

**CITY OF CHAMPAIGN, ILLINOIS**

**Champaign, Illinois**

**Comprehensive Annual Financial Report**

**For the Year Ended**

**June 30, 2014**

Prepared By:

Finance Department  
Richard Schnuer, Finance Director

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## **INTRODUCTORY SECTION**

### **(Unaudited)**

This section includes miscellaneous data regarding the City of Champaign including:

- Letter of Transmittal from the Finance Director and Financial Services Manager/City Accountant
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart
- List of Elected and Appointed Officials



December 11, 2014

Honorable Mayor, Council Members,  
City Manager and Citizens of Champaign  
Champaign, Illinois

The State of Illinois requires each general-purpose local government to issue an annual report on its financial position prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with this requirement, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Champaign, Illinois, for the fiscal year ended June 30, 2014.

This report is based on management's goal to present a complete financial picture of the operations and financial position of the City of Champaign to its citizens, elected officials, and all others interested in the financial status of the City. Consequently, management accepts full responsibility for the fairness, accuracy, and completeness of the information presented in this report. In refining and monitoring the City's financial systems, consideration is given to adequacy of internal accounting controls. The City of Champaign supports its system of internal control by written policies and procedures which are periodically reviewed, evaluated, and modified to meet current needs.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization, and that transactions are recorded properly to permit the preparation of financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived, and that estimates and judgments by management are required to assess the expected benefits and costs of internal control procedures. It is management's belief that the City's system of internal accounting controls adequately safeguards assets and provides reasonable assurance of proper recording of transactions.

The City of Champaign's financial statements have been audited by the firm of Martin Hood Friese & Associates, LLC, licensed certified public accountants. The independent audit provides reasonable assurance that the financial statements of the City of Champaign for the fiscal year ended June 30, 2014, are free of material misstatement. This audit involved examining selected records to support amounts and disclosures in the financial statements, assessing the accounting principles applied and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the

independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Champaign's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Champaign also fulfilled a federally-mandated Single Audit designed to meet the special needs of federal grantor agencies. Standards governing Single Audit engagements require that the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, especially as they pertain to the administration of federal awards. These reports are available in the City of Champaign's separately issued Report of Federal Financial Assistance.

GAAP requires 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 Champaign's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Champaign**

The City of Champaign is a home-rule municipality incorporated in 1861 under the laws of the State of Illinois. It is located in east-central Illinois and shares the distinction with its twin city, Urbana, as home to the main campus of the University of Illinois, a major research University. The 2010 Census set the City of Champaign's population at 81,055. The City's corporate boundaries currently cover approximately 22.3 square miles of land, and the planning area extends about one and a half miles beyond the City limits.

The City of Champaign operates under the Council-Manager form of government, with policy-making and legislative authority vested in a governing council comprised of the Mayor and eight Council Members. The Mayor and Council Members are elected on a non-partisan basis and serve four-year staggered terms. Five of the Council Members are elected by district while the Mayor and the three remaining Council Members are elected at large. The City Council's responsibilities include setting policy, adopting resolutions and ordinances including the budget, appointing committees, and hiring the City Manager. The City Manager and the ten department heads who serve under her supervision are responsible for carrying out the policies and ordinances of the City Council and directing the administrative functions of the City.

The City of Champaign provides a full range of services, including police and fire protection, public works maintenance, improvements and construction of infrastructure, planning and zoning, community and economic development, library services, parking facilities, and general administration. Blended component units include the Champaign Police Pension Trust and the Champaign Firefighters' Pension Trust. The Town of the City of Champaign and the Champaign Library Foundation are discretely presented component units. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

## **Financial Planning**

The annual budget serves as the foundation for the City of Champaign's financial planning and control. All departments of the City of Champaign submit budget requests to the Finance Department in January of each year, which the Finance Department and City Manager subsequently review. The City Manager determines the proposed budget and presents it to the City Council in May. The City Council reviews the proposed budget during several open meetings. State law requires the Council to also hold a public hearing on the proposed budget and to adopt a final budget by the close of the City's fiscal year.

The appropriated budget is prepared by fund, department (e.g., police), activity (e.g., patrol), and classification (e.g., wages). The City Manager has the authorization to transfer budget amounts between departments within any fund and between line items of any fund. However, any revisions that decrease the available contingency or increase total expenditures of any fund must be approved by the City Council, with very limited exceptions. City Council approval is also required for any individual purchases over \$17,500. The City uses encumbrances to strengthen budgetary control and requires them for all purchases over \$5,000. The budget shows outstanding encumbrances as a reserve of fund balance. At year end, open encumbrances lapse and are re-appropriated in the next year.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, these comparisons are presented as basic financial statements on pages 38-40 before the Notes to the Financial Statements. For other major governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report on pages 147-149. Comparisons for non-major governmental funds can be found starting on page 132.

## **Local Economy**

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the City of Champaign operates.

The City of Champaign has one of the most consistently stable economic environments in the State of Illinois. It is situated within a significant regional transportation network, as its boundaries provide entrances to three major interstate highways with north-south and east-west access. Railroads provide both cargo and passenger service. The Illinois Terminal, operated by the Champaign-Urbana Mass Transit District (CUMTD), provides a central transportation facility for the area's residents. Modes of transportation provided at the facility include passenger rail service (Amtrak), intra-city bus service (CUMTD), inter-city bus service, and taxi service. Regularly scheduled passenger and freight flights are available at University of Illinois/Willard Airport, approximately 5 miles south of Champaign.

The region has a varied economic base consisting of service, retail, manufacturing, and high technology industry that results in a comparatively low unemployment rate. However, the City has not been immune to the slow economic recovery. The unemployment rate for June 2014 was 6.8%, lower than the 8.7% unemployment rate for June 2013. The University of Illinois at Urbana-Champaign is ranked among the top fifteen universities in the nation and dominates the local economy with over 10,800 employees. Champaign County, which includes the City of Champaign, smaller municipalities, and surrounding unincorporated areas, is a regional healthcare center with two hospitals (Carle Foundation Hospital and Presence Medical Center) and two large clinics (Carle Physician Group and Christie Clinic) in addition to smaller health care providers.

Prior to fiscal year 2008/09, the City had experienced considerable growth of retail, service, and entertainment industry in the northern part of the City, as well as residential growth in the north, south and southwest areas. The economic downturn slowed growth in Champaign as in other communities, but the City has enjoyed moderate growth since fiscal year 2010/11. The value of construction for building permits issued in fiscal year 2013/14, at \$240 million, was higher than the value of \$114 million in fiscal year 2012/13, and a significant increase compared with \$83 million in fiscal year 2009/10. Property tax is the second largest revenue source of the City. In FY2013/14, the equalized assessed value (EAV) of taxable property decreased by 1.7% to \$1,492,156,913, after decreasing 0.5% in FY 2012/13 and 1.0% in FY 2011/12. The City's property tax rate has remained at \$1.3152 since the 2012 levy year.

Sales taxes are the City's largest revenue source, which, with property, income, and utility taxes comprise the four largest revenue sources of the City. Revenue from sales taxes continued to increase in fiscal year 2013/14, up 4.8% over fiscal year 2012/13. An increase in the sales tax rate from 1.25% to 1.50% as of January 1, 2014 accounts for 46% of the increase in sales tax revenue. Fiscal year 2013/14 income taxes showed modest growth over the previous year, increasing 1.61%. This can be attributed partly to the income tax rate increase enacted by the State of Illinois that went into effect January 1, 2011, as well as the recovering economy. The City continues to make significant expenditure reductions to help keep the City in stable financial condition.

During the past ten years, the City's expenditures related to public safety have increased not only in amount, but also as a percentage of total governmental expenditures (38.89 % in 2014 compared with 37.10 % in 2005). Much of this increase is due to the growth of the City, requiring an additional fire station, and pension benefits of police officers and firefighters growing at a significantly faster rate than other costs and City revenue increases. The level and type of municipal pension benefits are set, but not funded, by the State of Illinois.

Despite these challenges, the City's conservative fiscal practices, long-term financial planning, and relatively stable economic base have allowed it to maintain a continuous sound financial condition.

## Major Initiatives

During the current year, staff has continued to implement action plans to meet the City Council's long-term goals, of which economic and community development are a major focus. The City has adopted, or participates in, various economic development programs including public/private partnerships to encourage and manage community economic growth. These include the following:

- Four Tax Increment Financing (TIF) Districts (discussed below).
- A State authorized Enterprise Zone in which the City partners with Champaign County.
- An Industrial Development Incentive program that provides funding for infrastructure development for new industrial projects that add or retain at least 20 jobs paying two times or more the minimum wage.
- Two Metro Zones, North and South, developed to attract new industry while reducing unproductive competition between the Cities of Champaign, Urbana, and the Village of Savoy.
- University of Illinois South Research Park, a high-technology research-office development established by the University of Illinois to provide opportunities for faculty to take their research results to market and employment opportunities for graduates.
- A High Technology Incentive Program for businesses outside the University of Illinois Research Park that provides \$50,000 for infrastructure serving businesses engaged in advanced technologies and \$150,000 for addition of office space serving such businesses.
- An Infill Redevelopment Incentive Program to encourage redevelopment of larger commercial sites in older parts of the City.
- The City participates in, and is a major funder of, both the Champaign County Economic Development Corporation and Visit Champaign County (the county's convention and visitors' bureau). The City believes that a regional approach best serves the long-term interest of residents of Champaign and those of surrounding areas.

While "greenfield" development on the fringe of the city has slowed in Champaign, "infill" development in the center of the city has remained active. Major economic development projects during the reporting period included the following:

- In 2014 a new 145-room Hyatt Place Hotel across the street from the M2 and One Main developments in the center of downtown opened. The nine-story building provides the first downtown hotel for Champaign in many decades and greatly benefits local restaurants and nightlife establishments. The City provides TIF benefits and other tax rebate incentives over a maximum seven-year period or up to \$3M, whichever occurs first. Also in the downtown area, Eden Supportive Living purchased and repurposed a former hotel into an Assisted Living Facility. The facility offers an innovative approach to assisted living housing for physically disabled individuals ages 22-64. By combining apartment-style housing with personal care and services, residents live independently with dignity and privacy while avoiding the burden of maintaining a home. 24-hour support staff assists with residents' needs. Construction was completed in 2013.

- Redevelopment of multiple vacant parcels in the North Prospect area began in FY2013 to provide for relocation of the Worden Martin Carriage Center car dealerships (Ford, Nissan, Lincoln, and Mercury) from South Neil Street in Champaign and Savoy. This new location is visible from Interstate 74 and is expected to generate additional incremental sales taxes. The City approved a development agreement to return a portion of the sales taxes generated from this new location up to \$6.2M or over 12 years, whichever occurs first. The agreement also provides incentives for redevelopment of the vacated site on South Neil. This location is expected to be redeveloped in FY 2014 with multiple commercial businesses that will generate additional sales and property taxes.
- The area of Champaign known as “Campustown” has experienced significant investment and redevelopment in recent years and several projects are currently under construction or have been approved for development. Building on the momentum of the high-rise projects constructed at 309 East Green Street and 310 W. Springfield Avenue in 2009, the following projects are advancing the City’s goals for infill redevelopment.
  - Recently completed is 112 East Green Street, a five-story, mixed-use development with first floor commercial and 50 upper-story apartments valued at \$5M.
  - Also recently completed is 519 East Green Street which is a 14-story mixed-use development with first floor commercial and 40 upper story residential apartments. This project is valued at \$10M.
  - Under construction is 308-312 East Green Street which is a 22-story mixed-use project that will include first floor commercial and 145 apartments on the upper floors.
  - Finally, under construction is 526 East Green Street which was previously a city-owned parking lot. When complete in 2015 the mixed-use development will include a full-service, 95-room Marriott Hotel, 12,000 square feet of retail space, 88 upper-story residential apartments and a 175-space public parking deck. The project is expected to be valued at approximately \$20M.

With the exception of 526 East Green Street (which includes a public parking structure) none of the development projects in Campustown received public subsidy or incentives, proving the strength of that market.

- In late 2014 the City of Champaign, along with the city of Urbana, University of Illinois and the Champaign-Urbana Mass Transit District were awarded a \$15M federal TIGER grant to rebuild infrastructure in the core of the community including campus and its connections to downtown. The City of Champaign will utilize the funding to achieve a complete reconstruction of certain sections of Green Street, White Street and Wright Street in the University District. The City expects the infrastructure improvements to provide further stimulus for economic development in the area.
- The University of Illinois Research Park (also part of the South Metro Zone) has grown over the past decade and now consists of approximately seventy companies employing over 1,300 people. During this time, Fox/Atkins Development, in cooperation with the University, developed the Park that boasts 12 buildings consisting of over 600,000 square feet, including a daycare center and the I Hotel and Conference Center. The developer has invested over \$63 million into the

- development of the Research Park. Companies in the Park include Archer Daniels Midland, Abbott, John Deere, Caterpillar, iCyt, National Center for Supercomputing Applications (NCSA), State Farm, Science Applications International Corporation (SAIC), Yahoo! and Wolfram Alpha. In 2014 Yahoo! announced plans to expand within the Research Park and grow the number of employees from roughly 85 to 200. Yahoo! will occupy a new 24,000 square foot building within the Research Park built in 2014. Long-term plans by the University and the developer of the Research Park include additional office and laboratory buildings, a commercial complex, restaurants, and a multi-purpose facility. The City provided an incentive of up to \$750,000 (cumulatively) for the creation of new office and lab space in the Research Park.
- The City entered into an agreement with Kraft Foods, Inc. and Becknell Industrial for the redevelopment of the former AC Humko industrial site located within the City's North Mattis Avenue TIF District. Kraft is constructing a new 730,000 square foot warehouse with a projected capital investment of approximately \$38-40 million. The City will provide assistance of \$3.7 million for this project through property tax increment revenue created within the TIF District by real estate taxes paid on the warehouse. Staff projects that the TIF District could achieve this reimbursement in approximately 10 years.

The City worked on the following major planning efforts during the period:

- The City continues to implement a plan to redevelop the Bristol Place Neighborhood in northeast Champaign. This challenged 23-acre area has experienced disinvestment and declining property values over the years. To improve the area and provide new housing opportunities for residents, the City is currently in the process of land acquisition and clearance utilizing Urban Renewal funding. The City initiated this work after the City adopted a Master Plan for Bristol Park, a broader area that includes the Bristol Place neighborhood. Staff envisions a total of approximately 193 new residential housing units in the neighborhood. The City is studying this area for its eligibility to be designated as a Tax Increment Finance District. The City anticipates that a selection process for a developer to build the neighborhood will commence in 2017.
- In 2010, the Cities of Champaign and Urbana, in conjunction with the University of Illinois, received \$26.0 million in Federal and State grant funding, matched by \$3.4 million local funding, to install a fiber optic network throughout the Champaign-Urbana community including the main campus of the University of Illinois. The City completed the work on this project, now known as Urbana Champaign Big Broadband (UC2B), during FY 2013/14. Construction connected 200 "anchor institutions" including schools, government facilities, and community services agencies. In addition, construction included "fiber to the premise" connections for 1,100+ properties in 11 census blocks where residents and businesses are underserved with respect to internet access. A not for profit, the Urbana-Champaign Big Broadband NFP (UC2B NFP) was created to promote the use of the broadband system and to partner with a private company for the operation and expansion of the broadband system. In May of 2014, UC2B NFP entered into an agreement with a private company, ITV-3. ITV-3 has assumed

responsibility for the day to day operations of the broadband system, and has announced that it will begin to expand the broadband system in a neighborhood in Urbana as part of a broader expansion in both cities.

- In 2014 billing continued for the first full fiscal year for the stormwater utility fee, which City Council had previously approved. The fee will provide an additional \$3 million dollars annually to fund drainage services. This new revenue will allow the City to maintain existing systems and complete flood-prevention infrastructure improvements much more quickly than would be possible without the fee.

### **Debt Administration**

The City of Champaign is a home-rule unit of government, and as such, has no legal limitation on its debt. At year-end, the City had eight general obligation bond series outstanding (including one Build America Bond issue) with outstanding principal totaling \$67.2 million. While property taxes secure these obligations, the City has paid all debt service expenses with other revenue sources. The City's current general obligation bond rating by Fitch Ratings is AAA and the rating by Moody's Investors' Services is Aaa.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Champaign for its CAFR for the fiscal year ended June 30, 2013. This was the twenty-fourth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR in conformance with GAAP. The report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the current CAFR continues to meet the Certificate of Achievement program requirements and is submitting it to GFOA to determine eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2014. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report has been made possible due to contributions from many members of the Finance Department. We would like to express our appreciation to everyone who assisted and contributed to the preparation of this report. Credit must also be given to the City Manager, Mayor, and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Champaign's finances.

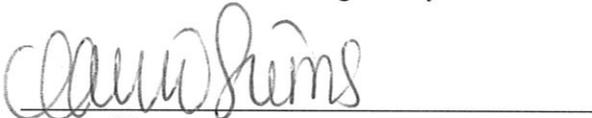
Respectfully submitted,



Richard A. Schnuer  
Finance Director



Kay M. Nees  
Financial Services Manager/City Accountant



Carrie Siems  
Staff Accountant



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Champaign  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

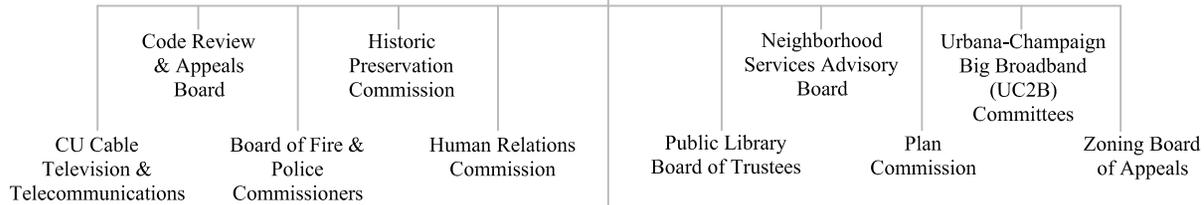
Executive Director/CEO

# CITIZENS OF CHAMPAIGN

Population: 81,055

## CITY COUNCIL

9 Council Members (Includes Mayor)



## CITY MANAGER'S OFFICE

Community Relations  
Deputy Liquor Commissioner



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## 2013 Organizational Chart

Drawn By: Public Works Department Engineering Division  
Date: July 9, 2013  
File: Citytre-New.dwg

Data Sources:  
Council Boards and Commissions  
<http://ci.champaign.il.us/city-council/boards-and-commissions/>

City Departments  
<http://ci.champaign.il.us/departments/>

City of Champaign Population (2010 Census)  
<http://www.census.gov/>

## **LIST OF ELECTED AND APPOINTED OFFICIALS**

### **LEGISLATIVE**

Mayor	Don Gerard
City Council Member at Large	Thomas Bruno
City Council Member at Large	Deborah Frank Feinen
City Council Member at Large	Karen Foster
City Council Member City No. 1	Will Kyles
City Council Member City No. 2	Michael LaDue
City Council Member City No. 3	Vic McIntosh
City Council Member City No. 4	Marci Dodds
City Council Member City No. 5	Paul Faraci

### **ADMINISTRATIVE**

City Manager	Dorothy Ann David
Deputy City Manager	Joan Walls
Deputy City Manager	Matt Roeschley
Finance Director	Richard Schnuer
City Attorney	Frederick Stavins
Director of Public Works	Dennis Schmidt
Planning and Economic Development Director	Bruce Knight
Neighborhood Services Director	Kevin Jackson
Human Resources Director	Jason Hood
Police Chief	Anthony Cobb
Fire Chief	Gary Ludwig
Library Director	Marsha Grove

## **FINANCIAL SECTION**

This section includes:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Financial Statements and Schedules

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Champaign, Illinois  
Champaign, Illinois

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Champaign, Illinois (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, which is a pension trust fund reported as a fiduciary fund of the City, or the Police Pension Fund section of Note 4 to the financial statements, which represents 53 percent, 53 percent, and 54 percent, respectively, of the assets, plan net position, and additions of the pension trust funds. Those financial statements, and the Police Pension Fund section of Note 4, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the financial statements for the Police Pension Fund, and the Police Pension Fund section of Note 4, is based solely on the report of the other auditors. We have audited the other note disclosures applicable to the Police Pension Fund. We conducted our audit in accordance with auditing

standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Firefighters' Pension Fund, the Police Pension Fund, and the City's aggregate discretely presented component units (Town of the City of Champaign, Illinois and Champaign Public Library Foundation) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 16 through 30, Schedules of Funding Progress on pages 121-123, and Schedules of Employer Contributions on page 124, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual non-major and major fund financial statements and schedules and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures by us and the other auditors, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Marta, Hood, Frisell & Associates, LLC*

Champaign, Illinois  
December 11, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF CHAMPAIGN, ILLINOIS  
Management's Discussion and Analysis (Unaudited)  
June 30, 2014

Management's Discussion and Analysis provides an overview of the City of Champaign's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter on pages 1 - 9 and the City's financial statements, which begin on page 31.

## **FINANCIAL HIGHLIGHTS**

- At June 30, 2014, the City's total assets exceeded its liabilities by \$419.2 million. In accordance with governmental accounting standards, this includes all of the City's infrastructure assets (net of depreciation). Most of the City's net position consists of \$336.1 million investment in capital assets, net of related debt. Most capital assets are infrastructure, buildings, vehicles, and equipment. The City uses them to provide specific services but cannot easily convert these assets to spendable assets (e.g. cash) to pay for other City operations and obligations such as employee pensions and debt service.
- The City can use the remaining assets of \$83.1 million for such uses with some limitations. Restricted net position of \$24.0 million may be used for the City's ongoing obligations related to programs with external restrictions, such as programs related to Public Works, Public Safety, Culture and Recreation, Debt Service and Capital Projects. The City may use the remaining amount of \$59.1 million in net position to meet the City's ongoing obligations to citizens and creditors without such restrictions.
- Revenues of \$104.3 million exceeded expenses of \$103.7 million during the year, increasing the City's total net position by \$0.6 million. The increase in net position consists of a \$3.2 million decrease in net position of the City's governmental activities and a \$3.8 million increase in net position related to the City's business-type activities.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$65.3 million, a \$3.4 million increase from the prior year fund balances of \$61.9 million. The increase is largely attributable to the following:
  - a \$1.0 million increase in the Tax Increment Financing (TIF) and Local Motor Fuel Tax due to higher tax revenues
  - a General Fund increase of \$0.7 million, primarily due to increased tax and intergovernmental revenues;
  - a Champaign Public Library increase of \$0.4 million, primarily due to a transfer from the General Fund;
  - a net decrease of \$.5 million in the Motor Fuel Tax and Capital Improvements Funds due to the timing of completion of capital projects.
  - an increase of \$1.7 million in the Stormwater Management Fund due to instituting a stormwater utility fee to pay for capital projects.
- At June 30, 2014, approximately \$41.6 million (64 %) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned and committed fund balances). Of that, 57% (\$23.6 million) is in the City's General Fund, 30% (\$12.4 million) is dedicated to capital projects, and 13% (\$5.6 million) is dedicated to special revenue funds (primarily those that support neighborhood and economic development). Over 45% of the unassigned and committed General Fund balance represents revenues owed the City as of June 30, 2014, but not received by June

30, 2014. The majority of the revenues are due to the City from the State of Illinois and represent the normal amount of time it takes for the State of Illinois to collect and disburse the funds. Of the restricted funds, 18% (\$4.3 million) is restricted for capital projects, 55% (\$13.0 million) is restricted for special revenue funds, 8% (\$1.8 million) is reserved for the Champaign Public Library and 19% (\$4.4 million) is restricted for debt service.

- The City had \$84.4 million in total long-term debt at the end of the year, 81% of which was bonded general obligation debt. Other long-term debt includes the net pension obligation, net other post-employment benefit, compensated absences, landfill closure payable and Illinois Environmental Protection Agency (IEPA) loans. Outstanding debt decreased by \$3.2 million, primarily due to principal repayments.

## **USING THIS ANNUAL REPORT**

This discussion and analysis serves as an introduction to the City of Champaign’s basic financial statements. These consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information.

This financial report includes not only the City of Champaign itself (known as the “primary government”), but also two additional entities, the Champaign Police Pension Trust, and the Champaign Firefighters Pension Trust. Although legally separate, the City of Champaign has responsibility for ensuring that the funds obligations are met and includes these “blended component units” in its financial report in accordance with governmental accounting standards. Both of the pension funds issue separate annual financial reports.

This report also includes the two “discretely presented component units”: the Town of the City of Champaign (Township) and the Champaign Public Library Foundation. In past years, the Township was a “blended component unit”. However, the City now presents the Township as a discrete component unit due a change in accounting standards. The membership of the governing body (Township Trustees) of the Township is the same as the membership of the City’s governing body (City Council). The Township issues a separate annual financial report. The Foundation is a not-for-profit organization established to promote community enrichment and education by encouraging private support of the Library. The Foundation is included in the City of Champaign’s report because of its relationship to the Champaign Public Library, which is included as a fund in this report.

## **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the City of Champaign’s finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 31-33 of this report.

The Statement of Net Position reports information on all of the City’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Champaign is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City of Champaign’s property tax base and the condition of the City’s roads, is needed to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Champaign 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 (business-type activities).

The governmental activities of the City of Champaign include general government (including development planning and regulation, and economic development), public safety, public works (including streets, sidewalks, bridges, storm water management, and City buildings), public health and welfare (primarily housing rehabilitation), and culture and recreation (primarily library services). The business-type activities of the City include a sanitary sewer collection system, environmental services, and parking operations.

## **Fund Financial Statements**

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

## **Governmental Funds**

The term "governmental funds" refers to 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. Such information may be useful in evaluating the City'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 presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds. The City considers the following six as "major" funds: the General Fund, Champaign Public Library Fund, Motor Fuel Tax Fund, Debt Service Fund, Stormwater Management Fund, and Capital Improvements Fund. As such, the City presents information on these funds separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other 15 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its governmental funds. This report includes a budgetary comparison statement for the major funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 34-40 of this report.

### **Proprietary Funds**

The City of Champaign 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 Champaign utilizes enterprise funds to account for its sanitary sewer collection system, environmental services related to the multi-family recycling program, and parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Champaign's various functions.

The City of Champaign uses internal service funds to account for its fleet of vehicles and other expensive equipment, and for its insurance programs. 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.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Parking, and Environmental Services Funds. The Sewer and Parking funds are considered to be major funds of the City. The internal service funds are 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 elsewhere in this report.

The City adopts an annual budget for its proprietary funds. This report includes a budgetary comparison statement for the major funds to demonstrate compliance with the budget. The basic proprietary fund financial statements can be found on pages 41 - 43 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and include the Firefighters' and Police Pension funds. 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 Champaign's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 44 - 45 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46 - 120 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's employee pension obligations (Illinois Municipal Retirement Fund, Sheriff's Law Enforcement Personnel, Police Pension Fund, and

Firefighters Pension Funds). Required supplementary information can be found on pages 121 - 124 of this report. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 125 - 164 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

Net position may serve as a useful indicator of changes in a government's financial position over time. The table below shows that the City's assets exceeded liabilities by \$419.2 million. The largest portion of the City of Champaign's net assets (\$336.1 million, or 80%) reflects its investment in capital assets (for example, streets, sewers, land, and buildings) less any outstanding debt used to acquire those assets. The City of Champaign uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that almost all of the resources needed to repay the debt related to capital assets must be provided from other sources, since the City cannot generally use the capital assets themselves to liquidate these liabilities.

An additional \$24.0 million (6%) of the City's net position represents resources that are subject to external restrictions on their use. The remaining \$59.1 million (14%) represents unrestricted net position that the City may use to meet its ongoing obligations to citizens and creditors.

Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 107.1	\$ 91.8	\$ 9.5	\$ 5.4	\$ 116.6	\$ 97.2
Capital Assets	348.9	358.4	55.8	56.1	404.7	414.5
Total Assets	456.0	450.2	65.3	61.5	521.3	511.7
Deferred Outflows of Resources	1.3	1.0	-	-	1.3	1.0
Total Assets and Deferred Outflows of Resources	457.3	451.2	65.3	61.5	522.6	512.7
Long-Term Debt Outstanding	62.9	65.5	12.3	13.1	75.2	78.6
Other Liabilities	14.9	14.3	1.8	0.9	16.7	15.2
Total Liabilities	77.8	79.8	14.1	14.0	91.9	93.8
Deferred Inflows of Resources	11.5	0.2	-	-	11.5	0.2
Total Liabilities and Deferred Inflows of Resources	89.3	80.0	14.1	14.0	103.4	94.0
Net Position						
Net Investment in Capital Assets	293.2	299.1	42.9	42.4	336.1	341.4
Restricted	24.0	25.3	-	-	24.0	25.3
Unrestricted (Deficit)	50.8	46.9	8.3	5.0	59.1	51.9
Total Net Position	\$ 368.0	\$ 371.3	\$ 51.2	\$ 47.4	\$ 419.2	\$ 418.6

The following table shows that net position increased by \$0.6 million over FY13.

Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 10.1	\$ 8.1	\$ 5.6	\$ 5.4	\$ 15.7	\$ 13.5
Operating Grants/Contributions	1.5	1.3	-	-	1.5	1.3
Capital Grants/Contributions	3.7	5.6	-	0.1	3.7	5.7
General Revenues						
Property Taxes	22.7	23.0	-	-	22.7	23.0
Sales Taxes	33.2	31.7	-	-	33.2	31.7
Income Taxes	8.7	8.5	-	-	8.7	8.5
Other General Revenues	15.0	13.1	3.8	-	18.8	13.1
Total Revenues	94.9	91.3	9.4	5.5	104.3	96.8
<b>Expenses:</b>						
General Government	12.4	11.0	-	-	12.4	11.0
Public Safety	36.0	34.1	-	-	36.0	34.1
Public Works	35.6	36.9	-	-	35.6	36.9
Public Health and Welfare	3.6	3.6	-	-	3.6	3.6
Culture and Recreation	8.1	8.3	-	-	8.1	8.3
Interest on Long-Term Debt	2.6	2.3	-	-	2.6	2.3
Parking	-	-	3.1	3.3	3.1	3.3
Sewer	-	-	1.9	2.2	1.9	2.2
Environmental Services	-	-	0.4	0.4	0.4	0.4
Total Expenses	98.3	96.2	5.4	5.9	103.7	102.1
Increase in Net Position Before Transfers	(3.4)	(4.9)	4.0	(0.4)	0.6	(5.3)
Transfers	0.2	0.4	(0.2)	(0.5)	-	(0.1)
Increase (Decrease) in Net Position	(3.2)	(4.5)	3.8	(0.9)	0.6	(5.4)
Net Position - Beginning	371.2	375.7	47.4	48.3	418.6	424.0
Net Position - Ending	\$368.0	\$371.2	\$51.2	\$47.4	\$419.2	\$418.6

The City of Champaign's total net position increased by \$0.6 million due to an FY2013/14 decrease of \$3.2 million in the net position of the City's governmental activities plus a \$3.8 million increase in net assets of business-type activities. The City of Champaign can generally only use net position of business-type activities to finance sanitary sewer collection services, environmental services, and parking operations.

Net position invested in capital assets (net of debt) decreased by \$5.3 million to \$336.1 million. This is due to annual depreciation expense of \$17.9 million offsetting the capital asset additions. Restricted net position decreased by \$1.3 million to \$24.0 million, while unrestricted net position increased by \$7.2 million.

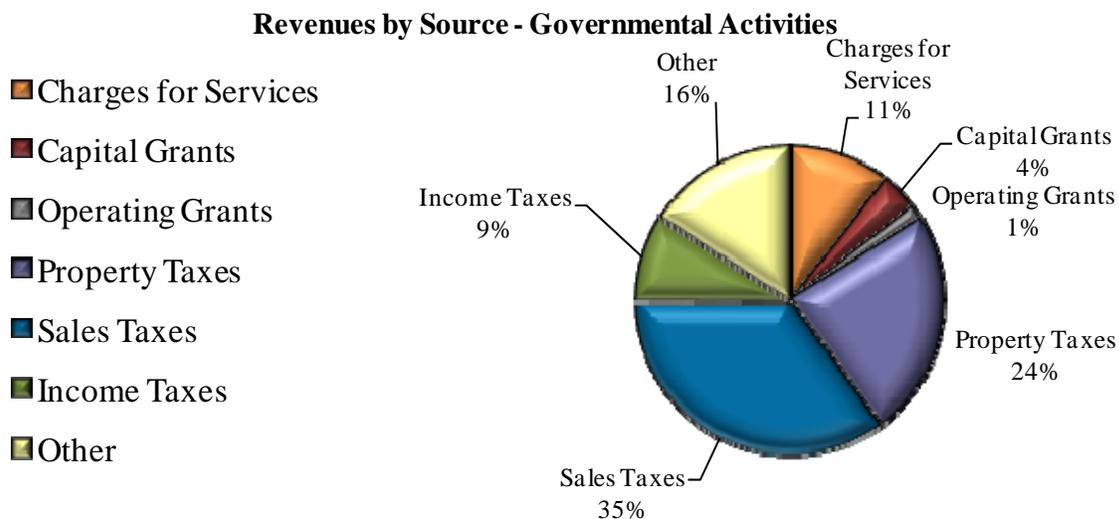
Total revenues increased by \$7.5 million, an 8.0% increase. The change largely resulted from the following: a \$3.8 million gain on the sale of property parking lot in Campustown, \$2.5 million from instituting a stormwater utility fee to pay for capital projects and \$3.8 million in additional tax revenue. Expenses increased \$1.6 million (from \$102.1 million to \$103.7 million), primarily in General Government, Public Safety and Public Works. Results for specific types of revenues and expenses are discussed below.

### Governmental Activities

Revenues for governmental activities increased \$3.6 million (4.0%). This resulted primarily from increases in charges from services totaling \$2.0 million including a \$2.5 million increase from instituting a stormwater utility fee to maintain drainage infrastructure. In addition, Sales taxes increased by \$1.5 million due to an increase in the Home Rule sales tax rate from 1.25% to 1.5% in January 2014. A new local motor fuel tax also generated an additional \$1.0 million in revenue.

Total expenses for governmental activities increased \$2.1 million (2.2%) to \$98.3 million primarily in General Government and Public Safety as a result of normal inflation.

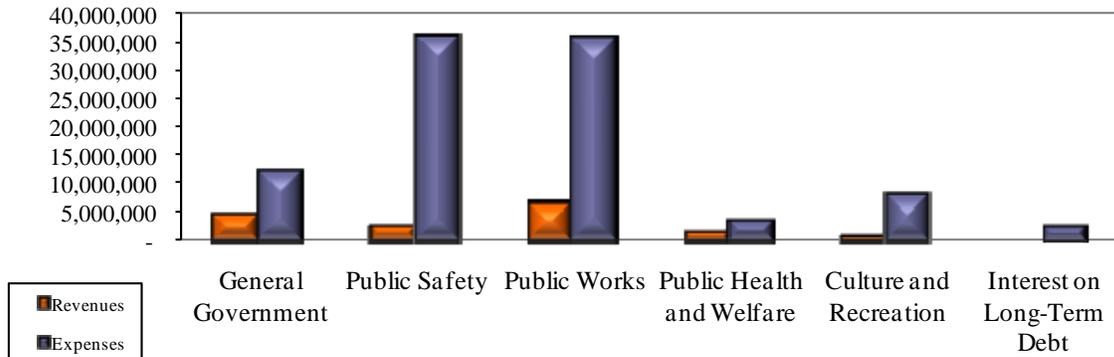
The chart below depicts the City’s major revenue sources for governmental activities. It shows the City’s reliance on sales tax revenues to fund governmental activities.



Sales tax revenues comprise 35% of all revenues for governmental activities. Significant reliance on a single revenue source, especially one subject to cyclical economic changes, results in greater revenue volatility than more diversified revenue sources. The impact on the City of Champaign, however, is somewhat mitigated by the relatively stable local economy due to the presence of the main campus of the University of Illinois in Champaign and in its twin city, Urbana.

The following chart compares program revenues with program expenses for governmental functions. Clearly, a relatively small portion of expenses for governmental functions are derived from program revenues.

**Expenses and Program Revenues - Governmental Activities**

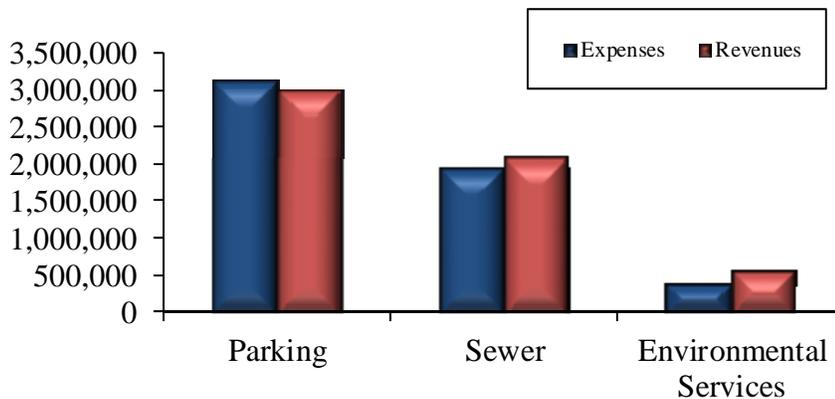


**Business-Type Activities**

The City realized revenues of \$9.4 million from its business-type activities: parking, sanitary sewer, and environmental services. This represents a \$3.9 million increase (72.1%) from the prior year due to the gain on the sale of Parking Lot J for \$3.8 million.

Overall, the City’s net position from business-type activities increased \$3.8 million. This largely resulted from the gain on the sale of Parking Lot J of \$3.8 million for an economic development project coupled with a decrease in transfers out of \$0.2 million. This chart depicts the expenses and program revenues of the City’s business-like activities: the Parking Fund, Sewer Fund and Environmental Services Fund.

**Expenses and Program Revenues - Business-Type Activities**



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City of Champaign uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the 2014 fiscal year, the governmental funds reported combined ending fund balances of \$65.3 million, an increase of \$3.4 million (5.2%) from the prior year.

These changes in fund balances from the prior year are notable:

- The General Fund experienced an increase in fund balance of \$0.7 million. The excess of revenues over expenditures remained relatively constant at \$12.1 million, which was largely offset by net transfers to other funds of \$11.3 million.
- The Champaign Public Library Fund had an increase in fund balance of \$0.4 million due to a transfer from the General Fund of \$500,000.
- The Stormwater Management Fund had an increase in fund balance of \$1.7 million, and the Non-major funds also experienced an increase in fund balance of \$1.4 million. These increases were the result of setting aside resources for planned project expenditures.
- The Motor Fuel Tax and Capital Improvements Fund had a net decrease of \$.5 million due to the timing of completion of capital projects.

### **Proprietary Funds**

The City of Champaign's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Sanitary Sewer Fund as a major proprietary fund. This fund accounts for the operations of the sanitary sewer collection system. (A separate governmental entity, the Urbana & Champaign Sanitary District, performs sewage treatment and maintains the large interceptor sewers that transport sewage from the collection system to the treatment plants..) Net position in this fund decreased \$0.1 million to \$36.8 million as of June 30, 2014. This can be primarily attributed to a reduction of \$0.1 million in Capital Contributions, which are sewer infrastructure transferred from developers.

The Parking Fund, another major proprietary fund, saw an increase in net assets of \$3.7 million at June 30, 2014. Operating income slightly increased by \$0.1 million, while operating expenses decreased by \$0.1 million, interest and investment income increased by \$0.1 million, and transfers out decreased by \$0.2 million. The increase in net assets was primarily due to the sale of Parking Lot J to a real estate developer for planned economic development, resulting in a gain on sale of property of \$3.8 million. The Fund ended the year with net assets of \$14.1 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The following table shows budgeted and actual amounts for the General Fund:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>			
Taxes	\$ 34,182,581	\$ 34,575,479	\$ 34,428,024
Intergovernmental	26,546,161	25,373,875	26,462,375
Licenses & Permits	2,250,040	2,412,073	2,545,300
Other	<u>4,227,555</u>	<u>3,761,996</u>	<u>3,381,383</u>
Total Revenues	<u>67,206,337</u>	<u>66,123,423</u>	<u>66,817,082</u>
<b>Expenditures and Transfers</b>			
Expenditures	59,724,859	57,758,966	54,792,253
Transfers Out	16,857,706	17,046,357	12,822,679
Transfers In	<u>(5,058,179)</u>	<u>(5,507,711)</u>	<u>(1,499,010)</u>
Total Expenditures and Transfers	<u>71,524,386</u>	<u>69,297,612</u>	<u>66,115,922</u>
<b>Change in Fund Balance</b>	<u><u>\$ (4,318,049)</u></u>	<u><u>\$ (3,174,189)</u></u>	<u><u>\$ 701,160</u></u>

The Champaign City Council amended the General Fund budget seven times during the fiscal year. The most significant amendments included the following:

- Re-appropriation of unliquidated amounts in outstanding encumbrances at the end of the prior year to authorize their expenditure in the new fiscal year, increasing budgeted expenditures by about \$7,800,000. The majority of these re-budgets were for capital projects that progressed at a slower pace than had been anticipated.
- As it does each year, the City amended original budget revenues and expenditures during development of the budget for the following fiscal year. This results in a final budget that is somewhat closer to the current expectations at that point in time.

Total actual revenues of \$66.8 million were slightly higher than the final (estimated) budget and approximately \$0.4 million lower than the original budget. The variance between the actual and the revised budget results from the City receiving higher sales, income, and utility tax revenues than the previous year.

Total actual expenditures and transfers of \$66.1 million were 7.6% lower than the original budget and 4.6% lower than final budget. A main contributor was extended vacancies throughout all City departments. Hiring for Police and Fire entry level positions requires specific steps that lengthen the recruitment process and time for these positions. In addition, the General Fund transfer to the Bond and Interest Fund was below budget by \$258,888 mainly due to the refunding of the 2005 Series bonds and the resulting 2013 Series bond schedule.

## CAPITAL ASSETS

As shown on the following chart, the City of Champaign had a \$404.7 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation, as of June 30, 2014. Approximately 57% of this investment represents infrastructure including roads, sidewalks, bridges, and sewers, and a quarter of the City's capital assets are comprised of land. Overall, the City's investment in capital assets decreased by \$9.8 million or 2.4%.

Capital Assets - Net of Depreciation (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 100.3	\$ 100.2	\$ 5.8	\$ 6.0	\$ 106.1	\$ 106.2
Construction in Progress	15.8	12.0	1.1	-	16.9	12.0
Buildings	29.5	30.8	10.8	11.1	40.3	41.9
Land Improvements	0.9	0.9	-	-	0.9	0.9
Improvements and Equipment	8.7	7.6	0.2	0.3	8.9	7.9
Infrastructure	193.7	206.9	37.6	38.3	231.3	245.2
Parking Meters	-	-	0.3	0.4	0.3	0.4
<b>Total</b>	<b>\$ 348.9</b>	<b>\$ 358.4</b>	<b>\$ 55.8</b>	<b>\$ 56.1</b>	<b>\$ 404.7</b>	<b>\$ 414.5</b>

Changes to capital assets during the 2013/14 fiscal year included the following:

- Infrastructure decreased by \$13.9 million as no significant road projects were completed during the year.
- Construction in progress increased \$4.9 million as significant road and drainage projects began.
- depreciation of capital assets by \$17.9 million.

Readers desiring more detailed information on capital assets activity should refer to the discussion in Note 9 to these financial statements on pages 73 - 75.

## DEBT MANAGEMENT

The City's total outstanding bonded debt and IEPA loans as of June 30, 2014 (\$69.9 million) decreased \$3.5 million from June 30, 2013. The following table provides a detail of this outstanding debt, comparing the current fiscal year to the previous fiscal year.

General Obligation Bonds and IEPA Loans (in Millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 56.6	\$ 59.6	\$ 11.8	\$ 12.2	\$ 68.4	\$ 71.8
IEPA Loans Payable	0.4	0.4	1.1	1.2	1.5	1.6
<b>Total</b>	<b>\$ 57.0</b>	<b>\$ 60.0</b>	<b>\$ 12.9</b>	<b>\$ 13.4</b>	<b>\$ 69.9</b>	<b>\$ 73.4</b>

The City issued bonds in the amount of \$8.8 million during the fiscal year to refinance the remaining 2005 series.

The City maintained the Moody's Investors Service rating of Aaa and the Fitch Ratings of AAA based on a stable economic base, diverse revenue stream, healthy fund balance levels, and strong financial management. Additional information on the City's long-term debt can be found in Notes 10 and 11 on pages 75 - 81 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The presence of the main campus of the University of Illinois and two regional health care providers offer a great deal of stability to the area's economy. The University is the area's largest employer (with over 10,000 employees) and purchases a variety of goods and services locally. The regional health care providers also provide a significant level of stable employment in the area.

This stability helps make Champaign's sales tax revenues more reliable than many other cities. Sales tax revenues increased 4.7% during fiscal year 2013/14. Along with the budget adoption, City Council increased the home rule sales tax rate by 0.25% to 1.50% effective January 1, 2014. The rate increase accounts for 46% of the total sales tax increase. Excluding the rate increase revenues, sales tax growth is modest and in line with growth in the state and national economies. During the winter and spring months, severe weather reduced retail sales in the City, limiting tax growth. The City's sales tax revenues ended the year \$1,508,000 over the prior year's receipts.

The equalized assessed value (EAV) of taxable property in the City for the 2013 levy year (valued as of January 1, 2013 and collected in 2014) decreased by 1.7% to \$1,492,156,913. The decrease in EAV resulted from the state of the markets for both residential and commercial properties. Lower sales prices led to lower assessed valuations of taxable properties. Under tax law applicable to the City, the EAV of taxable property should represent one-third of the market value, so the taxable value of property in the City exceeded \$4.5 billion. Residential and commercial properties made up 57% and 42%, respectively, of the EAV for the 2013 levy year.

The value of construction for building permits issued in fiscal year 2013/14, at \$240 million, was significantly higher than the value of \$114 million in fiscal year 2012/13, and a significant increase compared with \$107 million in fiscal year 2011/12. The assessed value of the new construction will go on the property tax rolls for the 2014 and later levy years. Staff expects the assessed value of taxable property for the 2014 levy year to increase by 0.87% from the prior year due to the stabilization of existing property values and a modest increase from new

development and improvements to existing buildings. In accordance with State of Illinois law, assessors base the EAV on property valuations for the past three years.

The State collects income taxes, the City's third largest revenue source, with a portion allocated to local governments on a per-capita basis. Income tax revenues (including personal property replacement tax revenues, of which business income taxes are a large component) increased in fiscal year 2013/14 by 1.61%, or \$137,287, compared with the prior year. This can be attributed partly to the income tax rate increase enacted by the State of Illinois that went into effect January 1, 2011, as well as the recovering economy.

The City's management considered the following factors when preparing the budget for fiscal year 2014/15:

- The City Council has a policy of adopting structurally sound, sustainable budgets where recurring revenues exceed recurring expenditures. In addition, the City budgets an unassigned General Fund balance of 10% of expenditures (minus transfers) that can be used for any unforeseen event because it is not dedicated to a specific purpose. (The policy refers to the "budgetary" basis of accounting, in which fund balances generally include only revenue actually collected rather than also including amounts due to the City. As a result, the unassigned balances shown in this report significantly exceed the balances measured on a budgetary basis.)
- The 2013 Five-Year Financial Forecast showed a significant General Fund deficit for fiscal year 2015/16. The projections did not meet the City's Financial Policies, with recurring services \$2.9 million over the target and an unassigned fund balance target 0.9% (\$0.4 million) short of the 10% policy target described above. Proactive decisions by Council to address future trends in the 2013 Five-Year Financial Forecast were included in the FY2014/15 Adopted Budget and thereby changed future projections for the better.
- Budget development for FY2014/15 was guided by fiscal policies that include keeping recurring expenditures at or below 98.5% of recurring revenues and maintaining a minimum unassigned General Fund balance of 10% of expenditures, not including transfers. The strategy to bring the adopted General Fund budget for FY2014/15 in conformance with policy was:
  - Prepare the proposed budget consistent with the City's financial policies and service levels currently funded on a recurring basis
  - Keep the overall 2013 adopted property tax levy at the same overall rate as the 2012 adopted levy,
  - Develop options for Council to address the downward trend of the Five-Year Financial Forecast in future years, and
  - Use the 2013-2015 Vision and Goals set by Council to consider allocation of additional funds resulting from the 2013 home rule sales tax increase as one-time costs.
- As part of the FY2013/14 budget adoption, Council approved a 0.25% increase to the home rule sales tax and targeted funding to major recurring expenditures for Police Officer staffing and overtime, and restoration of Fire Department overtime to operate the second fire company at Station 4 on a 24/7 basis. One-time funds were directed to the Library to maintain current service levels. The FY2014/15 adopted budget preserves

critical services with an emphasis on strategic investments to expand the local economy, preserve and improve critical infrastructure throughout the City, and advance City Council's Vision and Goals. The FY2014/15 adopted budget continues the recurring investments in Police and Fire and includes one-time funding to further strategic investments consistent with Council Goals including an additional payment for a portion of the debt service on bonds that financed the main Library facility, economic development activities, permanent pavement patching, capital improvements, and additional contributions to the City's Fire and Police Pension Funds.

- The adopted budget is balanced and meets the City's financial policies. Going forward, the City will continue to explore strategies to maintain long-term fiscal sustainability to keep City expenditures within policy target levels.

The national and local economies have been growing consistently for more than a year. However, the pace of growth in economic output will likely continue to be slow, so the positive effects on job growth, household income, real estate prices, construction, and retail sales will be modest.

- Closer to home, the Illinois state economy is improving but at a lower rate than most other states. The University of Illinois Flash Index has climbed to 106.3 for September 2014. This is positive since a reading above 100 indicates an expanding economy.
- Although the flash index is a positive indicator, it is important to remember that Illinois still lags in other indicators. As of August 2014, the State's unemployment rate was 6.7%, while the nation's was 6.1%. The local economy has struggled, but not as badly as others due to the stability provided by the University of Illinois and the two regional health care providers, the conservative business practices by most local lenders, and other factors. Champaign's unemployment rate was 7.8% for August 2014, somewhat above the state rate.
- The sales tax, which is most susceptible among the City's major revenues to any economic downturn, remains the largest revenue resource for the City. The increase in the home rule sales tax rate of 0.25% has increased the City's reliance on this revenue. During the past two fiscal years, this revenue has shown moderate growth. Even with severe weather dampening sales during the winter and spring months, fiscal year 2013/14 sales tax revenue increased 1.4% over fiscal year 2012/13. Staff projects continued growth for the fiscal year 2014/15.
- During the beginning of the economic downturn, the City's property tax levy provided good revenue growth. Because the equalized assessed value of taxable property (EAV) is based on the prior three years' valuations, robust growth leading up to the recession and construction in progress resulted in higher assessed values early in the economic downturn. However, the EAV declined by 0.94% for the 2012 levy and 1.2% for the 2013 levy. Staff anticipates the EAV of taxable property for the 2014 levy to increase 0.87% from the 2013 EAV.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the City's citizens, customers, investors, and creditors an overview of the City's finances, and to demonstrate the City's accountability for the money it receives. Additional information regarding the City's finances can be found on the City's website at <http://ci.champaign.il.us/departments/finance>. Questions concerning this report or requests for additional financial information should be directed to:

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Champaign, IL 61820  
Phone: 217/403-8943  
Email: [richard.schnuer@ci.champaign.il.us](mailto:richard.schnuer@ci.champaign.il.us)

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of financial statements include:

1. Government-Wide Financial Statements
2. Fund Financial Statements
  - a. Governmental Funds
  - b. Proprietary Funds
  - c. Fiduciary Funds

In addition, the Notes to the Basic Financial Statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Net Position  
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Champaign Public Library Foundation	Town of the City of Champaign
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 62,429,252	\$ 7,135,205	\$ 69,564,457	\$ 1,096,549	\$ 916,003
Receivables, Net:					
Property Taxes	10,825,128	-	10,825,128	-	270,850
Other Taxes	12,605,880	-	12,605,880	-	15,284
Accounts Receivable	1,495,307	343,623	1,838,930	-	-
Accrued Interest	30,187	2,892	33,079	-	-
Other Receivables	323,431	-	323,431	50,208	1,225
Prepaid Expenses	347,481	38,526	386,007	-	6,781
Inventory	259,871	-	259,871	-	-
Restricted Assets:					
Cash and Investments	1,448,998	-	1,448,998	-	-
Total Current Assets	<u>89,765,535</u>	<u>7,520,246</u>	<u>97,285,781</u>	<u>1,146,757</u>	<u>1,210,143</u>
<i>Non-Current Assets</i>					
Net Pension Asset	17,347,813	-	17,347,813	-	-
Note Receivable	-	1,940,000	1,940,000	-	-
Other Receivables	-	-	-	61,116	-
Non-Depreciable Capital Assets	116,136,643	6,833,226	122,969,869	-	-
Depreciable Capital Assets	546,142,696	66,238,882	612,381,578	-	215,602
Accumulated Depreciation	(313,363,431)	(17,288,132)	(330,651,563)	-	(187,406)
Total Non-Current Assets	<u>366,263,721</u>	<u>57,723,976</u>	<u>423,987,697</u>	<u>61,116</u>	<u>28,196</u>
Total Assets	<u>456,029,256</u>	<u>65,244,222</u>	<u>521,273,478</u>	<u>1,207,873</u>	<u>1,238,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	1,335,916	-	1,335,916	-	-
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	3,395,190	846,476	4,241,666	-	3,266
Retainage Payable	100,419	18,171	118,590	-	-
Accrued Payroll	1,568,398	59,029	1,627,427	-	18,375
Claims Payable	3,600,999	-	3,600,999	-	-
Unearned Revenue	111,122	3,960	115,082	-	-
Other Liabilities	1,448,998	-	1,448,998	-	25,000
Compensated Absences Payable	979,690	52,186	1,031,876	-	14,095
Landfill Closure Payable	75,923	-	75,923	-	-
IEPA Loans Payable	20,004	120,818	140,822	-	-
General Obligation Bonds Payable, Net	3,608,806	732,156	4,340,962	-	-
Total Current Liabilities	<u>14,909,549</u>	<u>1,832,796</u>	<u>16,742,345</u>	<u>-</u>	<u>60,736</u>
<i>Non-Current Liabilities</i>					
Net Pension Obligation Payable	557,491	-	557,491	-	-
Net Other Post-employment Benefit Payable	4,713,387	-	4,713,387	-	-
Compensated Absences Payable	3,918,758	208,742	4,127,500	-	-
Landfill Closure Payable	400,000	-	400,000	-	-
IEPA Loans Payable	393,615	962,008	1,355,623	-	-
General Obligation Bonds Payable, Net	52,958,813	11,096,389	64,055,202	-	-
Total Non-Current Liabilities	<u>62,942,064</u>	<u>12,267,139</u>	<u>75,209,203</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>77,851,613</u>	<u>14,099,935</u>	<u>91,951,548</u>	<u>-</u>	<u>60,736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue - Property Taxes	11,495,569	-	11,495,569	-	289,602
<b>NET POSITION</b>					
Net Investment in Capital Assets	293,270,586	42,872,605	336,143,191	-	28,196
Restricted:					
Tax Levy Expenditures	-	-	-	-	421,615
Special Revenue Purposes					
Public Works	10,155,864	-	10,155,864	-	-
Public Health and Welfare	2,764,320	-	2,764,320	-	438,190
Culture and Recreation	1,817,293	-	1,817,293	-	-
Public Safety	479,905	-	479,905	-	-
Debt Service	4,429,757	-	4,429,757	-	-
Capital Projects	4,328,470	-	4,328,470	-	-
Donor Restricted Purposes	-	-	-	249,348	-
Unrestricted	50,771,795	8,271,682	59,043,477	958,525	-
Total Net Position	<u>\$ 368,017,990</u>	<u>\$ 51,144,287</u>	<u>\$ 419,162,277</u>	<u>\$ 1,207,873</u>	<u>\$ 888,001</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Activities  
For the Year Ended June 30, 2014

