075	364,128	225,947
Net Revenues Over (Under) Expenditures	(27,897)	(27,897)	17,262	45,159
Other Financing Sources (Uses):				
Transfers In (Out)	(288,120)	(288,120)	(2,002)	286,118
Net Change in Fund Balance	(316,017)	(316,017)	15,260	331,277
Fund Balance, Beginning of Year	100,181	100,181	100,181	-
Fund Balance, End of Year	$ (215,836)	$ (215,836)	$ 115,441	$ 331,277

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental-				
Federal Entitlement	$ 1,039,000	$ 1,039,000	$ 878,129	$ (160,871)
Licenses, Fines and Service Charges	-	-	21,046	21,046
Total Revenues	1,039,000	1,039,000	899,175	(139,825)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	124,638	124,638	121,903	2,735
Contractual Services	1,876,457	1,876,457	792,803	1,083,654
Total Expenditures	2,001,095	2,001,095	914,706	1,086,389
Net Revenues Over (Under) Expenditures	(962,095)	(962,095)	(15,531)	946,564
Other Financing Sources (Uses):				
Transfers In (Out)	35,879	35,879	15,531	(20,348)
Net Change in Fund Balance	(926,216)	(926,216)	-	926,216
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ (926,216)	$ (926,216)	$ -	$ 926,216

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental-				
Federal Entitlement	$ 1,075,550	$ 1,075,550	$ 946,440	$ (129,110)
Licenses, Fines and Service Charges	86,454	86,454	31,664	(54,790)
Total Revenues	1,162,004	1,162,004	978,104	(183,900)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	146,635	153,903	153,903	-
Materials and Supplies	6,000	6,000	1,057	4,943
Contractual Services	658,837	521,569	342,613	178,956
Total Urban Redevelopment and Housing	811,472	681,472	497,573	183,899
Capital Outlay	340,533	470,533	470,533	-
Total Expenditures	1,152,005	1,152,005	968,106	183,899
Net Revenues Over (Under) Expenditures	9,999	9,999	9,998	(1)
Other Financing Sources (Uses):				
Transfers In (Out)	(9,999)	(9,999)	(9,998)	1
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Tax	$ 607,303	$ 607,303	$ 588,518	$ (18,785)
Net Investment Earnings - Interest	34,942	34,942	19,100	(15,842)
Total Revenues	642,245	642,245	607,618	(34,627)
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	35,895	35,895	11,837	24,058
Capital Outlay	1,592,590	1,592,590	1,058,799	533,791
Total Expenditures	1,628,485	1,628,485	1,070,636	557,849
Net Revenues Over (Under) Expenditures	(986,240)	(986,240)	(463,018)	523,222
Other Financing Uses:				
Transfers (Out)	(103,000)	(103,000)	(76,063)	26,937
Net Change in Fund Balance	(1,089,240)	(1,089,240)	(539,081)	550,159
Fund Balance, Beginning of Year	1,691,167	1,691,167	1,691,167	-
Fund Balance, End of Year	$ 601,927	$ 601,927	$ 1,152,086	$ 550,159

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, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Tax	$ 576,000	$ 576,000	$ 611,528	$ 35,528
Intergovernmental-State Grant	264,000	264,000	297,905	33,905
Investment Earnings:				
Interest	5,000	5,000	24,762	19,762
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	8,598	8,598
Total Net Investment Earnings	5,000	5,000	33,360	28,360
Total Revenues	845,000	845,000	942,793	97,793
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	43,800	43,800	38,719	5,081
Contractual Services	240,473	240,473	194,144	46,329
Total Urban Redevelopment and Housing	284,273	284,273	232,863	51,410
Capital Outlay	1,476,777	1,476,777	979,245	497,532
Total Expenditures	1,761,050	1,761,050	1,212,108	548,942
Net Revenues Over (Under) Expenditures	(916,050)	(916,050)	(269,315)	646,735
Other Financing Sources (Uses):				
Transfers In (Out)	(16,710)	(16,710)	38,707	55,417
Net Change in Fund Balance	(932,760)	(932,760)	(230,608)	702,152
Fund Balance, Beginning of Year	1,099,984	1,099,984	1,099,984	-
Fund Balance, End of Year	$ 167,224	$ 167,224	$ 869,376	$ 702,152

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Tax	$ 547,250	$ 547,250	$ 757,161	$ 209,911
Investment Earnings:				
Interest	9,000	9,000	21,562	12,562
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	10,568	10,568
Total Net Investment Earnings	9,000	9,000	32,130	23,130
Total Revenues	556,250	556,250	789,291	233,041
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	-	12,550	12,027	523
Contractual Services	290,758	290,758	156,470	134,288
Total Urban Redevelopment and Housing	290,758	303,308	168,497	134,811
Capital Outlay	433,000	433,000	73,340	359,660
Total Expenditures	723,758	736,308	241,837	494,471
Net Revenues Over (Under) Expenditures	(167,508)	(180,058)	547,454	727,512
Other Financing Sources (Uses):				
Transfers In (Out)	(255,700)	(255,700)	(255,009)	691
Net Change in Fund Balance	(423,208)	(435,758)	292,445	728,203
Fund Balance, Beginning of Year	560,487	560,487	560,487	-
Fund Balance, End of Year	$ 137,279	$ 124,729	$ 852,932	$ 728,203