	Program Revenues				Net (Expense)/Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Component Unit Town of the City of Champaign
<b>Functions/Programs:</b>								
Primary Government:								
Governmental Activities:								
General Government	\$ 12,378,559	\$ 4,436,347	\$ 24,648	\$ -	\$ (7,917,564)	\$ -	\$ (7,917,564)	\$ -
Public Safety	36,070,103	2,164,285	195,243	-	(33,710,575)	-	(33,710,575)	-
Public Works	35,604,217	2,869,200	-	3,681,256	(29,053,761)	-	(29,053,761)	-
Public Health and Welfare	3,632,085	241,780	1,217,971	-	(2,172,334)	-	(2,172,334)	-
Culture and Recreation	8,137,450	391,688	107,084	-	(7,638,678)	-	(7,638,678)	-
Interest on Long-Term Debt	2,558,973	-	-	-	(2,558,973)	-	(2,558,973)	-
Total Governmental Activities	<u>98,381,387</u>	<u>10,103,300</u>	<u>1,544,946</u>	<u>3,681,256</u>	<u>(83,051,885)</u>	<u>-</u>	<u>(83,051,885)</u>	<u>-</u>
Business-Type Activities:								
Parking	3,144,952	3,001,898	-	-	-	(143,054)	(143,054)	-
Sewer	1,945,858	2,080,612	-	-	-	134,754	134,754	-
Environmental Services	376,721	551,567	-	-	-	174,846	174,846	-
Total Business-Type Activities	<u>5,467,531</u>	<u>5,634,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,546</u>	<u>166,546</u>	<u>-</u>
Total Primary Government	<u>\$ 103,848,918</u>	<u>\$ 15,737,377</u>	<u>\$ 1,544,946</u>	<u>\$ 3,681,256</u>	<u>(83,051,885)</u>	<u>166,546</u>	<u>(82,885,339)</u>	<u>-</u>
Component Unit:								
Town of the City of Champaign	<u>\$ 666,885</u>	<u>\$ -</u>						<u>(666,885)</u>
General Revenues								
Taxes:								
Property Taxes					22,734,630	-	22,734,630	577,764
Home Rule Taxes					15,911,703	-	15,911,703	-
Hotel/Motel Taxes					1,819,069	-	1,819,069	-
Food and Beverage Taxes					1,413,873	-	1,413,873	-
Telecommunications Taxes					2,410,268	-	2,410,268	-
Utility Taxes					3,571,097	-	3,571,097	-
Local Motor Fuel Taxes					1,190,528	-	1,190,528	-
Foreign Fire Insurance Taxes					112,647	-	112,647	-
Intergovernmental without Restrictions:								
State Sales and Use Taxes					17,285,575	-	17,285,575	-
Income Taxes					8,649,490	-	8,649,490	-
Motor Fuel Taxes					2,761,371	-	2,761,371	-
Other Taxes					401,435	-	401,435	90,038
Interest and Investment Income (Loss)					787,049	72,789	859,838	203
Gain on Disposal of Capital Assets					-	3,762,148	3,762,148	-
Miscellaneous					527,604	-	527,604	6,456
Internal Activity - Transfers					247,312	(247,312)	-	-
Total General Revenues					<u>79,823,651</u>	<u>3,587,625</u>	<u>83,411,276</u>	<u>674,461</u>
Change in Net Position					<u>(3,228,234)</u>	<u>3,754,171</u>	<u>525,937</u>	<u>7,576</u>
Net Position - Beginning of Year					<u>371,246,224</u>	<u>47,390,116</u>	<u>418,636,340</u>	<u>880,425</u>
Net Position - End of Year					<u>\$ 368,017,990</u>	<u>\$ 51,144,287</u>	<u>\$ 419,162,277</u>	<u>\$ 888,001</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Activities - Component Unit -  
Champaign Public Library Foundation  
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Contributions	\$ 145,902	\$ 199,791	\$ -	\$ 345,693
Contributions In-Kind	111,833	-	-	111,833
Grants	-	22,438	-	22,438
Investment Income	87,586	10,614	-	98,200
Miscellaneous	3,922	-	-	3,922
Net Assets Released from Restrictions	118,315	(118,315)	-	-
Total Support and Revenue	<u>467,558</u>	<u>114,528</u>	<u>-</u>	<u>582,086</u>
<b>Expenses</b>				
Program Services	132,369	-	-	132,369
Supporting Services:				
Management and General	36,538	-	-	36,538
Fund Raising	106,807	-	-	106,807
Total Support Services	<u>143,345</u>	<u>-</u>	<u>-</u>	<u>143,345</u>
Total Expenses	<u>275,714</u>	<u>-</u>	<u>-</u>	<u>275,714</u>
Change in Net Assets	191,844	114,528	-	306,372
<b>Net Assets, Beginning of Year</b>	<u>766,681</u>	<u>114,820</u>	<u>20,000</u>	<u>901,501</u>
<b>Net Assets, End of Year</b>	<u>\$ 958,525</u>	<u>\$ 229,348</u>	<u>\$ 20,000</u>	<u>\$ 1,207,873</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Balance Sheet  
Governmental Funds  
June 30, 2014

	Major Funds						Non-Major Governmental Funds	Total Governmental Funds
	General	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements		
<b>ASSETS</b>								
Cash and Investments	\$ 12,805,473	\$ 2,248,218	\$ 4,580,973	\$ 4,427,766	\$ 5,198,271	\$ 5,100,780	\$ 22,288,374	\$ 56,649,855
Receivables - Net of Allowances:								
Property Taxes	5,139,209	2,741,272	-	-	629,176	435,680	1,879,791	10,825,128
Other Taxes	12,448,105	-	157,775	-	-	-	-	12,605,880
Accrued Interest	7,892	-	2,226	1,991	3,222	2,194	10,108	27,633
Prepays	7,840	-	-	-	-	-	904	8,744
Other	868,722	-	123,255	-	243,179	413	251,653	1,487,222
Due from Other Funds	272,070	-	-	-	-	-	-	272,070
Restricted Assets:								
Cash and Investments	-	-	-	-	1,448,998	-	-	1,448,998
<b>Total Assets</b>	<b>\$ 31,549,311</b>	<b>\$ 4,989,490</b>	<b>\$ 4,864,229</b>	<b>\$ 4,429,757</b>	<b>\$ 7,522,846</b>	<b>\$ 5,539,067</b>	<b>\$ 24,430,830</b>	<b>\$ 83,325,530</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 958,637	\$ 51,470	\$ 199,211	\$ -	\$ 683,306	\$ 803,445	\$ 674,861	\$ 3,370,930
Retainage Payable	-	-	15,852	-	4,088	54,477	26,002	100,419
Accrued Payroll	1,379,062	155,237	-	-	-	-	13,914	1,548,213
Unearned Revenue	85,181	25,941	-	-	-	-	-	111,122
Other Liabilities	-	-	-	-	1,448,998	-	-	1,448,998
<b>Total Liabilities</b>	<b>2,422,880</b>	<b>232,648</b>	<b>215,063</b>	<b>-</b>	<b>2,136,392</b>	<b>857,922</b>	<b>714,777</b>	<b>6,579,682</b>
Deferred Inflows of Resources:								
Unavailable Revenue -								
Property Taxes	5,510,535	2,939,549	-	-	674,579	477,366	1,893,540	11,495,569
Fund Balances:								
Non-Spendable	7,840	-	-	-	-	-	904	8,744
Restricted	-	1,817,293	4,649,166	4,429,757	-	4,203,779	8,551,279	23,651,274
Committed	4,782,422	-	-	-	4,711,875	-	13,271,594	22,765,891
Unassigned	18,825,634	-	-	-	-	-	(1,264)	18,824,370
<b>Total Fund Balances</b>	<b>23,615,896</b>	<b>1,817,293</b>	<b>4,649,166</b>	<b>4,429,757</b>	<b>4,711,875</b>	<b>4,203,779</b>	<b>21,822,513</b>	<b>65,250,279</b>
<b>Total Liabilities, Deferred     Inflows of Resources,     and Fund Balances</b>	<b>\$ 31,549,311</b>	<b>\$ 4,989,490</b>	<b>\$ 4,864,229</b>	<b>\$ 4,429,757</b>	<b>\$ 7,522,846</b>	<b>\$ 5,539,067</b>	<b>\$ 24,430,830</b>	<b>\$ 83,325,530</b>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Position  
 June 30, 2014

Total Fund Balance - Governmental Funds		\$ 65,250,279
- Add grant receivable for grant revenue earned on accrual basis		323,431
- Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		346,032,326
- The net pension asset in the governmental activities is not a financial resource and therefore is not reported in the funds.		17,347,813
- Internal service funds are used by the City of Champaign, Illinois to charge the costs of internal services provided to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		5,216,043
- Long-term liabilities not due and payable in the current period and therefore not reported in the funds:		
Net Pension Obligation Payable		(557,491)
Net Other Post-employment Benefit Payable		(4,713,387)
Compensated Absences Payable		(4,759,779)
Landfill Closure and Post-Closure Payable		(475,923)
General Obligation Bonds Payable		(55,620,000)
IEPA Loans Payable		(413,619)
Unamortized Deferred Charge on Refunding		1,335,916
Unamortized Bond Premium		(947,619)
Net Position of Governmental Activities		\$ 368,017,990

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	Major Funds						Non-Major Governmental Funds	Total Governmental Funds
	General	Champaign Public Library	Motor Fuel Tax	Debt Service	Stormwater Management	Capital Improvements		
<b>Revenues</b>								
Intergovernmental	\$ 26,462,375	\$ 196,850	\$ 4,136,969	\$ -	\$ -	\$ 4,726,133	\$ 1,222,221	\$ 36,744,548
Taxes	34,428,024	5,883,910	-	-	1,337,297	973,735	6,540,849	49,163,815
Licenses, Permits, and Fees	2,545,300	-	-	-	2,569,836	-	-	5,115,136
Charges for Services	1,260,538	118,792	-	-	-	-	-	1,379,330
Fines and Forfeitures	1,199,880	272,896	-	-	-	-	142,120	1,614,896
Refunds and Reimbursements	610,433	-	4,713	-	491,092	294,651	252,562	1,653,451
Interest and Investment Income (Loss)	214,072	2,982	57,652	51,572	59,346	58,815	272,332	716,771
Miscellaneous	89,107	167,138	-	-	-	497	148,266	405,008
Total Revenues	<u>66,809,729</u>	<u>6,642,568</u>	<u>4,199,334</u>	<u>51,572</u>	<u>4,457,571</u>	<u>6,053,831</u>	<u>8,578,350</u>	<u>96,792,955</u>
<b>Expenditures</b>								
Current:								
General Government	11,277,582	-	-	-	-	-	479,331	11,756,913
Public Safety	36,338,588	-	-	-	-	-	211,646	36,550,234
Public Works	6,789,882	-	880,657	-	2,262,777	1,360,836	512,881	11,807,033
Public Health and Welfare	386,201	-	-	-	-	-	3,217,368	3,603,569
Culture and Recreation	-	6,301,743	-	-	-	-	340	6,302,083
Capital Outlay	-	155,742	6,385,319	-	1,604,329	5,659,405	3,776,546	17,581,341
Debt Service:								
Principal Retirement	-	-	-	4,065,000	19,756	-	-	4,084,756
Interest and Fiscal Charges	-	-	-	2,174,377	5,356	-	-	2,179,733
Bond Issuance Costs	-	-	-	124,114	-	-	-	124,114
Total Expenditures	<u>54,792,253</u>	<u>6,457,485</u>	<u>7,265,976</u>	<u>6,363,491</u>	<u>3,892,218</u>	<u>7,020,241</u>	<u>8,198,112</u>	<u>93,989,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,017,476</u>	<u>185,083</u>	<u>(3,066,642)</u>	<u>(6,311,919)</u>	<u>565,353</u>	<u>(966,410)</u>	<u>380,238</u>	<u>2,803,179</u>
<b>Other Financing Sources (Uses)</b>								
Disposal of Capital Assets	7,353	-	-	-	-	-	67,150	74,503
Refunding Bonds Issued	-	-	-	8,835,000	-	-	-	8,835,000
Premium on Refunding Bonds Issued	-	-	-	663,077	-	-	-	663,077
Payment to Refunding Bond Escrow Agent	-	-	-	(9,373,962)	-	-	-	(9,373,962)
Transfers In	1,499,010	500,000	-	5,872,299	3,758,423	3,979,426	2,607,936	18,217,094
Transfers Out	(12,822,679)	(278,811)	-	-	(2,640,353)	(475,900)	(1,666,057)	(17,883,800)
Total Other Financing Sources (Uses)	<u>(11,316,316)</u>	<u>221,189</u>	<u>-</u>	<u>5,996,414</u>	<u>1,118,070</u>	<u>3,503,526</u>	<u>1,009,029</u>	<u>531,912</u>
<b>Net Change in Fund Balances</b>	<u>701,160</u>	<u>406,272</u>	<u>(3,066,642)</u>	<u>(315,505)</u>	<u>1,683,423</u>	<u>2,537,116</u>	<u>1,389,267</u>	<u>3,335,091</u>
<b>Fund Balances, Beginning of Year</b>	<u>22,914,736</u>	<u>1,411,021</u>	<u>7,715,808</u>	<u>4,745,262</u>	<u>3,028,452</u>	<u>1,666,663</u>	<u>20,433,246</u>	<u>61,915,188</u>
<b>Fund Balances, End of Year</b>	<u>\$ 23,615,896</u>	<u>\$ 1,817,293</u>	<u>\$ 4,649,166</u>	<u>\$ 4,429,757</u>	<u>\$ 4,711,875</u>	<u>\$ 4,203,779</u>	<u>\$ 21,822,513</u>	<u>\$ 65,250,279</u>

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances -  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	3,335,091
- Governmental activities recognize grant revenue as it is earned regardless of when the funds are received.		(2,420,475)
- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlays		5,305,212
Depreciation Expense		(15,845,570)
Disposals - Cost Net of Accumulated Depreciation		(236,744)
- Increase in Net Pension Asset		1,905,132
- The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.		
Decrease in Net Pension Obligation		521,170
Additions to Net Other Post-employment Benefit Payable		(680,255)
Increase in Compensated Absences Payable		(285,764)
Deductions to Landfill Closure and Post-Closure Payable		165,545
Retirement of General Obligation Bonds		4,084,756
Issuance of Refunding Bond		(8,835,000)
Refunding Payments		8,715,000
Increase in Deferred Charge on Refunding		658,962
Amortization of Deferred Charge on Refunding		(294,371)
Increase in Bond Premiums		(663,077)
Amortization of Unamortized Bond Premiums		35,131
- Internal service funds are used by the City to charge the costs of internal services provided to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		1,307,023
Changes in Net Position of Governmental Activities	\$	(3,228,234)

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
<b>Revenues</b>				
Taxes	\$ 34,182,581	\$ 34,575,479	\$ 34,428,024	\$ (147,455)
Intergovernmental	26,546,161	25,373,875	26,462,375	1,088,500
Licenses, Permits, and Fees	2,250,040	2,412,073	2,545,300	133,227
Charges for Services	1,232,504	1,161,553	1,260,538	98,985
Fines and Forfeitures	1,400,917	1,342,037	1,199,880	(142,157)
Refunds and Reimbursements	1,235,211	1,010,361	610,433	(399,928)
Interest and Investment Income (Loss)	184,000	123,000	214,072	91,072
Miscellaneous	156,923	105,045	89,107	(15,938)
Total Revenues	<u>67,188,337</u>	<u>66,103,423</u>	<u>66,809,729</u>	<u>706,306</u>
<b>Expenditures</b>				
Current:				
General Government	13,674,985	12,915,685	11,277,582	(1,638,103)
Public Safety	38,227,179	36,972,431	36,338,588	(633,843)
Public Works	7,458,551	7,416,070	6,789,882	(626,188)
Public Health and Welfare	364,144	454,780	386,201	(68,579)
Total Expenditures	<u>59,724,859</u>	<u>57,758,966</u>	<u>54,792,253</u>	<u>(2,966,713)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,463,478</u>	<u>8,344,457</u>	<u>12,017,476</u>	<u>3,673,019</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	18,000	20,000	7,353	(12,647)
Transfers In	5,058,179	5,507,711	1,499,010	(4,008,701)
Transfers Out	(16,857,706)	(17,046,357)	(12,822,679)	4,223,678
Total Other Financing Sources (Uses)	<u>(11,781,527)</u>	<u>(11,518,646)</u>	<u>(11,316,316)</u>	<u>202,330</u>
<b>Net Change in Fund Balance</b>	<u>\$ (4,318,049)</u>	<u>\$ (3,174,189)</u>	701,160	<u>\$ 3,875,349</u>
<b>Fund Balance, Beginning of Year</b>			<u>22,914,736</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 23,615,896</u>	

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Champaign Public Library - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual	Variance
	Original	Final		(Actual - Final Budget)
<b>Revenues</b>				
Taxes:				
Property Taxes	\$ 5,920,562	\$ 5,886,614	\$ 5,883,910	\$ (2,704)
Intergovernmental:				
Other Grants	86,842	202,115	107,084	(95,031)
Replacement Taxes	73,067	93,106	89,766	(3,340)
Charges for Services	123,315	106,000	118,792	12,792
Fines and Forfeitures	292,750	282,000	272,896	(9,104)
Interest and Investment Income (Loss)	3,715	3,103	2,982	(121)
Gifts from Champaign				
Public Library Foundation	97,910	117,338	131,839	14,501
Miscellaneous	24,712	32,809	35,299	2,490
Total Revenues	<u>6,622,873</u>	<u>6,723,085</u>	<u>6,642,568</u>	<u>(80,517)</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	6,624,075	6,306,062	6,301,743	(4,319)
Capital Outlay	299,765	155,741	155,742	1
Total Expenditures	<u>6,923,840</u>	<u>6,461,803</u>	<u>6,457,485</u>	<u>(4,318)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(300,967)</u>	<u>261,282</u>	<u>185,083</u>	<u>(76,199)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	500,000	500,000	500,000	-
Transfers Out	(278,811)	(278,811)	(278,811)	-
Total Other Financing Sources (Uses)	<u>221,189</u>	<u>221,189</u>	<u>221,189</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (79,778)</u>	<u>\$ 482,471</u>	406,272	<u>\$ (76,199)</u>
<b>Fund Balance, Beginning of Year</b>			<u>1,411,021</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,817,293</u>	

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Motor Fuel Tax - Special Revenue Fund  
For the Year Ended June 30, 2014

	Budget		Actual	Variance (Actual - Final Budget)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,577,656	\$ 3,767,243	\$ 4,136,969	\$ 369,726
Refunds and Reimbursements	-	-	4,713	4,713
Interest and Investment Income (Loss)	111,332	30,000	57,652	27,652
Total Revenues	<u>3,688,988</u>	<u>3,797,243</u>	<u>4,199,334</u>	<u>402,091</u>
<b>Expenditures</b>				
Current:				
Public Works:				
Personnel Services	296,916	322,507	281,700	(40,807)
Contractual Services	192,388	888,854	598,957	(289,897)
Capital Outlay	2,015,996	9,279,591	6,385,319	(2,894,272)
Total Expenditures	<u>2,505,300</u>	<u>10,490,952</u>	<u>7,265,976</u>	<u>(3,224,976)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,183,688</u>	<u>\$ (6,693,709)</u>	(3,066,642)	<u>\$ 3,627,067</u>
<b>Fund Balance, Beginning of Year</b>			<u>7,715,808</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 4,649,166</u>	

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major		Activities
	Parking	Sewer	Environmental Services	Totals	Internal Service
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 6,504,127	\$ 358,935	\$ 272,143	\$ 7,135,205	\$ 5,779,397
Receivables - Net of Allowances:					
Accounts	13,055	322,140	8,428	343,623	8,085
Accrued Interest	2,654	130	108	2,892	2,554
Inventory	-	-	-	-	259,871
Prepays	38,526	-	-	38,526	338,737
Total Current Assets	6,558,362	681,205	280,679	7,520,246	6,388,644
Capital Assets:					
Non-Depreciable Capital Assets	5,416,074	1,417,152	-	6,833,226	-
Depreciable Capital Assets	16,499,791	49,739,091	-	66,238,882	11,254,266
Accumulated Depreciation	(3,657,101)	(13,631,031)	-	(17,288,132)	(8,370,684)
Total Capital Assets	18,258,764	37,525,212	-	55,783,976	2,883,582
Other Assets:					
Note Receivable	1,940,000	-	-	1,940,000	-
Total Assets	26,757,126	38,206,417	280,679	65,244,222	9,272,226
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	650,234	151,816	44,426	846,476	24,260
Retainage Payable	18,171	-	-	18,171	-
Accrued Payroll	32,377	25,267	1,385	59,029	20,185
Due to Other Fund	-	-	-	-	272,070
Claims Payable	-	-	-	-	3,600,999
Unearned Revenue	3,960	-	-	3,960	-
Compensated Absences Payable	28,642	23,130	414	52,186	27,734
General Obligation Bonds Payable - Net	732,156	-	-	732,156	-
IEPA Loan Payable	-	120,818	-	120,818	-
Total Current Liabilities	1,465,540	321,031	46,225	1,832,796	3,945,248
Long-Term Liabilities:					
Compensated Absences Payable	114,566	92,519	1,657	208,742	110,935
General Obligation Bonds Payable - Net	11,096,389	-	-	11,096,389	-
IEPA Loan Payable	-	962,008	-	962,008	-
Total Long-Term Liabilities	11,210,955	1,054,527	1,657	12,267,139	110,935
Total Liabilities	12,676,495	1,375,558	47,882	14,099,935	4,056,183
<b>NET POSITION</b>					
Net Investment in Capital Assets	6,430,219	36,442,386	-	42,872,605	2,883,582
Unrestricted	7,650,412	388,473	232,797	8,271,682	2,332,461
Total Net Position	\$ 14,080,631	\$ 36,830,859	\$ 232,797	\$ 51,144,287	\$ 5,216,043

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major	Totals	Internal Service
	Parking	Sewer	Environmental Services		
<b>Operating Revenues</b>					
Charges for Services	\$ 2,992,840	\$ 2,061,465	\$ 551,567	\$ 5,605,872	\$ 5,090,150
<b>Operating Expenses</b>					
Personnel Services	1,566,530	645,299	75,788	2,287,617	1,474,176
Contractual Services	548,023	505,972	300,447	1,354,442	3,332,140
Commodities	51,477	71,751	486	123,714	724,848
Capital Outlay	18,171	27,096	-	45,267	-
Depreciation and Amortization	458,382	677,944	-	1,136,326	943,196
Total Operating Expenses	2,642,583	1,928,062	376,721	4,947,366	6,474,360
Operating Income (Loss)	350,257	133,403	174,846	658,506	(1,384,210)
<b>Non-Operating Revenues (Expenses)</b>					
Reimbursements from Outside Agencies	9,058	19,147	-	28,205	469,435
Interest and Investment Income (Loss)	67,561	2,779	2,449	72,789	70,278
Interest Expense	(502,369)	(17,796)	-	(520,165)	-
Miscellaneous Income	-	-	-	-	2,596
Disposal of Capital Assets	3,762,148	-	-	3,762,148	-
Total Non-Operating Revenues (Expenses)	3,336,398	4,130	2,449	3,342,977	542,309
Income (Loss) Before Capital Contributions and Transfers	3,686,655	137,533	177,295	4,001,483	(841,901)
<b>Capital Contributions</b>	-	-	-	-	2,234,906
<b>Transfers In</b>	200,000	-	-	200,000	-
<b>Transfers Out</b>	(196,303)	(247,413)	(3,596)	(447,312)	(85,982)
<b>Change in Net Position</b>	3,690,352	(109,880)	173,699	3,754,171	1,307,023
<b>Net Position, Beginning of Year</b>	10,390,279	36,940,739	59,098	47,390,116	3,909,020
<b>Net Position, End of Year</b>	\$ 14,080,631	\$ 36,830,859	\$ 232,797	\$ 51,144,287	\$ 5,216,043

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	Major		Non-Major		Activities
	Parking	Sewer	Environmental Services	Totals	Internal Service
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 2,988,235	\$ 2,002,236	\$ 676,719	\$ 5,667,190	\$ 5,092,746
Payment to Employees	(1,546,573)	(635,750)	(81,272)	(2,263,595)	(1,434,621)
Payment to Suppliers	(15,122)	(585,672)	(279,083)	(879,877)	(3,114,691)
Net Cash Provided by (Used in) Operating Activities	1,426,540	780,814	316,364	2,523,718	543,434
<b>Cash Flows from Non-Capital Financing Activities</b>					
Transfers In	200,000	-	-	200,000	-
Advances from Other Funds	-	-	-	-	272,070
Payments to Other Funds	-	-	(42,952)	(42,952)	(237,487)
Transfers Out	(196,303)	(247,413)	(3,596)	(447,312)	(85,982)
Net Cash Provided by (Used in) Non-Capital Financing Activities	3,697	(247,413)	(46,548)	(290,264)	(51,399)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from Sales of Capital Assets	2,000,000	-	-	2,000,000	-
Purchase of Capital Assets	(762,550)	(140,791)	-	(903,341)	-
Interest Paid on Capital Debt	(502,369)	(17,796)	-	(520,165)	-
Principal Paid on Capital Debt	(635,000)	(118,183)	-	(753,183)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	100,081	(276,770)	-	(176,689)	-
<b>Cash Flows from Investing Activities</b>					
Interest Received	67,661	2,682	2,327	72,670	73,373
<b>Net Change in Cash and Cash Equivalents</b>	1,597,979	259,313	272,143	2,129,435	565,408
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,906,148	99,622	-	5,005,770	5,213,989
<b>Cash and Cash Equivalents, End of Year</b>	\$ 6,504,127	\$ 358,935	\$ 272,143	\$ 7,135,205	\$ 5,779,397
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating Income (Loss)	\$ 350,257	\$ 133,403	\$ 174,846	\$ 658,506	\$ (1,384,210)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation and Amortization Expense	458,382	677,944	-	1,136,326	943,196
Other Income/Expense	9,058	19,147	-	28,205	468,940
(Increase) Decrease in Assets	(43,131)	(59,229)	125,152	22,792	(91,967)
Increase (Decrease) in Liabilities	651,974	9,549	16,366	677,889	607,475
Net Cash Provided by (Used in) Operating Activities	\$ 1,426,540	\$ 780,814	\$ 316,364	\$ 2,523,718	\$ 543,434
<b>Supplemental Disclosure of Non-Cash Capital and Related Financing Activity</b>					
Depreciable Capital Assets Contributed	\$ -	\$ -	\$ -	\$ -	\$ 2,234,906

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,625,794
Due from Treasury Fund	251,786
Investments:	
Police Pension:	
U.S. Government and Agency Securities	21,379,195
State and Local Obligations	1,672,552
Mutual Funds	22,240,487
Corporate Equity Securities	36,384,770
Corporate Bonds	3,725,319
Firefighters' Pension:	
Fixed Income	26,056,060
U.S. Equities	25,905,989
Non-U.S. Equities	9,595,114
Core Real Estate and REITs	6,543,904
Global Tactical Asset Allocation	3,585,898
Receivables:	
Accrued Interest	291,632
Contributions from Plan Members	35,112
Prepays	6,472
Total Assets	160,300,084
<b>LIABILITIES</b>	
Accounts Payable	81,083
<b>PLAN NET POSITION</b>	
Plan Net Position Held in Trust for Pension Benefits	\$ 160,219,001

See Accompanying Notes

CITY OF CHAMPAIGN, ILLINOIS  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2014

	Pension Trust
<b>Additions</b>	
Contributions - Employer	\$ 8,485,034
Contributions - Plan Members	1,578,998
Other Income	93,062
Total Contributions	10,157,094
Investment Income:	
Interest Earned	3,273,500
Net Change in Fair Value of Investments	16,219,580
Total Investment Income	19,493,080
Less: Investment Expenses	(569,098)
Net Investment Income	18,923,982
Total Additions	29,081,076
<b>Deductions</b>	
Administrative Expenses	197,881
Benefits and Refunds	9,478,623
Total Deductions	9,676,504
<b>Change in Plan Net Position</b>	19,404,572
<b>Plan Net Position, Beginning of Year</b>	140,814,429
<b>Plan Net Position, End of Year</b>	\$ 160,219,001

See Accompanying Notes

**CITY OF CHAMPAIGN, ILLINOIS**  
**Notes to Financial Statements**  
**June 30, 2014**

**1. Summary of Significant Accounting Policies**

The City of Champaign, Illinois (the City), incorporated in 1861, is a municipal corporation that operates under the Council-Manager form of government. The City's major operations include police and fire safety, street construction, reconstruction and maintenance, building code enforcement, public improvements, neighborhood and economic development, planning and zoning, parking services and general administrative services. The City is a home-rule unit of government as provided for by Illinois statutes.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.