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Tax	$ 10,000	$ 10,000	$ 79,363	$ 69,363
Net Investment Earnings - Interest	-	-	133	133
Total Revenues	10,000	10,000	79,496	69,496
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Contractual Services	30,965	30,965	10,230	20,735
Capital Outlay	5,941	5,941	-	5,941
Total Expenditures	36,906	36,906	10,230	26,676
Net Revenues Over (Under) Expenditures	(26,906)	(26,906)	69,266	96,172
Other Financing Sources (Uses):				
Transfers In (Out)	17,710	17,710	(22,200)	(39,910)
Net Change in Fund Balance	(9,196)	(9,196)	47,066	56,262
Fund Balance, Beginning of Year	7,700	7,700	7,700	-
Fund Balance, End of Year	$ (1,496)	$ (1,496)	$ 54,766	$ 56,262

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$ 805,000	$ 805,900	$ 776,282	$ (29,618)
Investment Income:				
Interest	50,000	50,000	95,004	45,004
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	65,464	65,464
Total Net Investment Earnings	50,000	50,000	160,468	110,468
Licenses, Fines and Service Charges	28,300	28,300	35,408	7,108
Total Revenues	883,300	884,200	972,158	87,958
Expenditures:				
Current:				
Urban Redevelopment and Housing:				
Personnel Services	19,644	19,644	19,644	-
Contractual Services	795,274	828,052	200,488	627,564
Total Expenditures	814,918	847,696	220,132	627,564
Net Revenues Over (Under) Expenditures	68,382	36,504	752,026	715,522
Other Financing Sources (Uses):				
Transfers In (Out)	129,200	129,200	143,900	14,700
Net Change in Fund Balance	197,582	165,704	895,926	730,222
Fund Balance, Beginning of Year	1,377,470	1,377,470	1,377,470	-
Fund Balance, End of Year	$ 1,575,052	$ 1,543,174	$ 2,273,396	$ 730,222

Sales Tax Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment Earnings:				
Interest	$ 42,000	$ 42,000	$ 40,735	$ (1,265)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	25,115	25,115
Total Net Investment Earnings	42,000	42,000	65,850	23,850
Other Financing Sources (Uses):				
Transfers In (Out)	(737,104)	(737,104)	(608,972)	128,132
Net Change in Fund Balance	(695,104)	(695,104)	(543,122)	151,982
Fund Balance, Beginning of Year	1,079,679	1,079,679	1,079,679	-
Fund Balance, End of Year	$ 384,575	$ 384,575	$ 536,557	$ 151,982

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment Earnings - Interest	$ 112,000	$ 112,000	$ 87,410	$ (24,590)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	51,214	51,214
Total Net Investment Earnings	112,000	112,000	138,624	26,624
Other Financing Sources (Uses):				
Transfers In (Out)	-	-	78,642	78,642
Net Change in Fund Balance	112,000	112,000	217,266	105,266
Fund Balance, Beginning of Year	2,819,767	2,819,767	2,819,767	-
Fund Balance, End of Year	$ 2,931,767	$ 2,931,767	$ 3,037,033	$ 105,266

Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2003

ASSETS	Capital Improvement and Replacement	Sanitary Sewer Construction	Total
Cash and Cash Equivalents:			
Savings	$ 15,668	$ 309,913	$ 325,581
Il. Public Treasurer's Pool	856,745	24,162	880,907
Investments	1,333,794	183,788	1,517,582
Receivables (Net of Uncollectibles):			
Due from Other Governments	54,800	-	54,800
Due from Other Funds	4,918	28	4,946
Total Assets	$ 2,265,925	$ 517,891	$ 2,783,816
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 99,408	$ 12,328	$ 111,736
Deferred Revenues	-	68,388	68,388
Total Liabilities	99,408	80,716	180,124
Fund Balance:			
Unreserved, Designated for Future Capital Outlay:			
General Construction	2,166,517	-	2,166,517
Sewer Construction	-	437,175	437,175
Total Fund Balance	2,166,517	437,175	2,603,692
Total Liabilities and Fund Balance	$ 2,265,925	$ 517,891	$ 2,783,816

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

Fiscal Year Ended June 30, 2003

	Capital Improvement and Replacement	Sanitary Sewer Construction	Total
Revenues:			
Sewer Benefit Tax	$ -	$ 771,091	$ 771,091
Intergovernmental	495,131	-	495,131
Investment Earnings:			
Interest	40,917	10,756	51,673
Net Appreciation (Depreciation) in Fair Value Investments	20,549	3,277	23,826
Total Net Investment Earnings	61,466	14,033	75,499
Licenses, Fines, and Service Charges	10,382	-	10,382
Other	3,311	-	3,311
Total Revenues	570,290	785,124	1,355,414
Expenditures:			
Current - Highways and Streets	63,841	3,868	67,709
Capital Outlay:			
General Construction	2,514,464	-	2,514,464
Sewer Construction	49,857	552,217	602,074
Total Capital Outlay	2,564,321	552,217	3,116,538
Total Expenditures	2,628,162	556,085	3,184,247
Net of Revenues Over (Under) Expenditures	(2,057,872)	229,039	(1,828,833)
Other Financing Sources (Uses):			
Transfers In	2,194,619	-	2,194,619
Transfers (Out)	-	(388,860)	(388,860)
Total Other Financing Sources (Uses)	2,194,619	(388,860)	1,805,759
Net Change in Fund Balances	136,747	(159,821)	(23,074)
Fund Balance, Beg. of Year	2,029,770	596,996	2,626,766
Fund Balance, End of Year	$ 2,166,517	$ 437,175	$ 2,603,692

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 23,000	$ 82,105	$ 495,131	$ 413,026
Investment Earnings:				
Interest	75,300	75,300	40,917	(34,383)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	20,549	20,549
Total Net Investment Earnings	75,300	75,300	61,466	(13,834)
Licenses, Fines and Service Charges	43,000	43,000	10,382	(32,618)
Other	10,000	10,000	3,311	(6,689)
Total Revenues	151,300	210,405	570,290	359,885
Expenditures:				
Current - Highways and Streets	116,239	116,239	63,841	52,398
Capital Outlay:				
General Construction:				
Street and Light Improvements	4,651,327	4,710,432	2,514,464	2,195,968
Sewer Construction	406,061	406,061	49,857	356,204
Total Capital Outlay	5,057,388	5,116,493	2,564,321	2,552,172
Total Expenditures	5,173,627	5,232,732	2,628,162	2,604,570
Net of Revenues Over (Under) Expenditures	(5,022,327)	(5,022,327)	(2,057,872)	2,964,455
Other Financing Sources (Uses):				
Transfers In	2,085,384	2,085,384	2,194,619	109,235
Net Change in Fund Balance	(2,936,943)	(2,936,943)	136,747	3,073,690
Fund Balance, Beginning of Year	2,029,770	2,029,770	2,029,770	-
Fund Balance, End of Year	$ (907,173)	$ (907,173)	$ 2,166,517	$ 3,073,690

Sanitary Sewer Construction Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Sewer Benefit Tax	$ 725,000	$ 725,000	$ 771,091	$ 46,091
Investment Earnings:				
Interest	20,000	20,000	10,756	(9,244)
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	3,277	3,277
Total Net Investment Earnings	20,000	20,000	14,033	(5,967)
Total Revenues	745,000	745,000	785,124	40,124
Expenditures:				
Current - Highways and Streets	4,000	4,000	3,868	132
Capital Outlay - Sewer Construction	930,143	930,143	552,217	377,926
Total Expenditures	934,143	934,143	556,085	378,058
Net of Revenues Over (Under) Expenditures	(189,143)	(189,143)	229,039	418,182
Other Financing Sources (Uses):				
Transfers (Out)	(388,860)	(388,860)	(388,860)	-
Net Change in Fund Balance	(578,003)	(578,003)	(159,821)	418,182
Fund Balance, Beginning of Year	596,996	596,996	596,996	-
Fund Balance, End of Year	$ 18,993	$ 18,993	$ 437,175	$ 418,182

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ENTERPRISE FUND

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Operating Revenues:				
Parking Meters	$ 788,650	$ 788,650	$ 847,596	$ 58,946
Parking Rentals	235,550	257,829	256,050	(1,779)
Total Operating Revenues	1,024,200	1,046,479	1,103,646	57,167
Operating Expenses:				
Personnel Services	141,660	141,660	124,969	16,691
Supplies	53,491	44,157	33,699	10,458
Contractual Services	148,073	148,073	118,290	29,783
Depreciation	263,000	263,000	243,429	19,571
Total Operating Expenses	606,224	596,890	520,387	76,503
Operating Income	417,976	449,589	583,259	133,670
Non-Operating Revenues (Expenses):				
Investment Income (net of investment expense)	85,100	85,100	22,846	(62,254)
Interest Expense	(413,487)	(413,487)	(107,225)	306,262
Total Non-Operating Revenues (Expenses)	(328,387)	(328,387)	(84,379)	244,008
Income (Loss) Before Transfers	89,589	121,202	498,880	377,678
Transfers In (Out)	(20,106)	(20,106)	(69,773)	(49,667)
Change in Net Assets	69,483	101,096	429,107	328,011
Net Assets, Beginning of Year	5,979,727	5,979,727	5,979,727	-
Net Assets, End of Year	$ 6,049,210	$ 6,080,823	$ 6,408,834	$ 328,011

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INTERNAL SERVICE FUNDS

Internal Service Funds
Combining Statement of Net Assets

June 30, 2003

ASSETS	Central Garage	Worker's Compensation Retained Risk	Total
Currrent Assets:			
Cash and Cash Equivalents:			
Savings	$ 2,941	$ 46,574	$ 49,515
Accounts Receivable	-	54,676	54,676
Due from Other Funds	79,945	-	79,945
Inventory of Supplies, At Cost	69,368	-	69,368
Total Current Assets	152,254	101,250	253,504
Noncurrent Assets:			
Equipment	164,528	-	164,528
Less Accumulated Depreciation	(77,537)	-	(77,537)
Total Capital Assets (net of Accumulated Depreciation)	86,991	-	86,991
Total Assets	239,245	101,250	340,495
LIABILITIES			
Current Liabilities:			
Accounts Payable	18,118	101,250	119,368
Accrued Salaries and Taxes	8,070	-	8,070
Total Liabilities	26,188	101,250	127,438
NET ASSETS			
Invested in Capital Assets	86,991	-	86,991
Unrestricted	126,066	-	126,066
Total Net Assets	$ 213,057	$ -	$ 213,057