For the year ended June 30, 2014, the City implemented the following GASB Statement:

- GASB Statement Number 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* was adopted for the separately issued financial statements and note disclosures of the City's fiduciary fund component units. The adoption of this standard had no quantitative impact on the financial reporting of the City for the year ended June 30, 2014. However, the actuarial calculations resulting from the adoption of this standard will impact the City's financial statements for the year ending June 30, 2015.

a. Financial Reporting Entity

The City's reporting entity consists of the following:

Primary Government:	City of Champaign
Discrete Component Unit:	Town of the City of Champaign
Discrete Component Unit:	Champaign Public Library Foundation
Fiduciary Fund Component Units:	Police Pension Employees Retirement System Firefighters' Pension Employees Retirement System

The definition of what constitutes the entity of the City is based on the guidelines set forth in GASB Statement Number 14, as amended by GASB Statement 61. The primary government of the City consists of the funds presented herein as governmental, proprietary, and fiduciary funds.

According to GASB Statement Number 14, as amended by Statement Number 61, a legally separate organization should be included as a component unit of the primary government if the primary government is financially accountable for the legally separate organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
2. The primary government appoints a voting majority of the organization's governing body, and:
  - It is able to impose its will on the organization, or
  - There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As required by GAAP, these financial statements present the financial reporting entity of the City, including the Champaign Public Library Foundation (the Foundation) and the Town of the City of Champaign (the Township), discretely presented component units. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the Champaign Public Library (the Library), which is a special revenue fund of the City. The Library has the ability to access those resources, and those resources are significant to the Library. The Township is a discretely presented component unit because the members of the Township's Board of Trustees are the members of the City Council of the City, but there is no financial burden or benefit relationship between the Township and the City, nor does the City's management have operational responsibility for the Township.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits A and C. The Foundation issues financial statements, which may be obtained by contacting the Champaign Public Library Foundation, 200 West Green Street, Champaign, Illinois 61820-5193.

The assets, liabilities, net position, revenue, and expenses of the Township are included in the basic financial statements presented in Exhibits A and B. The Township issues financial statements, which may be obtained by contacting the Town of the City of Champaign, 603 South Randolph, Champaign, Illinois 61820.

b. Fiduciary Fund Component Units

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn police officers. The PPERS is reported as a pension trust fund.

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Mayor, two elected from active participants of FPERS, and one elected pension beneficiary constitute the Pension Board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a pension trust fund.

c. Basic Financial Statements

The City's basic financial statements include both government-wide financial statements (reporting the City as a whole) and fund financial statements (reporting the City's major and other funds).

Government-Wide Statements

The Statement of Net Position and Statement of Activities display information about the City as a whole. They include all funds of the City, the Township and the Foundation, which are discretely presented component units. Fiduciary funds are excluded from the government-wide financial statements. The Statement of Net Position and the Statement of Activities include the governmental activities, business-type activities, and the discretely presented component units. Governmental activities generally are financed through taxes, licenses, fees, permits, intergovernmental

revenues, and other non-exchange revenues. Internal balances and activities within the City's governmental funds and proprietary funds, respectively, are eliminated in the government-wide financial statements. Activities between the City's primary government and the discretely presented component unit are not eliminated.

The City's governmental activities include: police and fire safety; street construction, reconstruction, and maintenance; forestry; building code enforcement; public improvements; neighborhood and economic development; planning and zoning; and general administrative services. The City's business-type activities include parking, environmental, and sanitary sewer services.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.d).

### Fund Financial Statements

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The City's funds are organized into three major categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 1.d).

The proprietary fund financial statements and the fiduciary funds financial statements are reported on the accrual basis of accounting (as described in Note 1.d).

The fund types of the City are described below:

*Governmental Funds*

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

*General Fund* – The General Fund is the main operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds* – Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City maintains two major special revenue funds and twelve non-major special revenue funds.

The Major Special Revenue Funds are:

Champaign Public Library Fund – The Champaign Public Library Fund is used to account for the revenues received from its property tax levy and other revenues from grants and charges for services and the expenditures for the operations and maintenance of the public library within the City.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for the revenues received from the City's allocation of state gasoline taxes and the expenditures for street construction and maintenance, which must be authorized by the Illinois Department of Transportation. The City's management has chosen to present this fund as major due to its general importance to the overall operation of the City.

*Debt Service Funds* – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The City maintains one debt service fund, the Debt Service Fund. The City's management has chosen to present this fund as major due to its general importance to the overall operation of the City.

*Capital Projects Funds* – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by business-type/proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The City maintains two major capital projects funds and three non-major capital projects funds.

The Major Capital Projects Funds are:

Stormwater Management Fund – The Stormwater Management Fund is used to provide a funding source for maintenance and rehabilitation of the Boneyard Creek and all related storm sewer and drainage facilities, as well as funding other city drainage improvements.

Capital Improvements Fund – The Capital Improvements Fund accounts for all resources used for the acquisition of capital assets by the City except those financed by Proprietary Funds or accounted for in another capital projects fund. The City’s management has chosen to present this fund as major due to its general importance to the overall operation of the City.

*Proprietary Funds* – The focus of proprietary fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds – Enterprise Funds account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two major and one non-major enterprise funds.

The Major Enterprise Funds are:

Parking Fund – The Parking Fund is used to account for the provision of public parking facilities in the downtown and campus areas. Revenues are generated primarily from parking meter charges, meter violation fines, parking space rental charges, and the downtown parking deck. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

Sewer Fund – The Sewer Fund is used to account for the provision of sanitary sewer repair and improvement services to the residents of the City. Revenues are derived from a sanitary sewer user fee. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

Internal Service Funds – Internal Service Funds are used to account for the financing of fleet services, workers compensation liability payments, and retained risk liability payments provided internally by a City fund to departments, funds or component units of the City on a cost-reimbursement basis. The City maintains three internal service funds that are all non-major.

The City's internal service funds are presented in the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.).

### *Fiduciary Funds*

Fiduciary Funds – Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The City has two fiduciary funds which are pension trust funds.

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police and Firefighters' Pension Funds account for the accumulation of resources to pay pension costs.

The City's pension trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of pension participants and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide financial statements.

#### d. Basis of Accounting

##### *Accrual*

Governmental activities and business-type activities in the government-wide financial statements, the enterprise funds financial statements, the internal service funds financial statements, and the fiduciary funds financial statements are presented on the accrual basis of accounting in which revenue is recognized when earned and expenses are recognized when incurred.

Property taxes are recognized as revenue in the year for which they are levied. Replacement tax is recognized as revenue as soon as the tax is collected by the State of Illinois. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

##### *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough

thereafter to pay liabilities of the current period. The City considers receipts within 60 days of year end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

Various state and local taxes and grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end with the exception of sales, use, and telecommunications taxes, which are recognized as revenue if collected within 90 days of year end. Property tax is applicable 50 percent to the fiscal year of the tax levy and 50 percent to the following fiscal year. All other revenue items are considered to be measured and available when cash is received by the City.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and cash held by a fiscal agent. For purposes of the proprietary funds' statements of cash flow, cash and cash equivalents include cash on hand, demand deposits, and cash held by a fiscal agent as well as short-term investments with original maturities at issuance of three months or less.

f. Investments

Investments in bonds, notes, and negotiable certificates of deposit are held at fair value. Other investments are held at cost as cost varies immaterially from fair value.

g. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers. Receivables are stated at the amount management expects to collect on outstanding balances. Based on management's review of receivable balances at year end, and recent payment histories of third-party payers, an allowance of \$168,386 has been recorded in the General Fund against miscellaneous receivables, an allowance of \$180,975 has been recorded in the Stormwater Management Fund against stormwater utility fee receivables, an allowance of \$33,498 has been recorded in the Sewer Fund against sewer receivables, and an allowance of \$2,131 has been recorded in the Environmental Services Fund against recycling fee receivables. No other allowance for uncollectible receivables has been recorded at year end as management expects to collect all but an immaterial amount of all other reported receivables.

h. Inventory

Inventory is valued at cost, which approximates market using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

i. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time but beyond one year from June 30, 2014, as well as other long-term receivables, are offset by restricted fund balance because they do not represent expendable, available financial resources.

j. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are recorded as assets and expended/expensed over the term when the services are received.

k. Capital Assets

Capital assets valued at or above \$5,000 (\$50,000 for certain assets) and land of any value is capitalized. Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their fair market value on the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental funds at the time of purchase. Governmental capital assets are reported in the government-wide statement of net position offset by accumulated depreciation. Library materials are capitalized based on the group value of additions and all other assets are capitalized based on individual item values.

Capital assets in the proprietary funds are capitalized in the fund in which the capital assets are utilized.

Depreciation is calculated on all capital assets (other than land and assets that appreciate in value) using the straight-line method with the following estimated useful lives:

	<u>Years</u>
Land Improvements	20 - 30
Buildings and Improvements	10 - 50
Machinery and Equipment	3 - 30
Infrastructure	40 - 75
Library Materials	2 - 10

l. Restricted Assets

Restricted assets consist of cash and investments held on behalf of a third party. The financial statements include an equivalent liability in other liabilities.

m. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned.

n. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category as of June 30, 2014. The item, deferred charge on refunding, is reported in the Statement of Net Position. The amount represents the excess of cash paid to the refunding bond escrow agent over the amount of refunding principal payments. The amount is deferred and recognized as an outflow of resources (expense) over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category at June 30, 2014. The item, deferred revenue, is reported in the Statement of Net Position and as unavailable revenue in the governmental funds balance sheet. The amount represents future revenue from property taxes. This amount is deferred and recognized as an inflow of resources (revenue) in the period in which the property taxes become earned and available.

o. Bond Premiums and Discounts

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are capitalized 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

p. Use of Restricted Resources

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred

for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

q. Fund Balance

The components of fund balance indicate the extent to which there are constraints on the specific purposes for which amounts in the fund can be spent. The fund balance classifications are as follows:

**Non-Spendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact

**Restricted** – Amounts that can be spent only for specific purposes because of the City Charter, state or federal laws, or externally imposed conditions by grantors or creditors

**Committed** – Amounts that can be used only for specific purposes determined by a formal resolution of the City Council

**Assigned** – Amounts that are constrained by the City Council’s intent to be used for specific purposes but are neither restricted nor committed

**Unassigned** – All amounts not included in other spendable classifications

r. Program Revenues

Program Revenues on the Statement of Activities include the following:

Charges for Services:

Governmental Activities	Amounts remitted to the City by entities and persons making use of legal privileges issued by the City or by violators of City ordinances
Business-Type Activities	Fees paid by the public for parking, sanitary sewer services, and multi-family recycling
Operating Grants and Contributions	Grants and contributions used for material purchases and various City programs
Capital Grants and Contributions	Grants and contributions used for the acquisition of capital assets

s. Operating and Non-Operating Revenues and Expenses of Proprietary Funds

Operating revenues and expenses for the proprietary funds are those that result from providing services. Non-operating revenues and expenses are all revenues and expenses related to capital financing, non-capital financing, or investing activities.

t. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Employees that have reached certain longevity milestones are eligible to receive a percentage of their accumulated sick leave upon departure from employment with the City. The City calculates the liability for unused sick leave using the vesting method. All vacation and compensation-eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

u. Estimates

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

**2. Reconciliation of Fund Statements to Government-Wide Statements**

A reconciliation is provided with the balance sheet - governmental funds (Exhibit D-1) to explain the differences between total fund balances in the Balance Sheet - Governmental Funds and Net Position for governmental activities on the government-wide statement of net position. The major differences are due to:

- a. Grant receivables earned, which are not reported in the governmental funds because funds are not available for receipt at year end;
- b. The value of capital assets, which are not reported in governmental funds;
- c. The net pension asset resulting from pension contributions in excess of the annual required contribution, which is not reported in the governmental funds;
- d. The value of various long-term debt and liabilities, which are not reported in governmental funds; and
- e. The assets and liabilities of the internal service funds, which are part of the proprietary funds in the fund financial statements, but are included in the governmental activities column of the statement of net position.

A reconciliation is provided with the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit E-1) to explain the difference between the change in fund balances in the governmental funds and the change in net position for governmental activities on the government-wide statement of activities. The major differences are due to:

- a. Capital outlay expenditures are not reported in the statement of activities, while depreciation expense and gains/losses on disposal of capital assets are not reported in governmental funds.
- b. The change in certain accrued grant revenue is not reported in governmental funds.
- c. The change in the net pension asset is part of the governmental activities but does not impact governmental fund expenditures.
- d. Bond proceeds are not revenue and bond payments (including bond refunding payments) are not expenses on the Statement of Activities.
- e. The changes in various other long-term liabilities are not governmental fund expenditures, while they are expenses on the Statement of Activities.
- f. The revenues and expenses of the Internal Service Funds are part of the proprietary funds in the fund financial statements, but the expenses and non-interfund revenues are included in the governmental activities column of the statement of activities and the interfund revenue reduces interfund expenditures of the governmental funds.

### **3. Budgets and Budgetary Basis of Accounting**

#### **a. Budgetary Process**

Annual appropriated budgets are adopted for all City funds presented in the financial statements. The City follows statutory and local ordinances in establishing the annual appropriated budget.

During May, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1 along with revised budget estimates for the current fiscal year. These budgets include proposed expenditures and the means of financing them.

A separately issued budget document is available for public inspection prior to passage of the annual appropriations ordinance and a public hearing is conducted in May to obtain public comment.

During June, the budget for the next fiscal year is legally enacted through the passage of an ordinance and the revised estimates for the current fiscal year budget become the adopted budget, as amended.

b. Legal Level of Budgetary Control

Formal budgetary accounting is employed as a management control for all funds of the City. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

c. Amendments to the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, revisions that decrease the fund balance contingency or increase total expenditures of any fund must be approved by the City Council, with extremely limited exceptions. Annual budgetary appropriations that are unused and unencumbered at year end lapse. The City Council approved nine budget amendments during fiscal year 2014.

d. Budgetary Basis of Accounting

Budgets are adopted on a basis materially consistent with generally accepted accounting principles, as appropriate, for each fund.

e. Encumbrances

Encumbrances represent commitments for unperformed contracts for goods and services. Encumbrance accounting is utilized in all funds, meaning that encumbrances at year end will be re-appropriated as part of the following year's appropriation budget.

Encumbrance balances were as follows at June 30, 2014:

<u>Fund</u>	<u>Amount</u>
Non-Major Governmental	\$ 4,032,815
Stormwater Management	3,578,533
Capital Improvements	2,644,687
Motor Fuel Tax	2,356,282
General	1,136,461
Parking	545,463
Sewer	278,176
Total Encumbrances	<u>\$ 14,572,417</u>

f. Expenditures in Excess of Budgets and Appropriations

The following City fund had total expenditures and transfers for the fiscal year ended June 30, 2014 that materially exceeded budget by the noted amount:

Fund	Amount
Police Pension Fund	\$ 720,235
Workers Compensation Fund	613,474

The above overspent amount in the Police Pension Fund was due to greater than anticipated benefits and refunds. The overspent amount in the Workers Compensation Fund was the result of higher than expected claims activity during the fiscal year.

#### 4. Deposits and Investments

*All City Funds, including funds held on behalf of METCAD (See Note 17), except the Champaign Public Library Fund and the Pension Funds*

At June 30, 2014, the City held the following investments:

Illinois Metropolitan Investment Fund - Convenience Fund	\$ 21,733,311
Mutual Fund - Short-Term Federal Securities	17,516,720
Bonds and Notes - Not Primary Obligations of the U.S. Government:	
Federal Home Loan Bank	3,998,200
Federal Home Loan Mortgage Corporation	2,002,360
Federal National Mortgage Association	21,992,040
U.S. Treasury Notes	2,108,440
Illinois Funds	603
	<u>\$ 69,351,674</u>

#### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's bank deposits may not be recovered. The City's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 100 percent of the uninsured amount. At June 30, 2014, \$2,850,835 of the City's bank balance of \$3,100,835 was exposed to custodial credit risk but mitigated as follows:

Uninsured but Collateral Pledged and Held by the Federal Reserve Bank Not in the City's Name	\$ 2,837,390
Uninsured and Uncollateralized	13,445
	<u>\$ 2,850,835</u>

At June 30, 2014, the City held \$21,733,311 in the Illinois Metropolitan Investment Fund (IMET) Convenience Fund. IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and is governed and managed by a Board of Trustees elected

from participating members, which are mainly local government units and pension plans. The fair value of the City's position in the IMET Convenience Fund is equal to the value of the City's fund shares. The IMET Convenience Fund is not rated by the nationally recognized statistical rating organizations. The assets of the IMET Convenience Fund are invested in fully collateralized certificates of deposit. Generally, assets not invested in certificates of deposit are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

At June 30, 2014, the City held \$8,035 in the Illinois Funds Money Market Fund. The fair value of the City's position in the fund is equal to the value of the City's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has a AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

#### *Custodial Credit Risk – Investments*

At June 30, 2014, the City had no custodial credit risk in that all of its investments were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm.

#### *Credit Risk – Investments*

Credit risk is the risk that the issuer of a bond or note security will not repay the principal or pay the interest due on the debt. The credit risk of investments is addressed by the City's investment policy by limiting investments to a select group of investment types. Following are the more prominent of the allowable investments:

- Certificates of deposit that are fully insured by FDIC insurance or are collateralized by City-approved collateral
- U.S. Treasury Bills and Notes
- Securities backed by the full faith and credit of the U.S. Government (such as GNMA securities) with maximum maturities of five years
- Obligations of U.S. Government sponsored agencies, excluding mortgage backed securities, with a maximum maturity of five years
- Investment pools administered by the State of Illinois or private parties, including Bank common trust funds regulated by the Comptroller of the Currency and intergovernmental investment trusts established pursuant to the Illinois Municipal Code

- AAA-rated, SEC registered money market mutual funds whose investment objective includes maintaining the one dollar share value, and whose portfolio consist of dollar denominated securities, including U.S. Treasury, other government, and prime funds
- Managed accounts, including SEC registered bond mutual funds and portfolios managed by investment advisors, all with weighted-average maturities under three years

At June 30, 2014, the City held the following investments subject to credit risk:

	<u>Credit Rating</u>	<u>Carrying Value</u>
Federal National Mortgage Association Notes	Aaa	\$ 20,007,240
Mutual Fund - Short-Term Federal Securities	Aaa	17,516,720
Federal Home Loan Bank	Aaa	3,998,200
Federal Home Loan Mortgage Corporation	Aaa	2,002,360
Federal National Mortgage Association Notes	Aa+	1,984,800
		<u>\$ 45,509,320</u>

#### *Interest Rate Risk – Investments*

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. The City’s investment policy addresses interest rate risk by setting the maximum weighted average maturity of the portfolio at two years.

At June 30, 2014, the City held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal National Mortgage Association Notes	\$ 21,992,040	3.4
Mutual Fund - Short-Term Federal Securities	17,516,720	2.2
Federal Home Loan Bank Notes	3,998,200	3.7
Federal Home Loan Mortgage Corporation	2,002,360	3.5
U.S. Treasury Notes	2,108,440	1.9
	<u>\$ 47,617,760</u>	

#### *Concentration of Credit Risk – Investments*

Concentration of credit risk is the risk of having a large percentage of investments in debt securities of an issuer that is not backed by the full faith and credit of the United States. The City’s investment policy addresses concentration of credit risk by requiring that various allowable investment categories be limited to maximum percentages in the total portfolio.

The City's investment policy allows up to fifty percent of the total investment portfolio to be held in securities of U.S. Agencies and Instrumentalities, which are not backed by the full faith and credit of the United States. At June 30, 2014, the City had more than five percent of its investments in the debt securities of the following issuers that are not backed by the full faith and credit of the United States:

	<u>Percent of Investments</u>
Federal National Mortgage Association Notes	31.71%
Federal Home Loan Bank Notes	5.77%

*Illinois Metropolitan Investment Fund - Convenience Fund Contingency*

The City held investments of \$21,733,311 in the Illinois Metropolitan Investment Fund (IMET) - Convenience Fund as of June 30, 2014. Subsequent to June 30, 2014, it was discovered that nearly 3 percent (or, \$516,636) of the securities in the City's IMET Convenience Fund were fraudulent. A private investment firm forged loan documents on behalf of fictitious borrowers, forged the signature of United States Department of Agriculture (USDA) officials on the loan guarantees, and appropriated the loan proceeds. The total of the fraudulent securities issued is approximately \$176 million, with IMET's portion being \$50,442,143. The U.S. Justice Department has seized assets of the private investment firm, as well as the assets of its owner. At this time, it appears the value of the seized assets could compensate investors over 80 percent of their investment in the securities. Additional measures could result in investors receiving full recovery of their investment.

On October 24, 2014, IMET's Board approved the removal of the value of the fraudulent loans on the books and records of IMET's Convenience Fund. IMET will seek to recover, liquidate, and distribute any proceeds received to the eligible participants. In order to accomplish this, the Board approved the establishment of a liquidating trust (the Liquidating Trust). IMET intends to transfer the loans into the Liquidating Trust. Under the terms of the Liquidating Trust, the trustee will hold for the account of each eligible participant its proportionate share of such loans and distribute to each such eligible participant proceeds from such loans that are reduced to cash.

The City has reported the value of its IMET – Convenience Fund account at its full amount at June 30, 2014, which includes \$516,636 for the fraudulent loans.

### *Champaign Public Library Fund*

At June 30, 2014, the Library held no investments.

#### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 100 percent of the uninsured amount. At June 30, 2014, \$3,156,345 of the Library's bank balance of \$3,656,345 was exposed to custodial credit risk. The \$3,156,345 was fully collateralized at June 30, 2014 by securities pledged by the bank. The pledged securities, which had a fair value of \$3,410,398 at June 30, 2014, are held by the bank's agent, but are not held in the Library's name.

#### *Police Pension Fund*

#### Permitted Deposits and Investments

The deposits and investments of the Fund are held separately from those of the City.

Statutes and the Fund's investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, certificates of deposit, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by a major credit rating service, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations' tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities in existence for at least five years.

#### Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of deposits. At June 30, 2014, the carrying amount of the Fund's demand deposits was \$106,346 and the bank balance totaled \$134,021. As of June 30, 2014, \$0 of the Fund's bank balance of \$134,021 was uninsured and uncollateralized.

### Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

The Fund's formal investment policy utilizes institutional investors and a third party consultant to maintain a balance of assets designated to meet its actuarial assumed rate of return while complying with statutory and investment policy guidelines. The Fund believes this process helps to diversify its investments by security type and across varying maturities in order to meet the required funding and benefits of the Fund. The investment policy does not limit the maximum maturity length of investments in the Fund. Information about the exposure of the Fund's debt type investments utilizing the segmented time distribution model and the fair value of each type of investment at June 30, 2014 is as follows:

	Fair Value	Investment Maturities - In Years			
		< 1	1-5	6-10	>10
U.S. Treasury Bills	\$ 45,997	\$ -	\$ 45,997	\$ -	\$ -
U.S. Treasury Notes	7,732,401	-	5,614,217	1,866,566	251,619
U.S. Treasury Bonds	1,574,368	-	-	1,112,527	461,841
Government National Mortgage Assoc.	1,471,881	-	32,161	-	1,439,721
Federal Home Loan Mortgage Corp	2,349,450	-	94,652	659,682	1,595,115
Federal National Mortgage Assoc.	8,205,097	-	898,129	1,160,127	6,146,842
Corporate Bonds	3,725,319	-	1,648,210	1,921,023	156,087
Municipal Bonds	1,672,552	-	1,228,756	443,796	-
	<u>\$ 26,777,065</u>	<u>\$ -</u>	<u>\$ 9,562,122</u>	<u>\$ 7,163,721</u>	<u>\$ 10,051,225</u>

### Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and equity mutual funds are not subject to custodial credit risk.

### Credit Risk of Debt Securities

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. State law limits investments in corporate bonds to the top two ratings issued

by nationally recognized statistical rating organizations. The Fund's investment policy also limits its municipal debt investments to a quality rating of at least AA. The Fund's policy also requires that pension funds be invested in fixed income securities, equity securities that meet specific restrictions, or mutual funds. The investments in U.S. government and agency obligations are not subject to credit risk. Other investments are invested as permitted by the Illinois Pension Code of the Illinois Compiled Statutes. Foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment, is expected to be minor based on investment allocations.

At June 30, 2014, the Fund held the following investments subject to credit risk:

<u>Average Rating</u>	<u>Corporate Debt</u>	<u>Municipal Bonds</u>
AAA	\$ 1,467,497	\$ 835,130
AA	2,257,822	837,422
Total	<u>\$ 3,725,319</u>	<u>\$ 1,672,552</u>

#### Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The Fund's policy for reducing this risk is limit any single debt security from comprising more than 10 percent of the portfolio, no more than 8 percent for large capitalization core equities at the time of purchase and no more than 10 percent of the equity allocation of the portfolio after accounting for price appreciation, no more than 5 percent for large capitalization growth equities, mid-cap value equities and small capitalization growth equities at the time of purchase and no more than 10 percent of the equity allocation of the portfolio after accounting for price appreciation for all three.

As of June 30, 2014, the Fund's investment in the Goldman Sachs Financial Square Treasury Obligation Fund (a money market mutual fund) totaling \$12,055,374 represents approximately 14.1 percent of the Fund's total investments.

#### Realized Gains and Losses

During the year ended June 30, 2014, the Fund had an increase in the fair value of its investments of \$8,875,921. Of that, \$3,168,650 represented realized gains and losses. The realized gains and losses are calculated as the difference between the proceeds of the sale and the original cost of the investments. It is independent of the net change in the fair value of pension plan investments. Realized gains and losses on investments that have been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior periods and the current period.

## Fund Investments

The Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to 65 percent equities and 55 percent bonds and fixed income with a minimum of 45 percent in each category. The target for both equity and bonds and fixed income is 50 percent.

## Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on Fund investments, net of pension plan investment expense, was 13.95 percent. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

## *Firefighters' Pension Fund*

The deposits and investments of the Fund are held separately from those of other City funds. Statutes authorize the Fund to make deposits and invest in interest-bearing direct obligations of the United States of America; interest-bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America; interest-bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America; interest-bearing savings accounts or certificates of deposit issued by federally or State of Illinois-chartered banks or savings and loan associations, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government; interest-bearing bonds of the State of Illinois; pooled interest-bearing accounts managed by the Illinois Treasurer in accordance with the Deposit of State Moneys Act and interest-bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pool accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois; interest-bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel, subject to certain conditions and limitations; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided that the portfolio is limited to specified restrictions; general accounts of life insurance companies authorized to transact business in Illinois; separate accounts managed by life insurance companies and mutual funds, both subject to certain restrictions, and corporate bonds managed through an investment advisor, also subject to specific restrictions. Pension funds of at least \$10 million that have appointed an investment advisor may, through that investment advisor, invest up to 50 percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

As of June 30, 2014, the Fund had the following investments in fixed income:

	<u>Fair Value</u>
Bond Mutual Fund	\$ 11,300,238
Corporate Bonds	7,502,637
U.S. Treasury Notes	5,430,016
Federal Home Loan Mortgage Corp. Participation Certificates	1,194,889
Municipal Bonds	<u>628,280</u>
 Total Fixed Income Investments	 <u><u>\$ 26,056,060</u></u>

*Custodial Credit Risk – Cash and Cash Equivalents*

At June 30, 2014, \$2,519,448 of cash and cash equivalents was held in money market mutual funds, which are not insured by federal deposit insurance. However, at June 30, 2014, the Fund had no custodial credit risk as all of its money market mutual funds were held through SIPC member brokerage firms.