CITY OF URBANA

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2003

	Central Garage	Worker's Compensation Retained Risk	Total
Operating Revenues:			
Charges for Services	$ 684,735	$ 168,280	$ 853,015
Operating Expenses:			
Personnel Services	242,050	131,272	373,322
Supplies	13,841	-	13,841
Contractual Services	89,095	28,945	118,040
Equipment Parts	111,163	-	111,163
Fuel	136,557	-	136,557
Depreciation	12,345	-	12,345
Worker's Compensation Claims	-	16,212	16,212
Total Operating Expenses	605,051	176,429	781,480
Operating Income (Loss)	79,684	(8,149)	71,535
Non Operating Revenues (Expenses):			
Investment Income (Net of Investment Expense)	6	8,149	8,155
Net Income Before Transfers	79,690	-	79,690
Transfers (Out)	(1,789)	-	(1,789)
Change in Net Assets	77,901	-	77,901
Net Assets, Beginning of Year	135,156	-	135,156
Net Assets, End of Year	$ 213,057	$ -	$ 213,057

Internal Service Funds
Combining Statement of Cash Flows

Fiscal Year Ended June 30, 2003

	Central Garage	Worker's Compensation Retained Risk	Total
Cash Flows from Operating Activities:			
Receipts from Users	$ 633,056	$ 168,280	$ 801,336
Payments to Employees	(241,043)	(131,272)	(372,315)
Payments to Suppliers	(357,788)	(83,621)	(441,409)
Worker's Compensations Claims	-	(108,970)	(108,970)
Net Cash Provided by (Used in) Operating Activities	34,225	(155,583)	(121,358)
Cash Flows from Non-Capital Financing Activities:			
Transfers (Out)	(1,789)	-	(1,789)
Cash Flows from Capital and Related Financing Activities:			
(Purchase) of equipment	(31,457)	-	(31,457)
Cash Flows from Investing Activities:			
Investment Income	6	8,149	8,155
Increase (Decrease) in Cash and Cash Equivalents	985	(147,434)	(146,449)
Beginning Cash and Cash Equivalents	1,956	194,008	195,964
Ending Cash and Cash Equivalents	$ 2,941	$ 46,574	$ 49,515
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Net Income (Loss)	$ 79,684	$ (8,149)	$ 71,535
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:			
Depreciation Expense	12,345	-	12,345
(Increase) in Accounts Receivable	-	(54,676)	(54,676)
(Increase) in Due from Other Funds	(51,679)	-	(51,679)
(Increase) in Inventory of Supplies	(3,980)	-	(3,980)
Increase (Decrease) in Accounts Payable	(3,152)	(92,758)	(95,910)
Increase in Accrued Salaries and Taxes	1,007	-	1,007
Net Cash Provided (Used in) Operating Activities	$ 34,225	$ (155,583)	$ (121,358)

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

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Operating Revenues:				
Charges for Services	$ 735,240	$ 735,240	$ 684,735	$ (50,505)
Operating Expenses:				
Personnel Services	248,410	248,410	242,050	6,360
Supplies	18,270	18,270	13,841	4,429
Contractual Services	138,891	138,891	89,095	49,796
Equipment Parts	147,000	147,000	111,163	35,837
Fuel	175,000	175,000	136,557	38,443
Depreciation	23,400	23,400	12,345	11,055
Total Operating Expenses	750,971	750,971	605,051	145,920
Net Operating Income (Loss)	(15,731)	(15,731)	79,684	95,415
Non Operating Revenues:				
Investment Income (Net of Investment Expense)	-	-	6	6
Net Income Before Transfers	(15,731)	(15,731)	79,690	95,421
Transfers (Out)	(1,789)	(1,789)	(1,789)	-
Change in Net Assets	(17,520)	(17,520)	77,901	95,421
Net Assets, Beginning of Year	135,156	135,156	135,156	-
Net Assets, End of Year	$ 117,636	$ 117,636	$ 213,057	$ 95,421

Worker's Compensation Retained Risk Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget (GAAP Basis) and Actual

Fiscal Year Ended June 30, 2003

	Budget			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Charges for Services	$ 168,280	$ 168,280	$ 168,280	$ -
Operating Expenses:				
Personnel Services	139,227	139,227	131,272	7,955
Contractual Services	33,920	33,920	28,945	4,975
Worker's Compensation Claims	400,000	400,000	16,212	383,788
Total Operating Expenses	573,147	573,147	176,429	396,718
Net Operating Income (Loss)	(404,867)	(404,867)	(8,149)	396,718
NonOperating Revenues (Expenses):				
Investment Income (Net of Investment Expense)	-	-	8,149	8,149
Change in Net Assets	(404,867)	(404,867)	-	404,867
Net Assets, Beginning of Year	-	-	-	-
Net Assets, End of Year	$ (404,867)	$ (404,867)	$ -	$ 404,867

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

June 30, 2003

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Cash Equivalents:			
Checking	$ -	$ 264	$ 264
Savings	329,800	626,842	956,642
Money Market Funds	6,776	224,477	231,253
Subtotal, Cash and Cash Equivalents	336,576	851,583	1,188,159
Investments, at fair value	20,073,367	13,541,424	33,614,791
Receivables (Net of Uncollectibles)			
Property Tax	317,762	501,843	819,605
Accrued Interest	8,920	93,917	102,837
Total Assets	20,736,625	14,988,767	35,725,392
LIABILITIES			
Accounts Payable	4,021	59,624	63,645
NET ASSETS			
Held in Trust for Pension Benefits	$ 20,732,604	$ 14,929,143	$ 35,661,747

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

Fiscal Year Ended June 30, 2003

	Firemen's Pension	Policemen's Pension	Total
Additions:			
Employer Contributions	$ 688,615	$ 1,064,928	$ 1,753,543
Employee Contributions	193,694	243,003	436,697
Subtotal Contributions	882,309	1,307,931	2,190,240
Investment Income:			
Interest and Dividends	798,158	505,482	1,303,640
Net Increase (Decrease) in Fair Value of Investments	378,585	112,578	491,163
Total, Investment Income	1,176,743	618,060	1,794,803
Less Investment Expense	(2,876)	(87,270)	(90,146)
Net Investment Income	1,173,867	530,790	1,704,657
Total Additions	2,056,176	1,838,721	3,894,897
Deductions:			
Benefits	1,225,962	993,071	2,219,033
Administrative Costs	14,127	15,413	29,540
Total Deductions	1,240,089	1,008,484	2,248,573
Change in Net Assets	816,087	830,237	1,646,324
Net Assets, Beginning of Year	19,916,517	14,098,906	34,015,423
Net Assets, End of Year	$ 20,732,604	$ 14,929,143	$ 35,661,747

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STATISTICAL SECTION

CITY OF URBANA

Government-wide Expenses by Function

1994 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Public Safety							$ 9,006,645	$ 9,344,652	$ 9,839,621	$10,119,869
Highways and Streets							7,461,185	6,993,107	6,954,657	7,354,100
General Government							1,917,145	1,998,922	2,091,136	2,234,056
Urban Redevelopment and Housing							3,410,603	3,578,934	3,249,966	3,412,707
Library Services							2,170,881	2,360,302	2,403,620	2,325,974
Interest on Long Term Debt							58,065	39,232	25,717	4,450
Motor Vehicle Parking							594,284	583,125	580,178	627,612
Total							$24,616,828	$24,897,274	$25,144,895	$26,078,768

INFORMATION BEFORE 1999 IS NOT AVAILABLE

CITY OF URBANA

Government-wide Revenues

1994 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Program Revenues:										
Charges for Services							$ 4,870,989	$ 5,273,599	$ 5,466,857	$ 5,818,734
Operating Grants and Contributions							2,711,469	2,282,525	2,283,795	1,364,087
Capital Grants and Contributions							--	--	6,614	470,533
General Revenues:	**INFORMATION BEFORE 1999 IS NOT AVAILABLE**									
Property Tax							6,063,053	6,193,883	6,259,205	6,816,463
Utility Tax							3,295,625	3,675,184	3,391,827	3,858,619
State Sales Tax							3,487,139	3,451,347	3,544,544	3,382,787
Intergovernmental, not Restricted for Programs							4,218,595	4,615,117	5,823,783	5,900,695
Investment Income							1,159,216	1,725,316	976,840	1,328,080
Municipal Sales Tax							1,973,384	2,088,866	2,062,862	2,115,078
Other Taxes							1,131,926	1,294,791	1,322,492	1,413,431
Other							7,391	97,735	712,579	505,588
Total							$28,918,787	$29,698,363	$31,851,398	$32,974,095

CITY OF URBANA

General Governmental Expenditures by Function
All Governmental Fund Types

1994 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Public Safety	$ 5,342,253	$ 5,452,736	$ 5,697,114	$ 6,667,554	$ 7,218,190	$ 7,987,766	$ 8,538,859	$ 9,048,918	$ 9,527,582	$ 9,918,494
Highways and Streets	4,397,893	4,907,596	3,815,463	3,861,232	3,969,182	4,146,427	4,418,632	4,486,531	4,658,567	5,052,275
General Government	2,098,140	2,213,591	2,268,314	1,674,295	1,652,481	1,787,030	1,845,006	1,928,221	2,015,611	2,195,157
Urban Redevelopment and Housing	1,720,911	1,293,380	1,455,401	2,805,506	2,977,474	2,720,502	3,382,667	3,565,861	3,236,816	3,401,643
Library Services	2,004,504	1,717,898	1,761,857	1,813,966	1,908,429	2,018,048	2,096,563	2,258,008	2,359,471	2,273,567
Debt Service	252,315	165,424	255,548	255,582	253,716	254,903	260,095	256,985	255,706	482,304
Capital Projects	971,456	947,298	4,750,004	5,766,632	6,952,643	6,325,971	4,660,922	4,897,358	6,358,128	8,974,496
Total	$16,787,472	$16,697,923	$20,003,701	$22,844,767	$24,932,115	$25,240,647	$25,202,744	$26,441,882	$28,411,881	$32,297,936