At June 30, 2014, the \$251,786 held by the City on behalf of the Fund is subject to the City's investment policy, which requires all uninsured bank deposits to be fully collateralized by pledged securities from its depository banks. Cash and investments, including related interest income, held by the City, are allocated proportionately to all funds maintained by the City.

*Custodial Credit Risk – Investments*

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Fund may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund does not have a formal written policy with regards to custodial credit risk for investments. At June 30, 2014, the Fund had no custodial credit risk in that all of its investments were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity and by investing in intermediate term (rather than long-term) fixed income securities.

At June 30, 2014, the Fund held the following investments subject to interest rate risk:

	Fair Value	Average Maturity (Years)
Bond Mutual Fund	\$ 11,300,238	3.80
Corporate Bonds	7,502,637	4.36
U.S. Treasury Notes	5,430,016	3.11
Federal Home Loan Mortgage Corp. Participation Certificates	1,194,889	20.96
Municipal Bonds	628,280	12.47
	<u>\$ 26,056,060</u>	
Total Fixed Income Investments	<u>\$ 26,056,060</u>	

The table above assumes callable securities will not be called early. At June 30, 2014, \$496,601 of the corporate bonds, \$156,171 of the Federal Home Loan Mortgage Corporation participation certificates, and \$297,453 of the municipal bonds are subject to call options. The average maturity years for these investment categories are 4.35, 19.03, and 5.81, respectively, when all call options are assumed to be acted on by the issuer.

The Fund also diversifies the portfolio so that the impact of a potential drop in the market value of a particular type of security will be minimized. The Fund's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. Fund assets are managed with primary objective of earning the highest possible return with a level of risk prudent to the cash flow requirements of the Fund. The Fund's policy has the following goals concerning types of investments:

	Fair Value	Percent Total	Percent Policy Minimum	Percent Policy Maximum	Percent Policy Target
Fixed Income	\$ 26,056,060	36.3%	35.0%	45.0%	40.0%
U.S. Equity	25,905,990	36.1%	30.0%	40.0%	35.0%
International Equity	9,595,114	13.4%	7.5%	17.5%	12.5%
Real Estate	6,543,904	9.1%	2.5%	12.5%	7.5%
Global Tactical Asset	3,585,897	5.0%	0.0%	10.0%	5.0%
	<u>\$ 71,686,965</u>				
Total	<u>\$ 71,686,965</u>				

All investments at June 30, 2014 are within the Fund's investment policy.

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by investing in securities issued by the United States Treasury and agencies of the United States government that are explicitly guaranteed by the United States government. The Fund has no other formal policy for reducing credit risk.

At June 30, 2014, the Fund held the following investments subject to credit risk:

	<u>Credit Rating</u>	<u>Carrying Value</u>
Bond Mutual Fund	Aa2	\$ 11,300,238
Corporate Bonds:	Aa1	362,923
	Aa2	133,680
	Aa3	436,146
	A1	1,502,630
	A2	1,474,109
	A3	1,144,300
	Baa1	860,614
	Baa2	1,426,627
	Baa3	161,608
Federal Home Loan Mortgage Corp. Participation Certificates	Aaa	156,171
	No Rating	1,038,718
Municipal Bonds:	Aaa	82,648
	Aa1	156,887
	No Rating	<u>388,745</u>
Total Fixed Income Investments Subject to Credit Risk		<u><u>\$ 20,626,044</u></u>

### *Rate of Return*

For the year ended June 30, 2014, the annual money-weighted rate of return on Fund investments, net of investment expense, was 13.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## **5. Property Tax Cycle**

### a. Assessments

Property is assessed by the elected township assessor at one-third the market value as of January 1 each year. This is the date, called the lien date, on which property taxes “attach” to the property. The township assessor’s books are turned into the County Supervisor of Assessments by April 15. The Board of Review, a three-member panel appointed by the County Board, takes action on assessment complaints and applies individual township multipliers to those townships, which are not assessed at one-third. This process equalizes the average ratio of assessments to market value among townships. The Illinois Department of Revenue analyzes the work of the Board of Review and may assign a countywide multiplier to bring the entire County’s ratio into line with other counties throughout the state.

b. Taxpayer Appeals

Taxpayers may file a complaint with the Board of Review if they believe assessments are too high and may make further appeal to the state Property Tax Appeals Board. However, tax levies are determined by local governments not by assessors.

c. Property Tax Levies

50 percent of the calendar 2012 levy and fifty percent of the calendar 2013 levy relate to fiscal year 2014. Both levies were adopted within the Illinois statutory deadline (the third Tuesday in December). In the governmental fund financial statements, property tax levies are reported as receivables, net of an allowance for uncollectible amounts, in the year in which they are adopted. Property tax distributions received within the fiscal year are recognized in that fiscal year as revenue in the governmental funds, up to 50 percent of the calendar year levies noted above. 50 percent of the tax levy is a deferred inflow of resources to the next fiscal year for the governmental funds and government-wide financial statements.

Fiscal year 2014 property tax revenue on the statement of activities consists of 50 percent of the calendar year 2012 levy and 50 percent of the calendar year 2013 levy, less allowances. For fiscal year 2014, property tax revenue on the statement of activities (on the accrual basis) and property tax revenue on the statement of revenue, expenditures, and changes in fund balances (on the modified accrual basis) have been left as equal since actual revenue recognition differences are immaterial.

d. Tax Bills

Illinois statutes require the payment of property taxes in two installments due June 1 and September 1 and require that tax bills be mailed 30 days prior to the first installment. Property tax bills mailed in 2014 were based on equalized assessed value as of January 1, 2013 and on tax levies set in December 2013.

e. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond thirty days. In 2013, all property taxes were distributed by November 15. Interest earned on taxes before distribution goes to the local governments.

**6. Property Taxes Receivable**

Property taxes receivable consists of property taxes levied in 2013, for which a legal claim exists in 2014. The revenue associated with up to fifty percent of the 2013 levy is recognized in the governmental funds if received within the fiscal year. The property

taxes received beyond fiscal year end are considered unavailable until the next fiscal year end. A summary of property taxes receivable by fund type at June 30, 2014 is shown below:

<u>Fund Type</u>	Property Taxes Levied and for TIF Districts	Property Taxes Receivable	Deferred/ Unavailable Revenue
General	\$ 11,021,071	\$ 5,139,209	\$ 5,510,535
Special Revenue:			
Non-TIF	5,879,098	2,741,272	2,939,549
TIF	3,366,292	1,683,146	1,683,146
Capital Projects	2,724,679	1,261,501	1,362,339
Total	<u>\$ 22,991,140</u>	<u>\$ 10,825,128</u>	<u>\$ 11,495,569</u>

Based on past collection experience, the City has applied no allowance for doubtful collections against the property tax receivable as the estimated allowance is considered immaterial by the City's management.

#### **7. Note Receivable**

The City's Parking Fund, and business-type activities, holds a note receivable from a private party resulting from the sale of land and land improvements during the year ended June 30, 2014. The balance of the note receivable was \$1,940,000 at June 30, 2014. The note receivable will be payable in 25 approximately equal annual installments of principal and interest, which will begin one year after the private party receives its final certificate of occupancy for the development project the private party is undertaking on the acquired land. The interest rate is variable and is equal to the trailing 12-month average for 10-year U.S. Treasury notes on the annual installment due date. As of the date of the auditor's report, management of the City expects payments on this note receivable to begin in approximately two to four years.

#### **8. Unearned Revenue**

Unearned revenue on the Statement of Net Position at June 30, 2014 consists of the following:

Unearned Parking Revenue	\$ 3,960
Unearned Grant Revenue	95,849
Unearned Other Revenue	15,273
Total	<u>\$ 115,082</u>

Unearned revenue on the Balance Sheet – Governmental Funds at June 30, 2014 consists of the following:

Unearned Grant Revenue	\$ 95,849
Unearned Other Revenue	15,273
Total	<u>\$ 111,122</u>

## 9. Capital Assets

### *Governmental Activities*

Governmental capital asset activity for the year ended June 30, 2014 was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>
<b>Non-Depreciable</b>				
<b>Capital Assets:</b>				
Land	\$ 100,193,908	\$ 148,900	\$ -	\$ 100,342,808
Construction in Progress	11,984,055	3,873,961	64,181	15,793,835
	<u>112,177,963</u>	<u>4,022,861</u>	<u>64,181</u>	<u>116,136,643</u>
<b>Depreciable</b>				
<b>Capital Assets:</b>				
Buildings	47,978,705	78,580	-	48,057,285
Land Improvements Improvements and Equipment	1,242,518	-	-	1,242,518
Infrastructure	26,397,277	3,489,984	887,444	28,999,817
	468,064,741	12,874	234,539	467,843,076
	<u>543,683,241</u>	<u>3,581,438</u>	<u>1,121,983</u>	<u>546,142,696</u>
<b>Less: Accumulated</b>				
<b>Depreciation:</b>				
Buildings	17,236,658	1,289,523	-	18,526,181
Land Improvements Improvements and Equipment	310,604	62,121	-	372,725
Infrastructure	18,767,584	2,446,891	885,239	20,329,236
	261,145,058	12,990,231	-	274,135,289
	<u>297,459,904</u>	<u>16,788,766</u>	<u>885,239</u>	<u>313,363,431</u>
<b>Total Depreciable</b>				
<b>Capital Assets</b>	<u>246,223,337</u>	<u>(13,207,328)</u>	<u>236,744</u>	<u>232,779,265</u>
<b>Total Capital Assets</b>	<u>\$ 358,401,300</u>	<u>\$ (9,184,467)</u>	<u>\$ 300,925</u>	<u>\$ 348,915,908</u>

Depreciation expense was charged to governmental activities for fiscal year 2014 as follows:

General Government	\$ 207,784
Culture and Recreation	1,790,544
Public Safety	818,647
Public Works	13,971,578
Public Health and Welfare	213
	<u>\$ 16,788,766</u>

*Business-Type Activities*

Business-type capital asset activity for the year ended June 30, 2014 was as follows:

	June 30, 2013	Increases	Decreases	June 30, 2014
<b>Non-Depreciable</b>				
<b>Capital Assets:</b>				
Land	\$ 5,951,418	\$ -	\$ 168,000	\$ 5,783,418
Construction in Progress	33,789	1,016,019	-	1,049,808
	<u>5,985,207</u>	<u>1,016,019</u>	<u>168,000</u>	<u>6,833,226</u>
<b>Depreciable</b>				
<b>Capital Assets:</b>				
Buildings	12,468,509	-	-	12,468,509
Improvements and Equipment	1,089,351	-	57,665	1,031,686
Parking Meters	721,235	-	-	721,235
Infrastructure	51,988,952	28,500	-	52,017,452
	<u>66,268,047</u>	<u>28,500</u>	<u>57,665</u>	<u>66,238,882</u>
<b>Less: Accumulated</b>				
<b>Depreciation:</b>				
Buildings	1,309,851	311,713	-	1,621,564
Improvements and Equipment	818,143	35,386	47,813	805,716
Parking Meters	365,326	34,378	-	399,704
Infrastructure	13,684,144	777,004	-	14,461,148
	<u>16,177,464</u>	<u>1,158,481</u>	<u>47,813</u>	<u>17,288,132</u>
<b>Total Depreciable</b>				
<b>Capital Assets</b>	<u>50,090,583</u>	<u>(1,129,981)</u>	<u>9,852</u>	<u>48,950,750</u>
<b>Total Capital Assets</b>	<u>\$ 56,075,790</u>	<u>\$ (113,962)</u>	<u>\$ 177,852</u>	<u>\$ 55,783,976</u>

Depreciation Expense was charged to business-type activities as follows:

Parking	\$ 480,537
Sewer	677,944
Total Depreciation	<u>\$ 1,158,481</u>

## 10. Changes in Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities of the governmental activities for the year ended June 30, 2014:

	June 30, 2013	Issued	Retired	June 30, 2014	Due Within One Year
General Obligation					
Bonds	\$ 59,565,000	\$ 8,835,000	\$ 12,780,000	55,620,000	\$ 3,500,000
IEPA Loan Payable	433,375	-	19,756	413,619	20,004
Claims Payable	3,019,886	2,563,171	1,982,058	3,600,999	3,600,999
Accrued Compensated Absences	4,576,314	4,433,593	4,111,459	4,898,448	979,690
Net Other Post-Employment Liability	4,033,132	981,479	301,224	4,713,387	-
Net Pension Obligation	1,078,661	3,321,712	3,842,882	557,491	-
Landfill Closure and Post-Closure Liability	641,468	-	165,545	475,923	75,923
Unamortized Bond Premiums	319,673	663,077	35,131	947,619	108,806
Total Long-Term Debt	<u>\$ 73,667,509</u>	<u>\$ 20,798,032</u>	<u>\$ 23,238,055</u>	<u>\$ 71,227,486</u>	<u>\$ 8,285,422</u>

Claims payable are considered to be current liabilities because the liability includes known claims that management expects to liquidate within the next fiscal year.

The following is a summary of changes in the City's long-term liabilities of the business-type activities for the year ended June 30, 2014:

	June 30, 2013	Issued	Retired	June 30, 2014	Due Within One Year
General Obligation					
Bonds	\$ 12,215,000	\$ -	\$ 635,000	\$ 11,580,000	\$ 710,000
IEPA Loans Payable	1,201,009	-	118,183	1,082,826	120,818
Unamortized Bond Premiums	270,702	-	22,157	248,545	22,156
Accrued Compensated Absences	240,419	174,350	153,841	260,928	52,186
Total Long-Term Debt	<u>\$ 13,927,130</u>	<u>\$ 174,350</u>	<u>\$ 929,181</u>	<u>\$ 13,172,299</u>	<u>\$ 905,160</u>

Payments on long-term liabilities are made as follows: the Debt Service Fund and Parking Fund retire the general obligation bonds; payments on the IEPA Loans are made by the Stormwater Management Fund and the Sewer Fund; compensated absences for the governmental activities are liquidated by all funds with payroll expenditures; net other post-employment liability and net pension obligation costs are expended primarily by the General Fund; landfill closure and post-closure liability costs are expended in the Capital Improvements Fund.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end, \$138,669 of internal service funds compensated absences are included in the above governmental activities amounts.

## 11. Long-Term Debt

### *General Obligation Bonds*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding as of June 30, 2014 are as follows:

Issue	Fund Debt Retired By	June 30, 2013	Issuances	Retirements	June 30, 2014
\$4,900,000 General Obligation Demand Bonds of 2004B, due in annual installments of \$105,000 to \$435,000, plus variable rate of interest through maturity	Debt Service	325,000	-	325,000	-
\$24,015,000 General Obligation Bonds of 2005, due in annual installments of \$155,000 to \$1,765,000, plus interest at 3.25 percent to 4.375 percent through maturity on December 15, 2025	Debt Service	12,860,000	-	10,055,000	2,805,000
\$7,025,000 General Obligation Refunding Bonds of 2007A, due in annual installments of \$355,000 to \$1,115,000, plus interest at 3.75 percent to 6.00 percent through maturity on December 15, 2023	Debt Service	7,025,000	-	355,000	6,670,000

Issue	Fund Debt Retired By	June 30, 2013	Issuances	Retirements	June 30, 2014
\$9,280,000 General Obligation Refunding Bonds of 2009, due in annual installments of \$795,000 to \$1,420,000, plus interest at 2.00 percent to 2.75 percent through maturity on December 15, 2016	Debt Service	3,865,000	-	1,420,000	2,445,000
\$25,620,000 General Obligation (Build America) Bonds of 2010, due in annual installments of \$30,000 to \$2,100,000, plus interest ranging from 2.00 percent to 5.60 percent through maturity on December 15, 2029, with sinking fund requirements for years 2020 through 2024	Debt Service	25,620,000	-	560,000	25,060,000
\$9,900,000 General Obligation Refunding Bonds of 2012, due in annual installments of \$65,000 to \$2,100,000, plus interest at 1.0 to 2.125 percent through maturity on December 15, 2025	Debt Service	9,870,000	-	65,000	9,805,000
\$8,835,000 General Obligation Refunding Bonds of 2013, due in annual installments of \$515,000 to \$1,335,000, plus interest at 1.50 to 4.00 percent through maturity on December 15, 2022	Debt Service	-	8,835,000	-	8,835,000
\$2,750,000 General Obligation Bonds of 2007B, due in annual installments of \$255,000 to \$710,000, plus interest at 3.75 percent through maturity on December 15, 2016	Parking	2,265,000	-	635,000	1,630,000
\$9,950,000 General Obligation Bonds of 2008, due in annual installments of \$440,000 to \$1,415,000, plus interest at 4.00 percent to 5.75 percent through maturity on December 15, 2027	Parking	9,950,000	-	-	9,950,000
Total		<u>\$ 71,780,000</u>	<u>\$ 8,835,000</u>	<u>\$ 13,415,000</u>	<u>\$ 67,200,000</u>

*IEPA Loans Payable*

The City has loans from the Illinois Environmental Protection Agency (IEPA) that provided low interest financing for sewerage and drainage improvements. IEPA loans outstanding at June 30, 2014 are as follows:

Issue	Fund Debt Retired By	June 30, 2013	Issuances	Retirements	June 30, 2014
\$384,071 loan due March 1, 2015, at 3.015 percent payable semi-annually	Sewer	\$ 50,471	\$ -	\$ 24,858	\$ 25,613
\$741,188 loan due August 16, 2016, at 2.815 percent payable semi-annually	Sewer	162,508	-	44,820	117,688
\$514,456 loan due June 23, 2031, at 1.25 percent payable semi-annually	Sewer	479,167	-	23,895	455,272
\$533,169 loan due August 28, 2031, at 1.25 percent payable semi-annually	Sewer	508,863	-	24,610	484,253
\$433,375 loan due June 29, 2032, at 1.25 percent payable semi-annually	Governmental	433,375	-	19,756	413,619
		<u>\$ 1,634,384</u>	<u>\$ -</u>	<u>\$ 137,939</u>	<u>\$ 1,496,445</u>

*Demand Bonds*

The 2004B General Obligation Bonds were demand bonds.

*Interest*

For fiscal year 2014, total interest incurred and expended by the governmental funds was \$2,179,733 and total interest expense incurred and expended by the enterprise funds was \$520,165.

*Landfill Closure and Post-Closure*

The City's old landfill, known as the Old Champaign Landfill, is not officially closed; however, the estimated costs to be incurred for certain modifications to the site to enable it to be closed under EPA standards as of June 30, 1997 were estimated to be \$3,000,000

and expected to be incurred over a four-year period beginning in calendar year 1998. After the site is closed, the City will also be required to maintain the site for 15 years, with an estimated annual cost of \$50,000. The maintenance would include testing of water quality and inspection of vegetation, drainage and site security. At June 30, 2014, the estimated remaining liability is \$475,923. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The estimates were based on a closure and post-closure care plan prepared by an environmental engineering firm and were allocated based on landfill capacity.

Total capacity of the landfill has been used and therefore, the landfill has no remaining useful life. The City has applied GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*, and has included the liability for the estimated costs to close and maintain the landfill.

#### *Legal Debt Margin*

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. That section states:

“The General Assembly may limit the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness, which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality and thus is not currently subject to a statutory debt limit.

#### *Industrial Development Revenue Bonds/Private Activity Bonds*

The issuance of Industrial Development Revenue Bonds/Private Activity Bonds by the City is to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, equipping, betterment, or extension of any economic development project in order to encourage economic development within or near the City.

Industrial Development Revenue Bonds/Private Activity Bonds are not a debt of the City. The entity using the bond proceeds to finance a construction or improvement project is liable for the bonds. Since the City does not act as an agent for Industrial Development Revenue Bonds, the transactions relating to the bonds and property do not appear in the City's financial statements. The amount outstanding at year end is not readily determinable.

In April 2014, the City Council approved the ceding of 2014 private activity bond authority to the Eastern Illinois Economic Development Authority with a cap amount of \$4,125,850.

*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending June 30	Governmental Activities			
	General Obligation Bonds		IEPA Loans Payable	
	Principal	Interest	Principal	Interest
2015	\$ 3,500,000	\$ 2,026,601	\$ 20,004	\$ 5,108
2016	3,620,000	1,911,001	20,255	4,857
2017	3,690,000	1,797,258	20,509	4,603
2018	3,200,000	1,700,151	20,766	4,346
2019	4,270,000	1,590,301	21,026	4,086
2020	4,315,000	1,441,448	21,290	3,822
2021	3,570,000	1,288,728	21,557	3,555
2022	4,000,000	1,139,031	21,827	3,285
2023	4,320,000	983,984	22,101	3,011
2024	4,450,000	836,126	22,378	2,734
2025	3,710,000	701,368	22,659	2,453
2026	3,805,000	568,276	22,943	2,169
2027	2,080,000	444,160	23,230	1,881
2028	2,020,000	336,060	23,522	1,590
2029	2,400,000	215,520	23,817	1,295
2030	2,670,000	74,760	24,115	997
2031	-	-	24,418	694
2032	-	-	24,724	388
2033	-	-	12,478	78
<b>Total</b>	<b>\$ 55,620,000</b>	<b>\$ 17,054,772</b>	<b>\$ 413,619</b>	<b>\$ 50,952</b>

Fiscal Year Ending June 30	Business-Type Activities			
	General Obligation Bonds		IEPA Loans Payable	
	Principal	Interest	Principal	Interest
2015	\$ 710,000	\$ 477,150	\$ 120,818	\$ 15,163
2016	665,000	451,369	97,126	12,659
2017	1,225,000	406,231	74,553	10,692
2018	1,345,000	339,938	50,984	9,720
2019	1,330,000	279,712	51,624	9,081
2020	1,415,000	224,813	52,271	8,434
2021	1,220,000	172,112	52,926	7,778
2022	440,000	138,913	53,590	7,115
2023	470,000	120,712	54,262	6,443
2024	490,000	101,513	54,942	5,762
2025	520,000	81,312	55,631	5,073
2026	545,000	60,013	56,329	4,376
2027	585,000	37,266	57,035	3,669
2028	620,000	12,710	57,750	2,954
2029	-	-	58,474	2,230
2030	-	-	59,208	1,497
2031	-	-	59,950	755
2032	-	-	15,353	96
2033				
<b>Total</b>	<b>\$ 11,580,000</b>	<b>\$ 2,903,764</b>	<b>\$ 1,082,826</b>	<b>\$ 113,497</b>

On December 15, 2013, the City issued \$8,835,000 of general obligation refunding bonds to reduce debt payments over the term of an existing general obligation bond. The cash flow required to service the new debt over its life is \$10,515,302 and the cash flow required to service the old debt over its life would have been \$10,794,513. The advance refunding transaction resulted in an economic gain of approximately \$249,000, which is not an amount reflected on the City's financial statements. A deferred charge on refunding of \$658,962 has been recorded on the statement of net position, which will be amortized over the life of the new bonds.

The City defeased the general obligation bonds by placing \$9,373,962, the proceeds of new bonds, in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2014, \$8,715,000 of defeased debt principal remains outstanding related to this defeasance and \$8,950,000 remains outstanding on bonds defeased in fiscal year 2013.

## 12. Restricted Net Position

At June 30, 2014, the City had restricted net position for the following purposes:

Culture and Recreation	\$ 1,817,293
Public Health and Welfare	2,764,320
Public Safety	479,905
Public Works	10,155,864
Debt Service	4,429,757
Capital Projects	4,328,470
Total	<u><u>\$ 23,975,609</u></u>

## 13. Non-Spendable, Restricted, Committed, and Deficit Fund Equity

### a. Non-Spendable, Restricted, and Committed

In the fund financial statements, governmental funds report non-spendable, restrictions of, and commitments of fund balance for amounts that are not available for appropriation, are restricted by outside parties for use for a specific purpose, or are committed for a specific purpose by an action of the City Council, respectively. As of June 30, 2014, such fund balances are composed of the following:

	<u>General Fund</u>	<u>Other Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Non-Spendable:</b>				
Prepaid Items	\$ 7,840	\$ -	\$ 904	\$ 8,744
<b>Restricted:</b>				
Public Safety	-	-	327,598	327,598
Library Improvements	-	-	124,691	124,691
Housing Development	-	-	874,873	874,873
Neighborhood Revitalization	-	-	3,227,716	3,227,716
Cultural and Recreation	-	1,817,293	-	1,817,293
Capital Projects	-	8,852,945	3,996,401	12,849,346
Debt Service	-	4,429,757	-	4,429,757
	<u>-</u>	<u>15,099,995</u>	<u>8,551,279</u>	<u>23,651,274</u>
<b>Committed:</b>				
Campustown Improvements	-	-	5,619,858	5,619,858
Vehicles and Equipment	-	-	7,651,736	7,651,736
General Government	1,538,884	-	-	1,538,884
Other Capital Projects	3,243,538	4,711,875	-	7,955,413
	<u>4,782,422</u>	<u>4,711,875</u>	<u>13,271,594</u>	<u>22,765,891</u>
Total Non-Spendable, Restricted, and Committed	<u><u>\$ 4,790,262</u></u>	<u><u>\$ 19,811,870</u></u>	<u><u>\$ 21,823,777</u></u>	<u><u>\$ 46,425,909</u></u>

b. Deficit Fund Equity

At June 30, 2014, the following funds had deficit fund equity:

- UC2B Fund - \$1,264
- Workers Compensation Fund - \$878,727

These deficits are expected to be eliminated in fiscal year 2015.

**14. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables consist of the following as of June 30, 2014:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General	Fleet Services	\$ 272,070

Interfund advances are made to cover short-term shortfalls in cash balances as needed in various funds. Management of the City expects all interfund balances to be repaid within the next fiscal year.

Interfund transfers made during the year ended June 30, 2014 are summarized below:

Transfer In	Transfer Out	Amount
General	Champaign Public Library	\$ 278,811
General	Parking	150,000
General	Sewer	150,000
General	Non-Major Governmental	846,699
General	Workers Compensation	73,500
Champaign Public Library	General	500,000
Stormwater Management	General	3,758,423
Capital Improvements	General	3,979,426
Debt Service	General	2,162,070
Debt Service	Stormwater Management	2,635,363
Debt Service	Capital Improvement	475,900
Debt Service	Non-Major Governmental	598,966
Non-Major Governmental	General	2,422,760
Non-Major Governmental	Stormwater Management	4,990
Non-Major Governmental	Parking	46,303
Non-Major Governmental	Sewer	97,413
Non-Major Governmental	Non-Major Governmental	20,392
Non-Major Governmental	Non-Major Enterprise	3,596
Non-Major Governmental	Fleet Services	12,482
Parking	Non-Major Governmental	200,000
Total Interfund Transfers		<u><u>\$ 18,417,094</u></u>

Transfers are used to:

- Move revenues from the fund that a statute or the City budget requires collection in to the fund that a statute or the City budget requires expenditure from
- Move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due
- Utilize unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

## 15. Risk Management

The City is exposed to various risks of loss due to torts, theft, damage to assets, errors and omissions, natural disasters, and injuries to City employees. The City is self-insured and accounts for losses and risk management expenses in two internal service funds, the Retained Risk Fund and the Workers Compensation Fund.

Retained Risk Fund – The City’s risk management program for general liabilities encompasses a wide range of City activities, and the City has elected to retain all exposure to risk of loss up to \$250,000 with an aggregate limit of \$5,000,000 for public officials and \$10,000,000 for all other liability types arising out of the normal course of the City’s activities.

Workers Compensation Fund – The City has an agreement with a third-party to provide claims administration and adjustment services for the City’s self-insured workers’ compensation plan. Under this plan, the City is self-insured up to \$600,000 per occurrence with no aggregate limit and has supplemental per-occurrence coverage with a commercial carrier for all amounts over \$600,000.

A claim liability is recorded in these funds when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred and reported. An estimate is not provided for incurred but not reported claims and the estimated claims do not include incremental claim adjustment expenses.

The claims liability is not an exact amount as it depends on many complex factors such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims trends, and other economic and social factors. The ultimate outcome is not determinable in relation to claims for which a liability has been recorded in these internal services funds at June 30, 2014. It is the opinion of the City’s management that resolution of these matters will not have a significant impact beyond the liabilities recorded at June 30, 2014. The amount of settlements in both funds did not exceed insurance coverage in fiscal year 2014 or the previous two fiscal years.

Changes in the claim liability amounts in fiscal years 2014 and 2013 were as follows:

	2014		2013	
	Retained Risk	Workers' Compensation	Retained Risk	Workers' Compensation
Claims Liability - July 1	\$ 483,357	\$ 2,536,529	\$ 231,472	\$ 2,889,067
Claims Incurred	493,713	2,069,458	508,797	1,339,647
Claims Paid	<u>(305,038)</u>	<u>(1,677,020)</u>	<u>(256,912)</u>	<u>(1,692,185)</u>
Claims Liability - June 30	<u>\$ 672,032</u>	<u>\$ 2,928,967</u>	<u>\$ 483,357</u>	<u>\$ 2,536,529</u>

## **16. Contingent Liabilities**

### *Litigation*

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### *Grants*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

## **17. Joint Ventures**

### *Champaign-Urbana Solid Waste Disposal System*

The City participates in the Champaign-Urbana Solid Waste Disposal System (CUSWDS), which consists of the cities of Champaign and Urbana. CUSWDS operated a sanitary landfill for the disposal of the solid waste generated in the metropolitan area with revenue derived primarily from user charges.

The co-directors of CUSWDS are the City Manager of the City of Champaign and the Mayor of Urbana who have equal voting rights with respect to the operations of the landfill. The annual operating budget of the landfill is approved by both City Councils.

Effective June 1, 1987, CUSWDS ceased operations; however, it is responsible for overseeing the closing and maintenance of the landfill site until the year 2022. Financial participation in CUSWDS is based on the relative populations of Champaign and Urbana. Champaign is responsible for 61.8 percent and Urbana is responsible for 38.2 percent of the CUSWDS's obligations.

Separate financial statements are available for CUSWDS by contacting the City of Urbana, Illinois, Finance Department (Lead Agency) at 400 South Vine, Urbana, Illinois 61801. Summary financial information for CUSWDS as of and for the year ended June 30, 2014 is as follows:

Total Assets	<u>\$ 197,646</u>	Total Revenues	\$ 23,517
Total Liabilities	\$ 16,381	Total Expenses	<u>29,399</u>
Total Equity	<u>181,265</u>	Net Income (Loss)	(5,882)
Total Liabilities and Equity	<u>\$ 197,646</u>	Total Equity - July 1	<u>187,147</u>
		Total Equity - June 30	<u>\$ 181,265</u>

*HOME Program*

Federal HOME Investment Partnership Act (HOME) funds have been granted to the Urbana Consortium for affordable housing activities. The Urbana Consortium consists of the City of Urbana, the City of Champaign, and Champaign County. Urbana serves as the lead agency of the Urbana Consortium. As such, Urbana is responsible for reporting to the Department of Housing and Urban Development (HUD) and ensuring that all HOME expenditures meet HUD guidelines. A small part of the fund is used to pay Consortium administrative expenses incurred by Urbana and expenses related to HOME-funded activities in Urbana, Champaign, and Champaign County.

HUD regulations require that each year's grant funds be contractually obligated within two years of the grant award and spent within five years. Thus, closeouts of the fiscal years 2010 through 2014 allocations is not expected until the years 2015 through 2019, respectively.

Federal regulations require the set-aside of HOME funds for exclusive use by certain private non-profit organizations known as community housing development organizations (CHDO). The set-aside is calculated as 15 percent of each year's grant. The CHDO set-aside funds are allocated by consensus of Urbana, Champaign, and Champaign County. The Consortium currently recognizes and funds three CHDO's, the Homestead Corporation, the Illinois Center for Citizen Involvement, and Habitat for Humanity of Champaign County.

Separate financial statements are available for the HOME program by contacting the Finance Department of the City of Urbana, Illinois (Lead Agency) at 400 South Vine, Urbana, Illinois 61801. Summary financial information for the HOME Program as of and for the year ended June 30, 2014 is as follows:

Total Assets	<u>\$ 700,436</u>	Total Revenues	\$ 922,525
Total Liabilities	\$ 1,061,619	Total Expenses	<u>1,283,708</u>
Total Equity	<u>(361,183)</u>	Net Income (Loss)	(361,183)
Total Liabilities and Equity	<u>\$ 700,436</u>	Total Equity - July 1	<u>-</u>
		Total Equity - June 30	<u>\$ (361,183)</u>

*Metropolitan Computer Aided Dispatch*

The City participates in the Metropolitan Computer Aided Dispatch (METCAD) agency, which consists of the cities of Champaign and Urbana, Champaign County, and the University of Illinois. METCAD is a consolidated metropolitan emergency dispatching service, with revenues derived primarily from service charges. The METCAD Policy Board consists of two representatives from each member. One of the two representatives is designated as an “administrative representative” and the other is an employee of a member police or fire department. The Board also includes a representative from a rural fire protection district and a representative from a village police department. The annual operating budget must be unanimously approved by all the administrative representatives of the members. The City of Champaign is the lead agency, and is therefore responsible for the overall administrative operation of METCAD. METCAD participates in the City’s risk management program and bargaining unit contracts. Each member is responsible for a pro-rata share of METCAD’s operating budget and expenses based on a cost-sharing formula established by the members and approved annually by a unanimous vote of the administrative representatives of the members.

Separate financial statements are available for METCAD by contacting City of Champaign, Illinois Finance Department (Lead Agency) at 102 North Neil Street, Champaign, Illinois 61820. Summary financial information for METCAD as of and for the year ended June 30, 2014 is as follows:

Total Assets	<u>\$ 9,508,427</u>	Total Revenues	\$ 4,304,553
Total Liabilities	\$ 335,307	Total Expenses	<u>4,628,465</u>
Total Equity	<u>9,173,120</u>	Net Income (Loss)	(323,912)
Total Liabilities and Equity	<u>\$ 9,508,427</u>	Total Equity - July 1	<u>9,497,032</u>
		Total Equity - June 30	<u>\$ 9,173,120</u>

## **18. Related Party Transactions**

The Champaign Public Library Fund, a major special revenue fund, provided donated services to the Champaign Public Library Foundation. Donated services consist of salaries of Library personnel assigned to perform management and fund raising services for the Foundation. For the year ended June 30, 2014, the amount contributed and included as in-kind revenue and expense in the financial statements of the Foundation totaled \$104,233.

The Foundation provided financial support to the Champaign Public Library Fund for its programs and materials acquisitions. The total revenue from the Foundation recorded by the Champaign Public Library Fund for the year ended June 30, 2014 was \$131,887.

## **19. Defined Benefit Pension Plans**

The City contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), the Sheriff's Law Enforcement Personnel Fund (SLEP), the Police Pension Plan, and the Firefighters' Pension Plan.

### *Illinois Municipal Retirement System*

Plan Description - The City's defined benefit pension plan for regular employees (other than those covered by the Police or Firefighters' pension funds) provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

Funding Policy - As set by statute, the City's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 12.32 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For the fiscal year ending June 30, 2014, the City's annual pension cost of \$2,383,529 for the regular plan was equal to the City's required and actual contributions.

**Three-Year Trend Information for the Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/14	\$ 2,383,529	100%	\$ -
6/30/13	2,289,243	100%	-
6/30/12	2,182,368	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 82.42 percent funded. The actuarial accrued liability for benefits was \$60,939,604 and the actuarial value of assets was \$50,226,957, resulting in an underfunded actuarial accrued (UAAL) of \$10,712,647. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$19,182,472 and the ratio of the UAAL to the covered payroll was 56 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Sheriff's Law Enforcement Personnel Fund*

Plan Description - The City's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by state statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

Funding Policy - As set by statute, the City's SLEP Fund members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 used by the employer was 13.77 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 19.56 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For the fiscal year ending June 30, 2014, the City's annual pension cost of \$12,649 for the regular plan was equal to its employer's required and actual contributions.

**Three-Year Trend Information for the Fund**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/14	\$ 12,649	100%	\$ -
6/30/13	-	0%	-
6/30/12	21,698	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the City's SLEP Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer SLEP Plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the SLEP Plan was zero percent funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$(209,717), resulting in an underfunded actuarial accrued (UAAL) of \$209,717. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was zero percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Police Pension Plan*

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City’s funding of the plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan’s separately issued report.

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois Legislature. The City accounts for the plan as a pension trust fund. The Police Pension Plan issues a separate report containing audited financial statements, disclosures, and required supplementary information. Contact information for the Police Pension Fund is available at the Fund’s website: <http://Champaignpolicepensionfund.org/index.html>.

At June 30, 2014 the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently receiving benefits and Terminated Employees entitled to benefits but not yet receiving them	112
Current Employees:	
Vested	80
Non-Vested	38
Total Membership	230

*Plan Description* – The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus lesser of 1/2 of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. 1/2% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

*Funding Policy* – Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension 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 is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. Effective January 2, 2011, the City has until the year 2040 to fund 90 percent of the past service cost for the Plan.

*Annual Pension Cost* – For the fiscal year ending June 30, 2014, the City contributed \$2,008,735 in excess of the annual pension cost of \$2,633,417.

**Three-Year Trend Information for the Pension Plan**

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 2,633,417	176%	\$ (17,347,813)
2013	2,493,539	181%	(15,339,078)
2012	2,520,353	163%	(13,505,519)

The pension liability (asset) for the Police Pension Plan is as follows:

Annual Required Contribution (ARC)	\$ 3,028,152
Interest on the Net Pension Obligation (NPO)	(1,073,735)
Adjustment to the ARC	679,000
Annual Pension Cost	<u>2,633,417</u>
Actual Contribution	<u>4,642,152</u>
Increase to the NPO	(2,008,735)
Beginning of Year NPO	(15,442,681)
Change in June 30, 2013 Estimate	<u>103,603</u>
End of Year NPO	<u><u>\$ (17,347,813)</u></u>

The required contribution for 2014 was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2013 included (a) 7.0 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent per year, attributable to inflation, (c) general inflation of 3.0 percent per year, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of the Police Pension Plan's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis through 2041. The remaining amortization period at the July 1, 2013 valuation was 28 years.

*Funded Status and Funding Progress* – As of July 1, 2013, the most recent actuarial valuation date, the Police Pension Plan was 74.4 percent funded. The actuarial accrued liability for benefits was \$100,883,071 and the actuarial value of assets was \$75,063,041 resulting in an unfunded actuarial accrued (UAAL) of \$25,820,030. The covered payroll (annual payroll of active employees covered by the plan) was \$8,653,505 and the ratio of the UAAL to the covered payroll was 298.4 percent.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

#### *Firefighters' Pension Plan*

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and contribution requirements of the plan members and the City are governed by Illinois Compiled Statutes (ILCS) and may only be amended by the Illinois legislature. Administrative costs are financed through investment earnings. The City accounts for the plan as a pension trust fund. The Firefighters' Pension Plan issues a separate report containing audited financial statements, disclosures, and required supplementary information, which may be obtained by writing to the City at 102 North Neil Street, Champaign, Illinois 61820.

At June 30, 2014, the Firefighters' Pension Plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	90
Active Plan Members:	
Vested	70
Non-Vested	24
Total Membership	<u>184</u>

Plan Description - The following is a summary of the Firefighters' Pension Plan as provided for in ILCS.

The Fund provides retirement, disability, and death benefits, as well as automatic annual cost of living adjustments, to plan members and their beneficiaries under two tiers.

Covered employees under Tier 1 (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75 percent of such salary. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retires after January 1, 1977, shall, upon either the first of the month following the first anniversary of the date of retirement if 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, be increased by one-twelfth of 3 percent of the originally granted monthly pension for each full month that has elapsed since the pension began, and by an additional 3 percent in each January thereafter.

Covered employees under Tier 2 (those hired after January 1, 2011) attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent for each year of service times the final average salary. Final average salary means the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. The annual salary under Tier 2 shall not exceed \$106,800, plus the lesser of 1/2 of the annual change in the Consumer Price Index or 3 percent compounded.

The annual pension shall be increased by 2.5 percent of such salary for each additional year over 20 years of service through 30 years of service, to a maximum of 75 percent of such salary. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 50 and receive a reduced benefit. The monthly pension of a firefighter shall be increased annually at age 60 on January 1<sup>st</sup> after the firefighter retires, or the first anniversary of the pension starting date, whichever is later.

*Funding Policy* - Covered employees are required to contribute 9.455 percent of their base salary to the 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 is required to contribute the remaining amounts necessary to finance the Fund as actuarially determined by an enrolled actuary. The City has adopted a policy to make contributions such that the past service cost for the Fund is fully funded by 2029. The City is presently amortizing a portion of this liability through the year 2020 and a smaller portion through 2029; this contribution method is above and beyond that required by the State.

*Annual Pension Cost* – For the fiscal year ending June 30, 2014, the City contributed \$521,170 more than the annual pension cost of \$3,321,712.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 3,321,712	116%	\$ 557,491
2013	3,282,534	114%	1,078,661
2012	3,339,071	114%	1,548,414

The pension liability (asset) for the Firefighters’ Pension Plan is as follows:

Annual Required Contribution (ARC)	\$ 3,404,595
Interest on the Net Pension Obligation (NPO)	75,506
Adjustment to the ARC	(158,389)
Annual Pension Cost	3,321,712
Actual Contribution	3,842,882
Increase to the NPO	(521,170)
Beginning of Year NPO	1,078,661
Change in June 30, 2013 Estimate	-
End of Year NPO	<u>\$ 557,491</u>

The required contribution for 2014 was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at July 1, 2013 included (a) 7.0 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent per year, attributable to inflation, (c) general inflation of 3.0 percent per year, and (d) post-retirement cost-of-living adjustment at 3.0 percent compounded annually. The actuarial value of the Firefighters’ Pension Plan’s assets was determined using the market value method. The Plan’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over periods of 40 and 25 years. The remaining amortization period at the July 1, 2013 valuation was 6.5 years and 16 years, respectively. New unfunded liability is amortized on a level percentage of pay over 15 years.

*Funded Status and Funding Progress* - As of July 1, 2013, the most recent actuarial valuation date, the Firefighters' Pension Plan was 81.8 percent funded. The actuarial accrued liability for benefits was \$80,440,881 and the actuarial value of assets was \$65,785,730 resulting in an unfunded actuarial accrued (UAAL) of \$14,655,151. The covered payroll (annual payroll of active employees covered by the plan) was \$6,983,751 and the ratio of the UAAL to the covered payroll was 209.9 percent.

Prior to July 1, 1993, the annual actuarial requirements had been based on a 40-year amortization from January 1, 1980 with level dollar payments. After July 1, 1993, the board adopted a policy of continuing to use a 40-year amortization from January 1, 1980 with level dollar payments. In May of 2005, the board adopted a policy to amortize the increase in unfunded liability due to the benefit increase enacted under Public Act 93-0689 over a 25-year period beginning July 1, 2004 with level dollar payments.

Thus, an annual actuarial requirement was determined for the year beginning July 1, 2009 using a period of 25 years from July 1, 2004 to amortize the increase in unfunded liability attributable to the benefit increases enacted under Public Act 93-0689 through level dollar payments. The balance of the unfunded liability will continue to be amortized over a 40 year period from January 1, 1980 through level dollar payments.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial liability for benefits.

*Summary of Significant Accounting Policies and Plan Asset Matters – Police and Firefighters' Pension Plans*

➤ Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and the funds have been collected by the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

➤ Methods Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments, if any, that do not have any established market are reported at estimated fair value.

➤ Significant Investments

At year-end, the Police Pension Fund has over 5 percent of net position restricted for pensions (other than U.S. Government guaranteed obligations) invested as follows:

Goldman Sachs Financial Square Treasury Obligation Fund	<u>\$ 12,055,374</u>
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At year-end, the Firefighters' Pension Fund has over 5 percent of net position restricted for pensions (other than U.S. Government guaranteed obligations) invested as follows:

MetLife S&P 500 Index Fund	\$ 11,921,188
NTGI Intermediate Government Bond Index Fund	11,300,278
Manning and Napier Overseas Fund	7,693,601
Vanguard Mid Cap Index Fund	6,929,836
Principal US Property Separate Account Annuity Contract	4,729,710
	<u>\$ 42,574,613</u>

**20. Other Post-Employment Benefit Plan**

*Plan Description, Provisions, and Funding Policy*

In addition to providing the pension benefits described in other notes, the City provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's General Fund and the Library special revenue fund.

To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the IMRF.

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. All retirees contribute 100 percent of their premium cost of the plan. Active employees do not contribute to the plan until retirement.

At June 30, 2014, membership for purposes of the actuarial liability calculation consisted of:

Retirees and beneficiaries currently receiving benefits and terminated benefits and terminated employees entitled to benefits but not yet receiving them	81
Active Employees	424
Total	<u>505</u>
Participating Employers	<u>1</u>

The City does not currently have a funding policy for the OPEB Plan.

The City had a full actuarial valuation performed for the plan as of June 30, 2013 to determine the funded status of the plan as of that date as well as the employer's annual OPEB cost for the fiscal year ended June 30, 2013. An interim update of that actuarial analysis was done for June 30, 2014 to determine the OPEB cost for fiscal year 2014.

**Three-Year Trend Information for the Plan**

Fiscal Year Ending June 30	Annual OPEB Cost	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 981,479	31%	\$ 4,713,387
2013	990,012	28%	4,033,132
2012	1,098,024	20%	3,319,471

The net OPEB obligation (NOPEBO) as of June 30, 2014 was calculated as follows:

Annual Required Contribution	\$ 1,029,691
Interest on the NOPEBO	201,657
Adjustment to the ARC	(249,869)
Annual OPEB Cost	<u>981,479</u>
Actual Contribution	<u>301,224</u>
Increase in the NOPEBO	680,255
NOPEBO - July 1, 2013	<u>4,033,132</u>
NOPEBO - June 30, 2014	<u>\$ 4,713,387</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2014, was as follows:

Actuarial Accrued Liability (AAL)	\$ 9,883,763
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,883,763
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	\$ 28,468,205
AAL as a percent of Covered Payroll (Active Plan Members)	35%

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, and in the interim update of that actuarial analysis done for June 30, 2014, the entry age normal cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return and an annual healthcare cost trend rate of 9.0 percent with an ultimate rate of 5.0 percent after five years. The actuarial value of assets was not determined as the City has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period used for the June 30, 2013 valuation, and for the interim update of that actuarial analysis done for June 30, 2014, was for a defined period of time.

## 21. Discretely Presented Component Unit – Champaign Public Library Foundation

The following notes are provided for the City’s component unit, the Champaign Public Library Foundation:

### a. Nature of Organization

The Champaign Public Library Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois to develop philanthropic support for the Champaign Public Library (the Library). The Foundation is considered a component unit of the Library under the accounting standards followed by the Library; however, the Foundation is a separate legal entity. The Foundation’s only program relates to the support of the operational and capital needs of the Library that lack adequate funding through the Library’s available resources.

The Foundation’s major sources of revenue and support are contributions from donors and investment income.

### b. Summary of Significant Accounting Policies

Following is a summary of the significant accounting policies of the Foundation:

1. The Foundation’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of the Foundation and changes therein are classified and reported as follows:
  - *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations
  - *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board of Directors and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as Net Assets Released from Restrictions.
  - *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned for general or specific purposes.
2. Cash consists of deposits in checking accounts and money market accounts.
3. Investments are carried at fair value based on quoted market prices in active markets. Unrealized gains and losses are included in the change in net assets.

4. The Foundation records investment income earned on temporarily and permanently restricted assets as temporarily restricted revenue.
5. Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:
  - Would typically need to be purchased by the Foundation if the services had not been provided by contribution
  - Require specialized skills
  - Are provided by individuals with those skills

Services contributed by staff of the Library to the Foundation are valued in the Foundation's financial statements at the cost incurred by the Library.

6. Promises to give consist of unconditional promises to give to the Foundation. The carrying amount of promises to give may be reduced by a valuation allowance based on management's assessment of the collectability of specific promise to give balances.
7. Deferred grant revenue at June 30, 2013 resulted from grants for which funds had been received from the grantor, but support revenue had not been recognized as of June 30, 2013 because the funds had not yet been spent for the restricted purpose of the grant. There was not a similar grant situation at June 30, 2014, so there is no deferred grant revenue at June 30, 2014.
8. The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.
9. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
10. As of June 30, 2014, the federal and Illinois tax filings that fall within the applicable statutes of limitation remain open for review by tax authorities.
11. The Foundation's management has reviewed subsequent events through September 05, 2014, which is the date the financial statements were available to be issued.
12. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**c. Cash**

Cash at June 30, 2014 consists of the following:

Checking Accounts	\$ 83,710
Money Market Accounts	25,584
Total	<u>\$ 109,294</u>

At June 30, 2014, the Foundation's bank deposits total of \$97,864, which reconciled to the book balance of \$83,710, was held in one bank and was fully insured by federal deposit insurance. The Foundation's money market accounts are not insured.

**d. Investments**

Investments at June 30, 2014 consist of the following:

Mutual Funds	\$ 311,787
Common Stocks	216,045
Corporate Bonds	146,709
Debt Securities of U.S. Government Sponsored Entities	134,547
U.S. Government Securities	91,527
Municipal Government Securities	77,963
Mortgage Backed Securities	8,677
Total	<u>\$ 987,255</u>

Investment Income on the Statement of Activities consists of the following:

Interest Income	\$ 14,079
Net Realized and Unrealized Gains and (Losses)	72,078
Dividends	12,043
Total	<u>\$ 98,200</u>

All investments are at risk of loss of market value due to numerous economic factors. Investments in debt securities are also at risk of loss due to the potential default of the issuer of the debt. Credit ratings provide a measure of the creditworthiness of debt issuers. Credit ratings are assigned by various third-party credit rating agencies and fall into the following categories, which are presented from the least risk to most risk: Prime, High Grade, Upper Medium Grade, Lower Medium Grade, Non-Investment Grade, Highly Speculative, Substantial Risk, Extremely Speculative, and In Default.

The Foundation's debt based investments at June 30, 2014 have the following ratings:

Prime	\$	226,074
High Grade		21,182
Upper Medium Grade		114,763
Lower Medium Grade		63,269
Not Rated		34,135
Total	\$	<u>459,423</u>

**e. Promises to Give**

Promises to give consist of the following at June 30, 2014:

Current Portion	\$	50,208
Non-Current Portion - Receivable from 1 to 3 Years		61,116
Total	\$	<u>111,324</u>

All promises to give are considered collectible, thus no allowance for uncollectible promises to give has been recorded. The Foundation has not discounted the non-current promises to give as the estimated discount amount is immaterial.

**f. Unrestricted Net Assets**

Unrestricted net assets at June 30, 2014 consists of the following:

Board Designated:		
Endowment	\$	603,758
Schwartz Fund for Library Material		312,101
Undesignated		42,666
Total	\$	<u>958,525</u>

**g. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2014 are available for the following purposes:

Endowment - Implied Time Restriction on Promises to Give Due in Future Years	\$ 94,833
Richard McDonald Endowment	56,796
Friends of the Library	18,795
Children's Programming	16,951
R.D. Burnham Trust - Library Materials	11,195
J.F. Burnham Trust - Library Materials	11,136
Landscape Fund	10,080
Books Today	5,693
Civility	3,133
Teen Fund	736
Total	<u>\$ 229,348</u>

#### **h. Permanently Restricted Net Assets**

Permanently restricted net assets at June 30, 2014 are held to generate income for the following purposes:

R.D. Burnham Trust - Library Materials	\$ 10,000
J.F. Burnham Trust - Library Materials	10,000
Total	<u>\$ 20,000</u>

#### **i. Endowments**

The Foundation has endowment funds established for the purpose of funding the acquisition of Library materials and to support Library programs. The endowments consist of donor-restricted funds as well as Board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's management believes it is following the Uniform Prudent Management of Institutional Funds Act adopted by the State of Illinois based on consultations with an attorney. As a result, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those assets are appropriated for expenditure by the Foundation. The Board of Directs annually approves the appropriation of endowment assets for expenditure.

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return a percentage equivalent with nationally recognized indexes for each investment category. Actual returns in any given year may vary from this objective. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and high quality fixed income securities to achieve its long-term return objectives within prudent risk parameters.

Endowment net asset composition by type of fund at June 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-Restricted	\$ -	\$ 22,331	\$ 20,000	\$ 42,331
Implied-Time Restricted	-	94,833	-	94,833
Unrestricted - Board Designated	603,758	-	-	603,758
	<u>\$ 603,758</u>	<u>\$ 117,164</u>	<u>\$ 20,000</u>	<u>\$ 740,922</u>

The implied-time restricted temporarily restricted balance will be reclassified to unrestricted – Board designated as the related unconditional promises to give are collected in future periods.

Changes in endowment funds for the year ended June 30, 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Endowment Net Assets, Beginning of Year	\$ 446,055	\$ 19,331	\$ 20,000	\$ 485,386
Contributions	131,031	94,833	-	225,864
Interest and Dividends	12,543	992	-	13,535
Net Appreciation, (Depreciation)	41,939	3,280	-	45,219
Expenditures	(27,810)	(1,272)	-	(29,082)
Endowment Net Assets, End of Year	<u>\$ 603,758</u>	<u>\$ 117,164</u>	<u>\$ 20,000</u>	<u>\$ 740,922</u>

**j. Fair Value Measurements**

The fair values of assets measured on a recurring basis at June 30, 2014 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Securities	<u>\$ 987,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,255</u>

Level 1 – Fair value measurements are based on quoted market prices in active markets for identical assets.

Level 2 – Fair value measurements are based on significant other observable inputs.

Level 3 – Fair value measurements are based on significant unobservable inputs.

There were no changes in the valuation techniques used for measuring fair value during the year ended June 30, 2014.

**k. Related Party Transactions**

The Library provided donated services to the Foundation. Donated services consist of salaries and benefits of Library personnel assigned to perform management and fund raising services for the Foundation. For the year ended June 30, 2014, the amount contributed and included as in-kind revenue totaled \$104,233. An equivalent expense is included in the Statement of Activities with \$26,762 in “Management and General” and \$77,471 in “Fund Raising”.

The Foundation provided \$131,887 of monetary support to the Library for materials and programs. The amount is included in program services expenses.

**l. Concentrations**

Contributions from one donor accounted for \$66,600 or approximately 11 percent of the total support and revenue for the year ended June 30, 2014.

**22. Discretely Presented Component Unit – Town of the City of Champaign**

The following notes are provided for the City’s component unit, Town of the City of Champaign:

**a. Summary of Significant Policies**

The financial statements of the Town of the City of Champaign, Illinois (the Township) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all

relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.

## 1. Financial Reporting Entity

The Township is a body corporate and politic established under Illinois Compiled Statutes governed by an elected Board of Trustees and an elected Supervisor. The Township is considered to be a discrete component unit of the City of Champaign, Illinois (the City), based on the operational criteria in GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements 14 and 34*. The members of the Township's Board of Trustees are the members of the City Council of the City of Champaign, Illinois, but there is no financial burden or benefit relationship between the Township and the City and the City's management does not have operational responsibility for the Township.

## 2. Basic Financial Statements

### *Government-Wide Statements*

The Statement of Net Position and Statement of Activities display information about the Township as a whole. They include all funds of the Township. The Statement of Net Position and the Statement of Activities include governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Internal balances and activities within the Township's funds are eliminated in the government-wide financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 22.a.3).