CITY OF URBANA

General Governmental Revenues by Source

1994 - 2003

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Property Tax	$ 3,382,479	$ 3,877,609	$ 3,989,254	$ 4,872,054	$ 5,008,346	$ 5,526,884	$ 5,880,930	$ 6,080,692	$ 6,305,063	$ 6,673,611
Utility Tax	2,527,698	2,498,356	2,697,344	2,742,049	2,804,077	3,092,749	3,295,625	3,675,184	3,391,827	3,858,619
State Sales Tax	2,572,562	2,823,685	2,903,130	2,947,988	3,085,728	3,180,629	3,487,139	3,451,347	3,544,544	3,382,787
Other Taxes	2,369,494	2,551,562	2,668,260	2,849,916	2,822,596	2,946,532	3,105,310	3,383,657	3,385,354	3,528,509
Intergovernmental	3,457,331	3,615,822	4,677,530	5,130,642	5,632,322	7,831,993	7,983,596	9,013,745	9,291,622	8,951,297
Investment Income	723,426	952,965	1,067,934	1,110,640	1,160,973	792,501	1,069,164	1,631,838	932,775	1,297,079
Special Assessments	361	196	65	--	--	--	--	--	--	--
Licenses, Fines and Service Charges	1,781,935	2,013,662	2,210,676	2,269,809	2,909,026	3,424,933	3,011,093	3,378,878	3,360,449	3,499,106
Other	379,483	219,656	191,112	78,897	126,285	7,103	7,391	495,041	672,922	488,632
Total	$17,194,769	$18,553,513	$20,405,305	$22,001.995	$23,549,353	$26,803,324	$27,840,248	$31,110,382	$30,884,556	$31,679,640

CITY OF URBANA

Property Tax Levies and Collection

Fiscal Years 1994 - 2003

Revenue Year	Fiscal Year	Taxes Extended	Net Forfeitures (Over) Under Delinquents Collected	Total Collection	Percent Collected
2002	2003	$4,659,407	$2,206,187	$2,453,220	52.6%
2001	2002	4,469,662	(29,171)	4,440,491	99.3%
2000	2001	4,452,251	(43,101)	4,409,150	99.0%
1999	2000	4,301,563	(184)	4,301,379	100.0%
1998	1999	4,136,200	(4,281)	4,131,919	99.9%
1997	1998	3,977,243	(55,458)	3,921,785	98.6%
1996	1997	3,601,794	--	3,601,794	100.0%
1995	1996	3,671,999	--	3,671,999	100.0%
1994	1995	3,639,188	--	3,639,188	100.0%
1993	1994	3,550,593	--	3,550,593	100.0%

Note: Does not include tax increment or special service area. Revenue year is the calendar year in which the taxes are extended against the equalized assessed valuation. Collections in the current fiscal year normally reflect approximately one-half of the year's levy.

CITY OF URBANA

Assessed and Estimated Actual Value of Taxable Property

1994 - 2003

Fiscal Year	Assessed	Actual	Ratio of Assessed To Actual
2003	$353,574,662	$1,060,723,986	33%
2002	335,711,396	1,007,134,188	33%
2001	324,389,854	973,169,562	33%
2000	309,353,707	928,061,121	33%
1999	282,207,629	846,622,887	33%
1998	268,152,819	804,458,457	33%
1997	254,381,957	763,145,871	33%
1996	247,222,701	741,668,103	33%
1995	236,126,962	708,380,886	33%
1994	226,990,964	680,972,892	33%

Note: State law prescribes an assessment ratio of 33% of actual value.

CITY OF URBANA

Property Tax Rates - Direct and Overlapping Government

Revenue Years 1993 – 2002

TAX RATES (PER $100 ASSESSED VALUATION)

Fiscal Year	Revenue Year	School Unit 116	Urbana City	Champaign County	Park District	Parkland College	Mass Transit	Cunningham Township	Public Health	Forest Preserve	Total
2003	2002	4.6701	1.3178	.7117	.7767	.4652	.2728	.2048	.1152	.0850	8.6193
2002	2001	4.7448	1.3314	.6200	.7939	.4556	.2772	.2051	.1172	.0859	8.6311
2001	2000	4.7245	1.3725	.6201	.7960	.4469	.2764	.1547	.1170	.0855	8.5936
2000	1999	4.7839	1.3905	.6425	.8122	.4659	.2813	.2265	.1206	.0885	8.8119
1999	1998	4.8976	1.4656	.6768	.8456	.4692	.2839	.2372	.1300	.0922	9.0981
1998	1997	4.8978	1.4832	.6904	.8687	.4602	.2854	.2464	.1438	.0959	9.1718
1997	1996	5.0026	1.4159	.6773	.8957	.4622	.2868	.2490	.1596	.0977	9.2468
1996	1995	4.8022	1.4853	.6835	.8193	.4777	.2167	.2457	.1594	.0982	8.9880
1995	1994	4.8064	1.5412	.6105	.7712	.4942	.1877	.2475	.1607	.1055	8.9249
1994	1993	4.7498	1.5642	.6246	.7373	.4813	.1858	.2477	.1595	.1054	8.8556

Taxes for Urbana are collected by Champaign County. Collections are distributed shortly after collection date by the County. Normally, approximately 100% of the levy is received.