### *Fund Financial Statements*

Fund financial statements of the Township are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures. The Township's funds fall into the governmental fund category. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds.

- b. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the aggregated total for all funds combined.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 21.a.3).

The fund types of the Township are described below:

#### *Governmental Funds*

The focus of the governmental funds' measurement (in the fund financial statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. The following is a description of the governmental funds of the Township:

The General Fund is the general operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Township maintains one major special revenue fund.

#### ➤ Major Special Revenue Fund

General Assistance Fund – The General Assistance Fund accounts for property tax revenues used to provide basic needs assistance to Township citizens that meet specific need criteria.

### 3. Basis of Accounting

#### *Accrual*

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Property taxes are recognized as revenues in the year for which they are levied. Replacement tax is recognized as revenue as soon as the tax is collected by the State of Illinois.

### *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Township considers receipts within 60 days of year end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

Property tax and personal property replacement tax are considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period if applicable to the fiscal year and collected within 60 days of fiscal year end. Property tax is applicable fifty percent to the fiscal year of the tax levy and fifty percent to the following fiscal year. All other revenue items are considered to be measured and available when cash is received by the Township.

#### 4. Cash and Cash Equivalents

For purposes of the financial statements, the Township considers all cash and money market accounts to be cash and cash equivalents.

#### 5. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivable are based upon historical trends and the periodic aging of receivable. Major receivables balances for governmental activities include personal property replacement tax. At June 30, 2014, the estimated receivable allowance equaled \$0.

#### 6. Interfund Balances

Short-term receivables and payables between funds are reported as due from and due to other funds, respectively. Non-current amounts are reported as advances to/from other funds. In governmental funds, advances to other funds as well as other long-term receivables are offset by non-spendable fund balance because they do not represent expendable, available financial resources.

#### 7. Capital Assets

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental funds at the time of purchase. Governmental capital assets are reported in the government-wide financial statements offset by

accumulated depreciation. Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their fair market value on the date donated. Equipment and vehicles, buildings and improvements, and land improvements valued over \$5,000, and land of any value are capitalized. Assets that appreciate in value are capitalized if valued at more than \$5,000.

Depreciation is calculated on all assets other than land and assets that appreciate in value using the straight-line method, mid-month convention with the following estimated useful lives:

Land Improvements	10 Years
Buildings and Improvements	50 Years
Equipment and Vehicles	3-20 Years

#### 8. Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay sick leave amounts when employees separate from service. All vacation leave is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds only if it has been realized or paid, for example, as a result of employee resignations or retirements.

#### 9. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

#### 10. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no item that qualifies for reporting in this category as of June 30, 2014.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item that qualifies for reporting in this category at June 30, 2014. The item, deferred/unavailable revenue, is reported in the Statement of Net Position (deferred revenue) and governmental funds balance sheet (unavailable revenue). The amount represents unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources (revenue) in the period in which property taxes become available.

## 11. Fund Balance

Fund balances are classified as follows:

**Non-Spendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact

**Restricted** – Amounts that can be spent only for specific purposes because of the Township Charter, state or federal laws, or externally imposed conditions by grantors or creditors

**Committed** – Amounts that can be used only for specific purposes determined by a resolution by the Board of Trustees

**Assigned** – Amounts that are designated by the Township Supervisor for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Trustees

**Unassigned** – All amounts not included in other spendable classifications

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the Township considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Township's Board of Trustees has provided otherwise in its commitment or assignment actions.

## 12. Estimates

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

### **b. Budgets and Budgetary Basis of Accounting**

Legal budgets are prepared in the form of an appropriations ordinance for Township funds using the same accounting basis and practices as are used to account for and prepare financial statements. Unexpended appropriations lapse at the end of the fiscal year. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board of Trustees after a public notice and hearing. Appropriations transfers between budget line items may be presented to

the Board at their regular meetings. Each transfer must have Board approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. There were no transfers made after fiscal year end.

A comparison of budget to actual expenditures is provided for the major governmental funds.

### **c. Bank Deposits**

The Township maintains a cash account that is available for use by all Township funds. Illinois statutes authorize the Township to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

#### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. The Township's investment policy addresses custodial credit risk by requiring that all deposits in excess of federal depository insurance are to be collateralized by a written pledge of securities from the depository bank. At June 30, 2014, none of the Township's bank balance of \$46,436 was exposed to custodial credit risk as all deposits were insured by federal deposit insurance.

#### *Credit Risk and Interest Rate Risk – External Investment Pool*

Credit risk is the risk that an issuer will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment or cash equivalent. Interest rate risk is addressed by the Township's investment policy by setting the maximum weighted average maturity of the fixed rate instruments portfolio at two years. Credit risk is addressed by the Township's investment policy by limiting investments to a select group of investment types. The following are the more prominent of the allowable investments:

- Certificates of deposit that are fully insured by FDIC insurance or are collateralized by Township-approved collateral U.S. Treasury Bills and Notes
- Securities backed by the full faith and credit of the U.S. Government (such as GNMA securities) with maximum maturities of five years
- Obligations of U.S. Government sponsored agencies, excluding mortgage backed securities, with a maximum maturity of five years

- Investment pools administered by the State of Illinois or private parties, including bank common trust funds regulated by the Comptroller of the Currency and intergovernmental investment trusts established pursuant to the Illinois Municipal Code
- AAA-rated, SEC registered money market mutual funds whose investment objective includes maintaining the one dollar share value, and whose portfolio consist of dollar denominated securities, including U.S. Treasury, other government, and prime funds
- Managed accounts, including SEC registered bond mutual funds and portfolios managed by investment advisors, all with weighted-average maturities under three years

At June 30, 2014, the Township held \$871,564 in the Illinois Funds Money Market Fund, an external investment pool. The fair value of the Township's position in the fund is equal to the value of the Township's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has an AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

#### **d. Property Tax Cycle**

##### **1. Assessments**

Property is assessed by the elected township assessor at one-third the market value as of January 1 each year. This is the date, called the lien date, on which property taxes "attach" to the property. The Township assessor's books are turned into the County Supervisor of Assessments by April 15. The Board of Review, a three-member panel appointed by the County Board, takes action on assessment complaints and applies individual township multipliers to those townships that are not assessed at one-third. This process equalizes the average ratio of assessments to market value among townships. The Illinois Department of Revenue analyzes the work of the Board of Review and may assign a countywide multiplier to bring the entire County's ratio into line with other counties throughout the state.

##### **2. Taxpayer Appeals**

Taxpayers may file a complaint with the Board of Review if they believe assessments are too high and may make further appeal to the state Property Tax Appeals Board. However, tax levies are determined by local governments not by assessors.

### 3. Property Tax Levies

The calendar 2012 property tax levy passed in December 2012 and the calendar 2013 property tax levy passed in December 2013. Both levies were adopted within the Illinois statutory deadline (the third Tuesday in December). In the governmental fund and government-wide financial statements, property tax levies are reported as receivables, net of an allowance for uncollectible amounts, in the year in which they are adopted. Property tax distributions received within the fiscal year are recognized in that fiscal year as revenue in the governmental funds, up to 50 percent of the calendar year levies noted above. 50 percent of the tax levy is a deferred inflow of resources to the next fiscal year for the governmental fund and government-wide financial statements

Fiscal year 2014 property tax revenue on the statement of activities consists of 50 percent of the calendar 2012 levy and 50 percent of the calendar 2013 levy, less allowances. For fiscal year 2014, property tax revenue on the statement of activities (on the accrual basis) and property tax revenue on the statement of revenue, expenditures, and changes in fund balances (on the modified accrual basis) have been left as equal as actual revenue recognition differences are immaterial.

### 4. Tax Bills

Illinois statutes require the payment of property taxes in two installments due June 1 and September 1, and require that tax bills be mailed 30 days prior to the first installment. Property tax bills mailed in 2014 were based on equalized assessed value as of January 1, 2013, and on tax levies set in December 2013.

### 5. Tax Distributions

The County Treasurer is also the County Collector and is in charge of collecting and distributing property taxes. The Collector generally distributes taxes to the taxing bodies shortly after taxes are paid. The County may not keep tax receipts on behalf of other units of local government beyond 30 days. In 2013, all property taxes were distributed by November 15. Interest earned on taxes before distribution goes to the local governments.

#### **e. Property Taxes Receivable**

Property taxes receivable in the governmental fund and government-wide financial statements consist of property taxes levied in 2013, for which a legal claim exists in 2014. The revenue associated with up to 50 percent of the 2013 levy is recognized in the governmental fund and government-wide financial statements if received within the fiscal year. The property taxes received beyond fiscal year end are considered unavailable until the next fiscal year. A summary of property taxes receivable by fund type at June 30, 2014 is shown below:

<u>Fund Type</u>	<u>Property Taxes Levied</u>	<u>Property Taxes Receivable</u>	<u>Unavailable Revenue</u>
General	\$ 463,363	\$ 216,680	\$ 231,682
Special Revenue	115,840	54,170	57,920
Total	<u>\$ 579,203</u>	<u>\$ 270,850</u>	<u>\$ 289,602</u>

Based on past collection experience, the Township has applied no allowance for doubtful collections against the property tax receivable as the estimated allowance is considered immaterial by the Township's management.

**f. Capital Assets**

Governmental capital asset activity for the year was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2014</u>
Depreciable Capital Assets:				
Buildings and Improvements	\$ 193,265	\$ -	\$ -	\$ 193,265
Equipment and Vehicles	22,337	-	-	22,337
	<u>215,602</u>	<u>-</u>	<u>-</u>	<u>215,602</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(165,867)	(1,958)	-	(167,825)
Equipment and Vehicles	(19,383)	(198)	-	(19,581)
	<u>(185,250)</u>	<u>(2,156)</u>	<u>-</u>	<u>(187,406)</u>
Total Depreciable Capital Assets	<u>\$ 30,352</u>	<u>\$ (2,156)</u>	<u>\$ -</u>	<u>\$ 28,196</u>

Depreciation expense of \$2,156 was charged to the general government function in fiscal year 2014.

**g. Changes in Long-Term Debt**

The following is a summary of changes in the Township's long-term debt of the governmental activities for the year ended June 30, 2014.

	<u>June 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
Accrued Compensated Absences	\$ 10,906	\$ 15,780	\$ 12,591	\$ 14,095	\$ 14,095

Accrued compensated absences are paid from the General and General Assistance Funds.

**h. Restricted Net Position and Restricted Fund Balance**

At June 30, 2014, the Township had restricted net position and restricted fund balance that are restricted due to enabling legislation as follows:

Unspent Tax Levy Allocations for:	
General Assistance Expenditures	\$ 408,913
IMRF Expenditures	11,950
Social Security Expenditures	<u>752</u>
 Total	 <u><u>\$ 421,615</u></u>

**i. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables at June 30, 2014, are summarized below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 405,539
General Assistance	<u>405,539</u>	<u>-</u>
 Total	 <u><u>\$ 405,539</u></u>	 <u><u>\$ 405,539</u></u>

The General Fund holds the cash and cash equivalents of the Township. The General Assistance Fund's receivable from the General Fund is considered fully current as the General Fund holds sufficient cash and cash equivalents at June 30, 2014 to honor the interfund balance.

There were no interfund transfers during the year ended June 30, 2014.

**j. Related Party Transactions**

During the year ended June 30, 2014, the Township, a component unit of the City, entered into an agreement with the City to pay the City for legal, financial and payroll, human resources, and information technologies services provided to the Township. Under the terms of the agreement, the Township will compensate the City \$25,000 annually for these services. The annual amount will increase at the beginning of each new fiscal year, at the same rate as any cost of living compensation increased provided by the City to its non-bargaining unit employees. The agreement may be terminated by the City Manager or Township Supervisor upon written notice not less than 60 days prior to the desired termination date, or it may be terminated at any time upon the mutual agreement of the City Manager and Township Supervisor. For the year ended June 30, 2014, the Township incurred \$25,000 under the terms of this agreement. As of June 30, 2014, \$25,000 is due to the City.

**k. Risk of Loss**

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended June 30, 2014, there were no significant reductions in coverage. There have been no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

**l. Defined Benefit Pension Plan**

*Plan Description* – The Township’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Township’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy* – As set by statute, the Township’s Regular Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 12.26 percent. The Township also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost* – The required contribution for calendar year 2013 was \$39,682. Through June 30, 2014, the Township’s net pension obligation was \$8,048. The Township’s management considers this an immaterial and temporary amount that will be funded within the next fiscal year and has not recorded a liability or expense for this net pension obligation on the government-wide financial statements.

**Three-Year Trend Information for the Regular Plan**

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/13	\$ 39,682	100%	\$ 8,048
12/31/12	39,809	100%	8,048
12/31/11	35,734	82%	8,048

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of the Township's Regular Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The Township's Regular Plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress* – As of December 31, 2013, the most recent actuarial valuation date, the Regular Plan was 90.64 percent funded. The actuarial accrued liability for benefits was \$1,190,303 and the actuarial value of assets was \$1,078,856, resulting in an underfunded actuarial accrued liability (UAAL) of \$111,447. The covered payroll (annual payroll of active employees covered by the Plan) was \$323,669 and the ratio of UAAL to the covered payroll was 34 percent.

The IMRF schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Township provides no other post-employment benefits to employees.

**23. Construction Commitments**

Through the date of the independent auditor's report, the City has the following significant construction or repair project commitments. The expenditures/expenses for these commitments will be incurred mainly in fiscal year 2014 from capital project funds:

Purpose	Commitment
West Washington Watershet Drainage	\$ 1,664,323
Asphalt Overlay	1,607,335
Curtis Road	1,306,985
Storm Sewer Rehabilitation	1,090,135
Windsor Road Bridge Approach	976,200
Market Street Improvements	795,652
South Fourth Street Extension	748,541
Healey Street	732,641
Storm Sewer Maintenance	560,732

**24. Subsequent Event**

The City is currently planning on securing a loan for approximately \$3,524,000 to be used for acquiring and demolishing property in the Bristol Place neighborhood.

**25. New Accounting Pronouncement**

For the fiscal year ending June 30, 2015, the City will adopt the requirements of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement Number 27*. The adoption of this standard will result in the recognition of a liability on the City’s Statement of Net Position, in the governmental activities, equal to the sum of the net pension liability of each of the City’s pension plans. As of the date of the auditor’s report, the City is aware of the following net pension liability amount at June 30, 2014:

Firefighters Pension Fund	\$ 10,096,899
Police Pension Fund	\$ 25,820,030

The adoption of this standard will also result in the recognition of deferred outflows or inflows of resources on the City’s Statement of Net Position, in the governmental activities, equal to the sum of the deferred outflows or inflows of resources of each of the City’s pension plans. As of the date of the auditor’s report, the City is aware of the following deferred inflows of resources at June 30, 2014:

Firefighters Pension Fund	\$ 3,310,695
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As of the date of the auditor’s report, the amount of net pension liability, if any, and deferred outflows or inflows of resources, if any, at June 30, 2014 for the City’s other pension plans was not available.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

1. Schedules of Funding Progress (Unaudited)
  - a. Illinois Municipal Retirement Fund – Excluding Township Employees
  - b. Illinois Municipal Retirement Fund – Township Employees
  - c. Sheriff’s Law Enforcement Personnel Fund
  - d. Police Pension Fund
  - e. Firefighters’ Pension Fund
  - f. Other Post-Employment Benefit Plan
2. Schedules of Employer Contributions (Unaudited)
  - a. Police Pension Fund
  - b. Firefighters’ Pension Fund

Required Supplementary Information

SCHEDULES OF FUNDING PROGRESS  
(Unaudited)

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2013	\$ 50,226,957	\$ 60,939,604	\$ 10,712,647	82.42%	\$ 19,182,472	55.85%
12/31/2012	47,522,297	60,447,251	12,924,954	78.62%	18,957,283	68.18%
12/31/2011	47,646,234	60,708,987	13,062,753	78.48%	19,783,899	66.03%

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$60,616,063. On a market basis, the funded ratio would be 99.47 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

**Illinois Municipal Retirement Fund – Town of the City of Champaign Component Unit**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2013	\$ 1,078,856	\$ 1,190,303	\$ 111,447	90.64%	\$ 323,669	34.43%
12/31/2012	933,856	1,163,287	229,431	80.28%	322,861	71.06%
12/31/2011	841,376	1,043,411	202,035	80.64%	308,586	65.47%

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$1,251,908. On a market basis, the funded ratio would be 105.18 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Town of the City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

### Sheriff's Law Enforcement Personnel Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2013	\$ (209,717)	\$ -	\$ 209,717	0.00%	\$ -	0.00%
12/31/2012	(238,657)	-	238,657	0.00%	44,826	532.41%
12/31/2011	255,154	416,808	161,654	61.22%	143,380	112.75%

On a market value basis, the actuarial value of assets as of December 31, 2013 was \$(178,977).  
On a market basis, the funded ratio would be zero percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Champaign. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

### Police Pension Fund

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City's funding of the Plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan's separately issued report.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2013	\$ 75,063,041	\$ 100,883,071	\$ 25,820,030	74.41%	\$ 8,653,505	298.38%
6/30/2012	67,874,509	94,995,432	27,120,923	71.45%	8,118,801	334.05%
6/30/2011	66,623,613	91,320,000	24,696,387	72.96%	8,669,724	284.86%
6/30/2010	57,901,666	86,627,280	28,725,614	66.84%	8,447,873	340.03%
6/30/2009	52,600,828	83,415,642	30,814,814	63.06%	8,249,582	373.53%
6/30/2008	55,488,801	80,079,990	24,591,189	69.29%	8,033,356	306.11%

### Firefighters' Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2013	\$ 65,785,730	\$ 80,440,881	14,655,151	81.78%	\$ 6,983,751	209.85%
6/30/2012	61,429,036	76,947,315	15,518,279	79.83%	6,770,301	229.21%
6/30/2011	58,887,635	75,351,909	16,464,274	78.15%	7,091,001	232.19%
6/30/2010	54,144,243	72,951,486	18,807,243	74.22%	7,017,586	268.00%
6/30/2009	52,125,331	70,880,310	18,754,979	73.54%	7,196,912	260.60%
6/30/2008	50,393,274	67,687,588	17,294,314	74.45%	6,623,914	261.09%

### Other Post-Employment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2014	\$ -	\$ 9,883,763	\$ 9,883,763	0.00%	\$ 28,468,205	34.72%
6/30/2013	-	9,242,930	9,242,930	0.00%	27,505,512	33.60%
6/30/2012	-	10,611,693	10,611,693	0.00%	29,825,063	35.58%

Required Supplementary Information

SCHEDULES OF EMPLOYER CONTRIBUTIONS  
(Unaudited)

**Police Pension Fund**

The actuarial information presented below for the Police Pension Plan is provided by an actuarial report commissioned by the City and used for the City's funding of the Plan. The actuarial amounts presented do not reflect the disclosures in the Police Pension Plan's separately issued report.

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contributions	Percent Contributed
2014	\$ 4,642,152	\$ 3,028,152	153.30%
2013	4,327,098	2,745,266	157.62%
2012	4,108,746	2,755,582	149.11%
2011	3,689,647	2,674,007	137.98%
2010	3,363,916	2,528,050	133.06%
2009	3,277,517	2,267,217	144.56%

**Firefighters' Pension Fund**

Fiscal Year Ended June 30,	Employer Contributions	Annual Required Contributions	Percent Contributed
2014	\$ 3,842,882	\$ 3,404,595	112.87%
2013	3,752,286	3,381,486	110.97%
2012	3,821,175	3,459,609	110.45%
2011	3,486,399	3,865,208	90.20%
2010	3,202,615	3,738,786	85.66%
2009	2,997,872	3,264,497	91.83%

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial schedules, which are not required by the GASB, but are presented for purposes of additional analysis.

Such schedules include:

- Combining Statements and Schedules – Non-Major Governmental Funds
- Budgetary Comparison Schedules – Non-Major Special Revenue Funds and Capital Improvement Funds
- Budgetary Comparison Schedules – Major Debt Service Fund and Capital Improvement Funds
- Budgetary Comparison Schedules – General Fund Detail Revenues and Expenditures
- Combining Statements – Internal Service Funds
- Budgetary Comparison Schedules – Internal Service Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds

**OTHER SUPPLEMENTARY INFORMATION –  
NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**NON-MAJOR SPECIAL REVENUE FUNDS**

**Community Development Fund**

The Community Development Fund is used to account for the federal revenue received under the Community Development Block Grant Program. These funds are used to preserve the City of Champaign, Illinois' (the City) housing stock and to eliminate blight, primarily for the benefit of citizens with low to moderate incomes. The Community Development Fund is a non-major fund. Activities include:

- Acquisition and demolition of dilapidated structures
- Rehabilitation of substandard homes
- Capital improvements within eligible areas
- Relocation of individuals or families displaced by redevelopment

**Food and Beverage Tax Fund**

The Food and Beverage Tax Fund is used to account for a portion of the revenues derived from a 0.5 percent tax on food and alcoholic beverages for immediate consumption. Revenues are used to fund infrastructure and building improvements in the University of Illinois Campustown area. The Food and Beverage Tax Fund is a non-major fund.

**North Campus Area TIF District Fund**

The North Campus Area Tax Increment Financing (TIF) District Fund is used to account for incremental property tax revenues from properties located in the North Campus Area TIF District. Established in 2002, the City's third TIF District's funds are being used to reduce or eliminate blight in the North Campustown area and provide grants for businesses. The North Campus Area TIF District Fund is a non-major fund.

**Urban Renewal Fund**

The Urban Renewal Fund is used to account for a portion of the revenues derived from a tax on utility usage to fund the construction and rehabilitation of capital improvements and housing projects, which eliminate blight and conditions of deterioration throughout the City. The Urban Renewal Fund is a non-major fund.

### **Downtown TIF Fund**

The Downtown TIF Fund is used to account for the revenues derived from the property tax on increased assessed valuation of property in the City's downtown area. Established in 1981 under the Real Property Tax Increment Redevelopment Act, the funds are used within the City for capital improvement projects, grants for businesses and other revitalization activities aimed at reducing or eliminating blighted conditions. The Downtown TIF Fund is a non-major fund.

### **East University Avenue TIF Fund**

The East University Avenue TIF Fund is used to account for incremental property tax revenues from properties located in the East University Avenue area. Established in 1986, the City's second Tax Increment Financing District's funds are being used to reduce or eliminate blight in the East University Avenue area and provide grants for businesses. The East University Avenue TIF Fund is a non-major fund.

### **Urban Development Action Grant Fund**

The Urban Development Action Grant Fund is used to account for the revenues received under the Urban Development Action Grant Program. These funds are used to promote economic development and neighborhood conservation and revitalization through activities designed to benefit low and moderate-income persons. The Urban Development Action Grant Fund is a non-major fund.

### **Foreign Fire Insurance Tax Fund**

The Foreign Fire Insurance Tax Fund is used to account for the revenues from a tax on fire insurance policies sold by foreign (out of state) insurance companies, and to account for the expenditures of those revenues for the operation and maintenance of the fire department. The Foreign Fire Insurance Tax Fund is a non-major fund.

### **Narcotics Forfeitures Fund**

The Narcotics Forfeitures Fund is used to account for the revenues generated through street enforcement action against suspected and known drug dealers and users. Through declaration of the court, money or property seized during enforcement action is forfeited to the City and is used for the enforcement of the Cannabis Control Act and the Controlled Substance Act. The Narcotics Forfeitures Fund is a non-major fund.

### **Urbana Champaign Big Broadband (UC2B) Operations Fund**

The Urbana Champaign Big Broadband (UC2B) Operations Fund is used to account for the receipt and disbursement of monies received as a sub-grantee of federal funds awarded to the University of Illinois. UC2B is a fiber optic infrastructure that delivers the fastest, most state-of-the-art network communication technology on the planet. UC2B is an intergovernmental consortium of the University of Illinois and the cities of Champaign and Urbana.

## **Local Motor Fuel Tax Fund**

The Local Motor Fuel Tax Fund is used to account for the revenues derived from the City's four cent per gallon tax on retail purchases of gasoline in the City. The tax is also charged on bulk fuel purchases (including those made by the City itself) if the fuel is stored within the City limits. By ordinance, the funds provide additional resources to help pay for transportation infrastructure projects per the City's 10-year Street Improvements Plan.

## **ARRA Grant Fund**

The ARRA Grant Fund is used to account for the revenues of the Community Development Block Grant received from stimulus funding provided by the American Recovery and Revitalization Act. Similar to the Community Development Fund, these funds are used to preserve the City's housing stock and to eliminate blight, primarily for the benefit of citizens with low to moderate incomes. The ARRA Grant Fund is a non-major fund.

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by business-type/proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

## **NON-MAJOR CAPITAL PROJECTS FUNDS**

### **Vehicle Replacement Fund**

The Vehicle Replacement Fund is used to account for the resources allocated to provide a source of capital funds to replace vehicles on a timely schedule. The Vehicle Replacement Fund is a non-major fund.

### **Library Improvement Fund**

The Library Improvement Fund is used to provide a funding source for maintenance and capital improvement activities for the Champaign Public Library. The Library Improvement Fund is a non-major fund.

### **Equipment Replacement Fund**

The Equipment Replacement Fund is used to account for the resources allocated to provide funding for the long-term replacement program for major capital equipment, other than vehicles, owned and operated by the City. The Equipment Replacement Fund is a non-major fund.