CITY OF URBANA

Special Assessment Collections

Fiscal Year 1994 - 2003

Fiscal Year	Assessments Due	Assessments Collected	Ratio Collections To Amounts Due	Total Assessments Receivable at End of Year
2003	**NO ASSESSMENTS WERE DUE AFTER 1996**			
2002				
2001				
2000				
1999				
1998				
1997				
1996	$ 66	$ 66	1.00	$ 65
1995	2,714	2,714	1.00	131
1994	13,667	11,445	.84	2,844

Special Assessment payments are due over a period of five to ten years.

CITY OF URBANA

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

1994 - 2003

Fiscal Year	Population	Assessed Value	General * Bonded Debt	Less Amount in Debt Service Funds	Net General Bonded Debt	Net Bonded Debt Ratio of Debt to Assessed Value	Net Bonded Debt Ratio of Debt Per Capita
2003	36,475	$353,574,662	$ --	--	$ --	0%	$0.00
2002	36,435	335,711,396	470,095	--	470,095	.14%	12.90
2001	36,395	324,389,854	692,400	--	692,400	.21%	19.02
2000	36,395	309,353,707	904,175	--	904,175	.29%	24.84
1999	36,344	282,207,629	1,108,185	--	1,108,185	.39%	30.49
1998	36,334	268,152,819	1,297,995	--	1,297,995	.48%	35.72
1997	36,344	254,381,957	1,483,252	--	1,483,252	.58%	40.81
1996	36,344	247,222,701	1,660,354	--	1,660,354	.67%	45.68
1995	36,344	236,126,962	1,839,103	--	1,839,103	.78%	50.60
1994	36,344	226,990,964	1,938,920	(287)	1,939,207	.85%	53.36

*Revenue and special assessment debt not included.

CITY OF URBANA

Computation of Legal Debt Margin

June 30, 2003

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

Computation of Direct and Overlapping Debt

June 30, 2003

Jurisdiction	Principal Debt Outstanding	Percentage Applicable to City of Urbana	Amount Applicable to City of Urbana
School District #116	$35,209,235	80.7%	$28,400,145
City of Urbana	--	100.0%	--
Champaign County	53,770,156	15.2%	8,155,169
Urbana Park District	1,150,000	96.6%	1,110,851
Total	$90,129,391		$37,666,166

This schedule represents the City of Urbana's proportionate share of any overlapping governmental unit's outstanding debt. For example, Champaign County's taxing district's assessed valuation is $2,331,253,331. The City of Urbana's proportionate share is computed by dividing Urbana's assessed value of $353,574,662 by $2,331,253,331 and multiplying this rate by Champaign County's $53,770,156 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

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total Governmental Expenditures

1994 - 2003

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Govt. Expenditures
2003	$470,095	$12,209	$482,304	$32,297,936	.0149
2002	222,305	33,401	255,706	28,411,881	.0090
2001	211,775	45,210	256,985	26,441,882	.0097
2000	204,010	56,085	260,095	25,202,744	.0103
1999	188,480	66,423	254,903	25,240,647	.0101
1998	177,950	75,766	253,716	24,932,115	.0102
1997	170,185	85,397	255,582	22,844,767	.0119
1996	162,420	93,128	255,548	20,003,701	.0128
1995	80,000	85,424	165,424	16,697,923	.0099
1994	136,800	115,515	252,315	16,787,472	.0150

CITY OF URBANA

Schedule of Revenue Supported Bond Coverage

1994 - 2003

Year	Revenue (1)	Expense (2)	Available for Debt Service	Principal	Interest	Total (4)	Coverage (3)
2003	$1,126,492	$346,731	$779,761	$530,945	$116,657	$647,602	1.20
2002	1,174,626	219,897	954,729	442,695	132,507	575,202	1.66
2001	1,116,435	225,442	890,993	418,225	152,889	571,114	1.56
2000	1,031,628	224,979	806,649	400,990	168,357	569,347	1.42
1999	996,292	248,918	747,374	381,520	191,843	573,363	1.30
1998	1,040,419	262,312	778,107	367,050	217,935	584,985	1.33
1997	1,072,670	281,443	791,227	354,815	243,306	598,121	1.32
1996	1,074,551	248,371	826,180	337,580	268,064	605,644	1.36
1995	814,060	482,414	331,646	337,580	275,482	613,062	.54
1994	1,090,979	701,186	389,793	473,200	253,032	726,232	.54

(1) Includes operating revenues, interest income, and operating transfers in.

(2) Total expenses exclusive of interest and depreciation, including transfers out.

(3) Net Revenues available for Debt Service divided by Debt Service Payments.

(4) Revenue supported bonds issued by the City during this period were the Parking System Bonds, issued in 1977, the 1963 Construction Bonds, which were paid off early in 1977, Downtown Parking Bonds, issued in 1981, which were refunded early by the 1985 Parking Bonds, which in turn were refunded by the 1994A and 1994B Parking Bonds, and the 1991 Parking Bonds, which were refunded by the 1994C Parking Bonds.

CITY OF URBANA

Demographic Statistics

1993 - 2002

Calendar Year	(1) Population	(2) Per Capita Income	(1) Median Age	(1) Education Level in Years of Formal Schooling	(3) School Enrollment	(4) Unemployment Rate
2002	36,475	$26,808	24.6	13.1	4,574	3.6%
2001	36,435	25,331	24.6	13.1	4,583	3.1%
2000	36,395	25,233	24.6	13.1	4,663	2.5%
1999	36,344	24,590	25.5	13.0	4,724	2.5%
1998	36,344	23,278	25.5	12.9	4,772	2.7%
1997	36,344	21,676	25.5	12.8	4,591	2.8%
1996	36,344	20,376	25.5	12.8	4,722	2.5%
1995	36,344	19,237	25.5	12.7	4,921	3.7%
1994	36,344	17,852	25.5	12.7	4,997	3.9%
1993	36,344	17,926	25.5	12.6	4,942	4.1%

Notes:
(1) Estimate by City Staff from U.S. Bureau of Census information
(2) Bureau of Economic Analysis, U.S. Commerce Dept.
(3) Superintendent of Urbana School District 116
(4) Illinois Bureau of Employment Security, expressed as a percentage

CITY OF URBANA

Property and Construction Value

1993 - 2002

Calendar Year	Commercial Construction (1) Number Of Units	Commercial Construction (1) Value	Residential Construction (1) Number Of Units	Residential Construction (1) Value	Total Value	Current Property Value (2) Commercial	Current Property Value (2) Residential	Current Property Value (2) Total
2002	10	$3,771,700	115	$15,569,018	$19,340,718	$431,720,217	$629,003,769	$1,060,723,986
2001	4	1,471,000	86	12,343,185	13,814,185	418,670,844	588,463,344	1,007,134,188
2000	25	21,620,412	55	18,147,032	39,767,444	404,936,133	568,233,429	973,169,562
1999	19	10,532,254	117	10,147,234	20,679,488	389,051,979	539,009,142	928,061,121
1998	15	13,499,519	177	11,766,176	25,265,695	348,006,495	498,616,392	846,622,887
1997	9	22,839,970	68	31,023,388	53,863,358	330,125,295	474,333,162	804,458,457
1996	20	20,208,363	86	4,107,165	24,315,528	308,901,609	454,244,262	763,145,871
1995	20	10,503,544	78	3,433,936	13,937,480	296,667,241	445,000,862	741,668,103
1994	27	13,327,095	47	13,026,065	26,353,160	283,352,354	425,028,532	708,380,886
1993	15	11,419,037	35	10,616,895	22,035,932	274,021,392	406,951,500	680,972,892

(1) Compiled from building permits issued.

(2) Per Champaign County Clerk

CITY OF URBANA

Principal Property Taxpayers

June 30, 2003

	Name of Company	2002 Equalized Assessed Value	Percent of Total Assessed Valuation
1.	Carle Foundation (Health Care)	$14,777,770	4.2%
2.	Campus Property Management (Residential Housing)	12,084,170	3.4%
3.	Melrose Apartments (Residential Housing)	5,776,070	1.6%
4.	Town and Country Apartments (Residential Housing)	5,699,150	1.6%
5.	J. M. Jones Company (Food Service)	4,574,590	1.3%
6.	Holiday Inn (Hotel)	4,046,280	1.1%
7.	Flex-N-Gate (Manufacturing)	4,038,210	1.1%
8.	Capstone Apartments (Residential Housing)	3,950,740	1.1%
9.	Clark Lindsey Village (Residential Retirement)	3,642,010	1.0%
10.	A.P.L. Engineering (Computer Software)	2,555,950	0.7%
		$61,144,940	17.3%

CITY OF URBANA

Miscellaneous Statistical Data

June 30, 2003

Date of Incorporation	1854
Form of Government	Mayoral
Population	36,475
Area - Square Miles	11.4
Miles of Streets	126.7
Miles of Sewers	185.0
Number of Street Lights	3,767
Number of Dwelling Units	15,776
Fire Protection	
Number of Stations	4
Number of Firefighters	58
Police Protection	
Number of Stations	1
Number of Police Officers	50
Education - School District 116	
Number of Elementary Schools	7
Number of Secondary Schools	2
Recreation - Park District	
Number of Parks	22
Number of Acres	582
Number of Swimming Pools	1
Full-time Equivalent Employee Budgeted Positions	306
Population:	
1930	13,060
1940	14,064
1950	22,834
1960	27,294
1970	33,976
1980	35,978
1990	36,198
2000	36,395

CITY OF URBANA

City Tax Rates

(Per $100 of Assessed Value)

1994 - 2003

Fiscal Year	I.M.R.F.	General	Fire Pension	Police Pension	Library	Totals
2003	--	.2954	.1817	.2933	.5474	1.3178
2002	--	.3429	.1412	.3040	.5433	1.3314
2001	--	.4302	.1328	.2860	.5235	1.3725
2000	--	.4387	.1314	.2953	.5251	1.3905
1999	--	.4879	.1287	.3008	.5482	1.4656
1998	.3015	.2045	.1172	.3152	.5448	1.4832
1997	.3178	.1698	.1283	.2557	.5443	1.4159
1996	.4254	.2655	.1252	.1307	.5385	1.4853
1995	.4252	.3288	.1286	.1191	.5395	1.5412
1994	.4154	.3744	.1269	.1181	.5294	1.5642