CITY OF CHAMPAIGN, ILLINOIS  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2014

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 14,464,022	\$ 7,824,352	\$ 22,288,374
Receivables - Net of Allowances:			
Property Taxes	1,683,146	196,645	1,879,791
Accrued Interest	6,480	3,628	10,108
Prepays	904	-	904
Other	251,653	-	251,653
	<u>\$ 16,406,205</u>	<u>\$ 8,024,625</u>	<u>\$ 24,430,830</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 637,057	\$ 37,804	\$ 674,861
Retainage Payable	26,002	-	26,002
Accrued Payroll	13,914	-	13,914
Total Liabilities	<u>676,973</u>	<u>37,804</u>	<u>714,777</u>
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	1,683,146	210,394	1,893,540
Fund Balances:			
Non-Spendable	904	-	904
Restricted	8,426,588	124,691	8,551,279
Committed	5,619,858	7,651,736	13,271,594
Unassigned	(1,264)	-	(1,264)
Total Fund Balances	<u>14,046,086</u>	<u>7,776,427</u>	<u>21,822,513</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,406,205</u>	<u>\$ 8,024,625</u>	<u>\$ 24,430,830</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Combining Balance Sheet  
 Non-Major Special Revenue Funds  
 June 30, 2014

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	Downtown TIF	East University Avenue TIF	Urban Development Action Grant	Foreign Fire Insurance Tax	Narcotics Forfeitures	UC2B	Local Motor Fuel Tax	ARRA Grant	Total Non- Major Special Revenue Funds
<b>ASSETS</b>													
Cash and Investments	\$ 157,549	\$ 5,270,612	\$ 662,448	\$ 2,265,761	\$ 1,596,893	\$ 1,515,186	\$ 874,898	\$ 209,275	\$ 132,714	\$ 153,177	\$ 1,625,509	\$ -	\$ 14,464,022
Receivables - Net of Allowances:													
Property Taxes	-	-	485,246	-	1,102,138	95,762	-	-	-	-	-	-	1,683,146
Accrued Interest	-	2,481	271	1,070	551	764	436	101	47	-	759	-	6,480
Prepays	904	-	-	-	-	-	-	-	-	-	-	-	904
Other	-	62,042	-	74,543	-	-	200	-	-	15,590	99,278	-	251,653
<b>Total Assets</b>	<b>\$ 158,453</b>	<b>\$ 5,335,135</b>	<b>\$ 1,147,965</b>	<b>\$ 2,341,374</b>	<b>\$ 2,699,582</b>	<b>\$ 1,611,712</b>	<b>\$ 875,534</b>	<b>\$ 209,376</b>	<b>\$ 132,761</b>	<b>\$ 168,767</b>	<b>\$ 1,725,546</b>	<b>\$ -</b>	<b>\$ 16,406,205</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>													
Liabilities:													
Accounts Payable	\$ 6,452	\$ 92,194	\$ 259,800	\$ 14,890	\$ 17,208	\$ 5,653	\$ 661	\$ 11,958	\$ 2,581	\$ 170,031	\$ 55,629	\$ -	\$ 637,057
Retainage Payable	-	-	26,002	-	-	-	-	-	-	-	-	-	26,002
Accrued Payroll	13,914	-	-	-	-	-	-	-	-	-	-	-	13,914
<b>Total Liabilities</b>	<b>20,366</b>	<b>92,194</b>	<b>285,802</b>	<b>14,890</b>	<b>17,208</b>	<b>5,653</b>	<b>661</b>	<b>11,958</b>	<b>2,581</b>	<b>170,031</b>	<b>55,629</b>	<b>-</b>	<b>676,973</b>
Deferred Inflows of Resources:													
Unavailable Revenue - Property Taxes	-	-	485,246	-	1,102,138	95,762	-	-	-	-	-	-	1,683,146
Fund Balances:													
Non-Spendable	904	-	-	-	-	-	-	-	-	-	-	-	904
Restricted	137,183	-	-	2,326,484	1,580,236	1,510,297	874,873	197,418	130,180	-	1,669,917	-	8,426,588
Committed	-	5,242,941	376,917	-	-	-	-	-	-	-	-	-	5,619,858
Unassigned	-	-	-	-	-	-	-	-	-	(1,264)	-	-	(1,264)
<b>Total Fund Balances</b>	<b>138,087</b>	<b>5,242,941</b>	<b>376,917</b>	<b>2,326,484</b>	<b>1,580,236</b>	<b>1,510,297</b>	<b>874,873</b>	<b>197,418</b>	<b>130,180</b>	<b>(1,264)</b>	<b>1,669,917</b>	<b>-</b>	<b>14,046,086</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 158,453</b>	<b>\$ 5,335,135</b>	<b>\$ 1,147,965</b>	<b>\$ 2,341,374</b>	<b>\$ 2,699,582</b>	<b>\$ 1,611,712</b>	<b>\$ 875,534</b>	<b>\$ 209,376</b>	<b>\$ 132,761</b>	<b>\$ 168,767</b>	<b>\$ 1,725,546</b>	<b>\$ -</b>	<b>\$ 16,406,205</b>

CITY OF CHAMPAIGN, ILLINOIS  
Combining Balance Sheet  
Non-Major Capital Projects Funds  
June 30, 2014

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,378,669	\$ 138,381	\$ 4,307,302	\$ 7,824,352
Receivables - Net of Allowances:				
Property Taxes	-	196,645	-	196,645
Accrued Interest	1,502	59	2,067	3,628
 Total Assets	<u>\$ 3,380,171</u>	<u>\$ 335,085</u>	<u>\$ 4,309,369</u>	<u>\$ 8,024,625</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 52	\$ -	\$ 37,752	\$ 37,804
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	-	210,394	-	210,394
Fund Balances:				
Restricted	-	124,691	-	124,691
Committed	3,380,119	-	4,271,617	7,651,736
Total Fund Balances	<u>3,380,119</u>	<u>124,691</u>	<u>4,271,617</u>	<u>7,776,427</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,380,171</u>	<u>\$ 335,085</u>	<u>\$ 4,309,369</u>	<u>\$ 8,024,625</u>

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended June 30, 2014

	Non-Major Special Revenue	Non-Major Capital Projects	Total Non-Major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,120,611	\$ 420,238	\$ 6,540,849
Intergovernmental	1,222,221	-	1,222,221
Fines and Forfeitures	142,120	-	142,120
Reimbursements from Outside Agencies	252,562	-	252,562
Interest and Investment Income (Loss)	174,169	98,163	272,332
Miscellaneous	148,019	247	148,266
Total Revenues	<u>8,059,702</u>	<u>518,648</u>	<u>8,578,350</u>
<b>Expenditures</b>			
Current:			
General Government	479,331	-	479,331
Public Safety	211,646	-	211,646
Public Works	489,599	23,282	512,881
Public Health and Welfare	3,217,368	-	3,217,368
Culture and Recreation	-	340	340
Capital Outlay	878,043	2,898,503	3,776,546
Total Expenditures	<u>5,275,987</u>	<u>2,922,125</u>	<u>8,198,112</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,783,715</u>	<u>(2,403,477)</u>	<u>380,238</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	-	67,150	67,150
Transfers In	936	2,607,000	2,607,936
Transfers Out	(819,358)	(846,699)	(1,666,057)
Total Other Financing Sources (Uses)	<u>(818,422)</u>	<u>1,827,451</u>	<u>1,009,029</u>
<b>Net Change in Fund Balances</b>	1,965,293	(576,026)	1,389,267
<b>Fund Balances, Beginning of Year</b>	<u>12,080,793</u>	<u>8,352,453</u>	<u>20,433,246</u>
<b>Fund Balances, End of Year</b>	<u>\$ 14,046,086</u>	<u>\$ 7,776,427</u>	<u>\$ 21,822,513</u>

**CITY OF CHAMPAIGN, ILLINOIS**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**  
**For the Year Ended June 30, 2014**

	Community Development	Food & Beverage	North Campus Area TIF	Urban Renewal	Downtown TIF
<b>Revenues</b>					
Taxes	\$ -	\$ 769,214	\$ 955,172	\$ 973,838	\$ 1,935,787
Intergovernmental	806,896	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Reimbursements from Outside Agencies	20,011	10,782	-	750	-
Interest and Investment Income (Loss)	-	66,964	6,621	28,222	16,034
Miscellaneous	1,371	-	-	-	-
<b>Total Revenues</b>	<u>828,278</u>	<u>846,960</u>	<u>961,793</u>	<u>1,002,810</u>	<u>1,951,821</u>
<b>Expenditures</b>					
Current:					
General Government	-	479,331	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health and Welfare	726,998	-	78,033	563,669	1,245,492
Capital Outlay	-	-	260,094	13,883	-
<b>Total Expenditures</b>	<u>726,998</u>	<u>479,331</u>	<u>338,127</u>	<u>577,552</u>	<u>1,245,492</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>101,280</u>	<u>367,629</u>	<u>623,666</u>	<u>425,258</u>	<u>706,329</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	936	-
Transfers Out	(3,282)	-	(598,966)	-	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,282)</u>	<u>-</u>	<u>(598,966)</u>	<u>936</u>	<u>(200,000)</u>
<b>Net Change in Fund Balances</b>	97,998	367,629	24,700	426,194	506,329
<b>Fund Balances, Beginning of Year</b>	<u>40,089</u>	<u>4,875,312</u>	<u>352,217</u>	<u>1,900,290</u>	<u>1,073,907</u>
<b>Fund Balances, End of Year</b>	<u>\$ 138,087</u>	<u>\$ 5,242,941</u>	<u>\$ 376,917</u>	<u>\$ 2,326,484</u>	<u>\$ 1,580,236</u>

East University Avenue TIF	Urban Development Action Grant	Foreign Fire Insurance Tax	Narcotics Forfeitures	UC2B	Local Motor Fuel Tax	ARRA Grant	Total Non-Major Special Revenue Funds
\$ 183,425	\$ -	\$ 112,647	\$ -	\$ -	\$ 1,190,528	\$ -	\$ 6,120,611
-	257,311	-	4,250	153,764	-	-	1,222,221
-	-	-	142,120	-	-	-	142,120
-	-	-	-	221,019	-	-	252,562
21,104	11,228	2,749	1,176	904	19,167	-	174,169
-	97,432	-	-	49,216	-	-	148,019
<u>204,529</u>	<u>365,971</u>	<u>115,396</u>	<u>147,546</u>	<u>424,903</u>	<u>1,209,695</u>	<u>-</u>	<u>8,059,702</u>
-	-	-	-	-	-	-	479,331
-	-	89,619	122,027	-	-	-	211,646
-	-	-	-	186,707	302,892	-	489,599
313,888	289,288	-	-	-	-	-	3,217,368
-	-	-	-	230,527	373,539	-	878,043
<u>313,888</u>	<u>289,288</u>	<u>89,619</u>	<u>122,027</u>	<u>417,234</u>	<u>676,431</u>	<u>-</u>	<u>5,275,987</u>
<u>(109,359)</u>	<u>76,683</u>	<u>25,777</u>	<u>25,519</u>	<u>7,669</u>	<u>533,264</u>	<u>-</u>	<u>2,783,715</u>
-	-	-	-	-	-	-	936
-	-	-	(16,174)	-	-	(936)	(819,358)
-	-	-	(16,174)	-	-	(936)	(818,422)
(109,359)	76,683	25,777	9,345	7,669	533,264	(936)	1,965,293
<u>1,619,656</u>	<u>798,190</u>	<u>171,641</u>	<u>120,835</u>	<u>(8,933)</u>	<u>1,136,653</u>	<u>936</u>	<u>12,080,793</u>
<u>\$ 1,510,297</u>	<u>\$ 874,873</u>	<u>\$ 197,418</u>	<u>\$ 130,180</u>	<u>\$ (1,264)</u>	<u>\$ 1,669,917</u>	<u>\$ -</u>	<u>\$ 14,046,086</u>

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non-Major Capital Projects Funds  
For the Year Ended June 30, 2014

	Vehicle Replacement	Library Improvement	Equipment Replacement	Total Non-Major Capital Projects Projects Funds
<b>Revenues</b>				
Taxes	\$ -	\$ 420,238	\$ -	\$ 420,238
Interest and Investment Income (Loss)	40,884	1,718	55,561	98,163
Miscellaneous	-	-	247	247
Total Revenues	<u>40,884</u>	<u>421,956</u>	<u>55,808</u>	<u>518,648</u>
<b>Expenditures</b>				
Current:				
Public Works	23,282	-	-	23,282
Culture and Recreation	-	340	-	340
Capital Outlay	2,480,367	-	418,136	2,898,503
Total Expenditures	<u>2,503,649</u>	<u>340</u>	<u>418,136</u>	<u>2,922,125</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,462,765)</u>	<u>421,616</u>	<u>(362,328)</u>	<u>(2,403,477)</u>
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	67,150	-	-	67,150
Transfers In	1,515,340	-	1,091,660	2,607,000
Transfers Out	-	(421,189)	(425,510)	(846,699)
Total Other Financing Sources (Uses)	<u>1,582,490</u>	<u>(421,189)</u>	<u>666,150</u>	<u>1,827,451</u>
<b>Net Change in Fund Balances</b>	(880,275)	427	303,822	(576,026)
<b>Fund Balances, Beginning of Year</b>	<u>4,260,394</u>	<u>124,264</u>	<u>3,967,795</u>	<u>8,352,453</u>
<b>Fund Balances, End of Year</b>	<u>\$ 3,380,119</u>	<u>\$ 124,691</u>	<u>\$ 4,271,617</u>	<u>\$ 7,776,427</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Community Development - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ 4,031,574	\$ 704,817	\$ 806,896
Reimbursements from Outside Agencies	20,000	20,000	20,011
Miscellaneous	7,300	1,800	1,371
Total Revenues	<u>4,058,874</u>	<u>726,617</u>	<u>828,278</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	419,134	409,866	430,810
Contractual Services	695,349	511,380	290,282
Commodities	6,400	7,400	5,906
Total Expenditures	<u>1,120,883</u>	<u>928,646</u>	<u>726,998</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,937,991	(202,029)	101,280
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(3,282)</u>	<u>(3,282)</u>	<u>(3,282)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,934,709</u>	<u>\$ (205,311)</u>	97,998
<b>Fund Balance, Beginning of Year</b>			<u>40,089</u>
<b>Fund Balance, End of Year</b>			<u>\$ 138,087</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Food and Beverage Tax - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Food and Beverage Tax	\$ 736,282	\$ 708,792	\$ 769,214
Reimbursements from Outside Agencies	-	-	10,782
Interest and Investment Income (Loss)	24,860	16,852	66,964
Total Revenues	<u>761,142</u>	<u>725,644</u>	<u>846,960</u>
<b>Expenditures</b>			
Current:			
General Government:			
Personnel Services	75,061	78,344	66,219
Contractual Services	729,491	1,143,385	413,112
Total Expenditures	<u>804,552</u>	<u>1,221,729</u>	<u>479,331</u>
<b>Net Change in Fund Balance</b>	<u>\$ (43,410)</u>	<u>\$ (496,085)</u>	367,629
<b>Fund Balance, Beginning of Year</b>			<u>4,875,312</u>
<b>Fund Balance, End of Year</b>			<u>\$ 5,242,941</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 North Campus Area TIF District - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 792,301	\$ 781,489	\$ 955,172
Interest and Investment Income (Loss)	-	1,738	6,621
Total Revenues	<u>792,301</u>	<u>783,227</u>	<u>961,793</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Contractual Services	190,000	190,000	78,033
Capital Outlay	620,000	620,000	260,094
Total Expenditures	<u>810,000</u>	<u>810,000</u>	<u>338,127</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(17,699)</u>	<u>(26,773)</u>	<u>623,666</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(639,450)	(639,450)	(598,966)
Total Other Financing Sources (Uses)	<u>(639,450)</u>	<u>(639,450)</u>	<u>(598,966)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (657,149)</u>	<u>\$ (666,223)</u>	24,700
<b>Fund Balance, Beginning of Year</b>			<u>352,217</u>
<b>Fund Balance, End of Year</b>			<u>\$ 376,917</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Urban Renewal - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Utility Taxes	\$ 937,579	\$ 935,306	\$ 973,838
Reimbursements from Outside Agencies	-	-	750
Interest and Investment Income (Loss)	10,200	6,638	28,222
Total Revenues	<u>947,779</u>	<u>941,944</u>	<u>1,002,810</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	406,411	393,745	364,329
Contractual Services	646,849	143,546	135,669
Commodities	66,900	62,906	63,671
Capital Outlay	1,347,993	968,385	13,883
Total Expenditures	<u>2,468,153</u>	<u>1,568,582</u>	<u>577,552</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,520,374)	(626,638)	425,258
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>215,038</u>	<u>378,092</u>	<u>936</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,305,336)</u>	<u>\$ (248,546)</u>	426,194
<b>Fund Balance, Beginning of Year</b>			<u>1,900,290</u>
<b>Fund Balance, End of Year</b>			<u>\$ 2,326,484</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Downtown TIF - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 1,651,112	\$ 1,685,665	\$ 1,935,787
Interest and Investment Income (Loss)	4,499	5,166	16,034
Total Revenues	<u>1,655,611</u>	<u>1,690,831</u>	<u>1,951,821</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	168,102	171,302	171,302
Contractual Services	1,439,738	1,171,386	1,074,190
Capital Outlay	-	30,000	-
Total Expenditures	<u>1,607,840</u>	<u>1,372,688</u>	<u>1,245,492</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	47,771	318,143	706,329
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (152,229)</u>	<u>\$ 118,143</u>	506,329
<b>Fund Balance, Beginning of Year</b>			<u>1,073,907</u>
<b>Fund Balance, End of Year</b>			<u>\$ 1,580,236</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 East University Avenue TIF - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 181,014	\$ 172,000	\$ 183,425
Interest and Investment Income (Loss)	9,303	6,906	21,104
Total Revenues	<u>190,317</u>	<u>178,906</u>	<u>204,529</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	9,000	34,300	34,300
Contractual Services	378,575	287,750	279,588
Capital Outlay	525,169	-	-
Total Expenditures	<u>912,744</u>	<u>322,050</u>	<u>313,888</u>
<b>Net Change in Fund Balance</b>	<u>\$ (722,427)</u>	<u>\$ (143,144)</u>	(109,359)
<b>Fund Balance, Beginning of Year</b>			<u>1,619,656</u>
<b>Fund Balance, End of Year</b>			<u>\$ 1,510,297</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Urban Development Action Grant - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental Grants	\$ 278,666	\$ 164,586	\$ 257,311
Reimbursements from Outside Agencies	15,000	10,000	-
Interest and Investment Income (Loss)	15,000	8,000	11,228
Miscellaneous	10,525	99,568	97,432
Total Revenues	<u>319,191</u>	<u>282,154</u>	<u>365,971</u>
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	57,691	344,432	38,068
Contractual Services	1,076,979	430,273	251,220
Total Expenditures	<u>1,134,670</u>	<u>774,705</u>	<u>289,288</u>
<b>Net Change in Fund Balance</b>	<u>\$ (815,479)</u>	<u>\$ (492,551)</u>	76,683
<b>Fund Balance, Beginning of Year</b>			<u>798,190</u>
<b>Fund Balance, End of Year</b>			<u>\$ 874,873</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Foreign Fire Insurance Tax - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Foreign Fire Insurance Tax	\$ 105,000	\$ 112,647	\$ 112,647
Interest and Investment Income (Loss)	956	2,000	2,749
Total Revenues	<u>105,956</u>	<u>114,647</u>	<u>115,396</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Personnel Services	-	25,000	10,732
Commodities	75,831	75,831	55,060
Contractual Services	49,500	24,500	23,827
Total Expenditures	<u>125,331</u>	<u>125,331</u>	<u>89,619</u>
<b>Net Change in Fund Balance</b>	<u>\$ (19,375)</u>	<u>\$ (10,684)</u>	25,777
<b>Fund Balance, Beginning of Year</b>			<u>171,641</u>
<b>Fund Balance, End of Year</b>			<u>\$ 197,418</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Narcotics Forfeitures - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ 4,250
Drug Forfeitures	150,000	150,000	142,120
Interest and Investment Income (Loss)	1,326	2,000	1,176
Total Revenues	<u>151,326</u>	<u>152,000</u>	<u>147,546</u>
<b>Expenditures</b>			
Current:			
Public Safety:			
Commodities	53,382	53,382	41,661
Contractual Services	84,254	85,044	80,366
Total Expenditures	<u>137,636</u>	<u>138,426</u>	<u>122,027</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	13,690	13,574	25,519
<b>Other Financing Sources (Uses)</b>			
Transfers Out	<u>(51,605)</u>	<u>(51,605)</u>	<u>(16,174)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (37,915)</u>	<u>\$ (38,031)</u>	9,345
<b>Fund Balance, Beginning of Year</b>			<u>120,835</u>
<b>Fund Balance, End of Year</b>			<u>\$ 130,180</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 UC2B - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ 104,064	\$ 369,894	\$ 153,764
Reimbursements from Outside Agencies	143,708	298,463	221,019
Charges for Services	375,000	141,400	-
Interest and Investment Income (Loss)	(250)	-	904
Miscellaneous	225,000	472,482	49,216
Total Revenues	<u>847,522</u>	<u>1,282,239</u>	<u>424,903</u>
<b>Expenditures</b>			
Current:			
Public Works:			
Personnel Services	82,100	65,067	109,889
Contractual Services	432,574	230,042	76,742
Commodities	42,000	3,939	76
Capital Outlay	-	230,527	230,527
Total Expenditures	<u>556,674</u>	<u>529,575</u>	<u>417,234</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	290,848	752,664	7,669
<b>Other Financing Uses</b>			
Transfers Out	<u>(125,000)</u>	<u>(194,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 165,848</u>	<u>\$ 558,664</u>	7,669
<b>Fund Balance, Beginning of Year</b>			<u>(8,933)</u>
<b>Fund Balance, End of Year</b>			<u>\$ (1,264)</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 LMFT - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Local Motor Fuel Tax	\$ 1,250,000	\$ 1,118,463	\$ 1,190,528
Interest and Investment Income (Loss)	1,723	4,216	19,167
Total Revenues	<u>1,251,723</u>	<u>1,122,679</u>	<u>1,209,695</u>
<b>Expenditures</b>			
Current:			
Public Works			
Personnel Services	33,039	78,037	83,189
Contractual Services	340,000	338,776	219,703
Capital Outlay	1,110,000	1,685,526	373,539
Total Expenditures	<u>1,483,039</u>	<u>2,102,339</u>	<u>676,431</u>
<b>Net Change in Fund Balance</b>	<u>\$ (231,316)</u>	<u>\$ (979,660)</u>	533,264
<b>Fund Balance, Beginning of Year</b>			<u>1,136,653</u>
<b>Fund Balance, End of Year</b>			<u>\$ 1,669,917</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 ARRA Grant - Special Revenue Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Current:			
Public Health and Welfare:			
Personnel Services	-	936	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(936)	-
<b>Other Financing (Uses)</b>			
Transfers Out	-	-	(936)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (936)</u>	(936)
<b>Fund Balance, Beginning of Year</b>			<u>936</u>
<b>Fund Balance, End of Year</b>			<u><u>\$ -</u></u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Vehicle Replacement - Capital Projects Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Interest and Investment Income (Loss)	\$ 40,000	\$ 35,000	\$ 40,884
<b>Expenditures</b>			
Current:			
Public Works:			
Contractual Services	31,949	31,949	23,282
Capital Outlay	3,263,875	3,587,711	2,480,367
Total Expenditures	3,295,824	3,619,660	2,503,649
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,255,824)	(3,584,660)	(2,462,765)
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	215,000	215,000	67,150
Transfers In	1,359,249	1,560,340	1,515,340
Total Other Financing Sources (Uses)	1,574,249	1,775,340	1,582,490
<b>Net Change in Fund Balance</b>	\$ (1,681,575)	\$ (1,809,320)	(880,275)
<b>Fund Balance, Beginning of Year</b>			4,260,394
<b>Fund Balance, End of Year</b>			\$ 3,380,119

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Library Improvement - Capital Projects Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 421,190	\$ 422,104	\$ 420,238
Interest and Investment Income (Loss)	592	618	1,718
Total Revenues	<u>421,782</u>	<u>422,722</u>	<u>421,956</u>
<b>Expenditures</b>			
Current:			
Culture and Recreation:			
Contractual Services	<u>-</u>	<u>-</u>	<u>340</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	421,782	422,722	421,616
<b>Other Financing (Uses)</b>			
Transfers Out	<u>(421,189)</u>	<u>(421,189)</u>	<u>(421,189)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 593</u>	<u>\$ 1,533</u>	427
<b>Fund Balance, Beginning of Year</b>			<u>124,264</u>
<b>Fund Balance, End of Year</b>			<u>\$ 124,691</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Equipment Replacement - Capital Projects Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Interest and Investment Income (Loss)	\$ -	\$ -	\$ 55,561
Miscellaneous	-	-	247
Total Revenues	<u>-</u>	<u>-</u>	<u>55,808</u>
<b>Expenditures</b>			
Capital Outlay	<u>2,084,140</u>	<u>1,051,584</u>	<u>418,136</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,084,140)</u>	<u>(1,051,584)</u>	<u>(362,328)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	1,084,510	1,091,660	1,091,660
Transfers Out	-	(425,510)	(425,510)
Total Other Financing Sources (Uses)	<u>1,084,510</u>	<u>666,150</u>	<u>666,150</u>
<b>Net Change in Fund Balance</b>	<u>\$ (999,630)</u>	<u>\$ (385,434)</u>	303,822
<b>Fund Balance, Beginning of Year</b>			<u>3,967,795</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,271,617</u>

**OTHER SUPPLEMENTARY INFORMATION –  
MAJOR GOVERNMENTAL FUNDS**

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Debt Service Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Interest and Investment Income (Loss)	\$ 35,100	\$ 24,720	\$ 51,572
<b>Expenditures</b>			
Debt Service:			
Principal Retirement	4,000,000	4,065,000	4,065,000
Interest and Fiscal Charges	2,031,763	2,345,002	2,174,377
Bond Issuance Costs	-	-	124,114
Total Expenditures	<u>6,031,763</u>	<u>6,410,002</u>	<u>6,363,491</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,996,663)</u>	<u>(6,385,282)</u>	<u>(6,311,919)</u>
<b>Other Financing Sources (Uses)</b>			
Refunding Bond Issued	-	-	8,835,000
Premium on Bond Issuance	-	-	663,077
Payment to Bond Refunding Escrow Agent	-	-	(9,373,962)
Transfers In	5,847,244	6,171,671	5,872,299
Total Other Financing Sources (Uses)	<u>5,847,244</u>	<u>6,171,671</u>	<u>5,996,414</u>
<b>Net Change in Fund Balance</b>	<u>\$ (149,419)</u>	<u>\$ (213,611)</u>	(315,505)
<b>Fund Balance, Beginning of Year</b>			<u>4,745,262</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,429,757</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual  
 Stormwater Management - Capital Projects Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 1,348,139	\$ 1,342,625	\$ 1,337,297
Licenses, Permits, and Fees	2,832,447	2,791,968	2,569,836
Reimbursements from Outside Agencies	414,560	512,628	491,092
Interest and Investment Income (Loss)	8,547	12,466	59,346
Total Revenues	<u>4,603,693</u>	<u>4,659,687</u>	<u>4,457,571</u>
<b>Expenditures</b>			
Current:			
Public Works:			
Personnel Services	1,286,880	1,410,615	1,282,522
Contractual Services	1,400,642	2,166,167	978,875
Commodities	8,000	8,000	1,380
Capital Outlay	3,544,045	4,851,049	1,604,329
Debt Service:			
Principal Retirement	-	-	19,756
Interest and Fiscal Charges	-	-	5,356
Total Expenditures	<u>6,239,567</u>	<u>8,435,831</u>	<u>3,892,218</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,635,874)</u>	<u>(3,776,144)</u>	<u>565,353</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	3,723,610	3,686,247	3,758,423
Transfers Out	<u>(2,635,363)</u>	<u>(2,635,363)</u>	<u>(2,640,353)</u>
Total Other Financing Sources (Uses)	<u>1,088,247</u>	<u>1,050,884</u>	<u>1,118,070</u>
<b>Net Change in Fund Balance</b>	<u>\$ (547,627)</u>	<u>\$ (2,725,260)</u>	1,683,423
<b>Fund Balance, Beginning of Year</b>			<u>3,028,452</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,711,875</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 Capital Improvements - Capital Projects Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Property Taxes	\$ 954,011	\$ 950,109	\$ 973,735
Intergovernmental	115,014	1,042,155	4,726,133
Reimbursements from Outside Agencies	-	5,149,956	294,651
Interest and Investment Income (Loss)	15,000	9,178	58,815
Miscellaneous	-	-	497
Total Revenues	<u>1,084,025</u>	<u>7,151,398</u>	<u>6,053,831</u>
<b>Expenditures</b>			
Current:			
Public Works:			
Personnel Services	215,197	184,991	156,861
Contractual Services	1,153,032	2,256,144	1,141,317
Commodities	154,626	277,077	62,658
Capital Outlay	2,191,044	9,607,538	5,659,405
Total Expenditures	<u>3,713,899</u>	<u>12,325,750</u>	<u>7,020,241</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,629,874)</u>	<u>(5,174,352)</u>	<u>(966,410)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	4,286,081	3,979,426	3,979,426
Transfers Out	(486,706)	(487,257)	(475,900)
Total Other Financing Sources (Uses)	<u>3,799,375</u>	<u>3,492,169</u>	<u>3,503,526</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,169,501</u>	<u>\$ (1,682,183)</u>	2,537,116
<b>Fund Balance, Beginning of Year</b>			<u>1,666,663</u>
<b>Fund Balance, End of Year</b>			<u>\$ 4,203,779</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues -  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 11,085,034	\$ 11,049,253	\$ 11,045,066
Home Rule Taxes	15,916,097	15,357,305	15,911,703
Utility Taxes	2,188,541	2,219,595	2,597,259
Telecommunications Taxes	2,548,199	2,384,615	2,410,268
Hotel/Motel Taxes	1,703,248	1,802,685	1,819,069
Other Taxes	741,462	1,762,026	644,659
Total Taxes	<u>34,182,581</u>	<u>34,575,479</u>	<u>34,428,024</u>
<b>Intergovernmental</b>			
State Sales and Use Taxes	17,290,348	16,683,309	17,285,575
Income Taxes	8,549,990	7,878,546	8,649,490
Other Taxes	311,669	311,669	311,669
Public Safety Grants	380,654	486,851	190,993
Other Grants	13,500	13,500	24,648
Total Intergovernmental	<u>26,546,161</u>	<u>25,373,875</u>	<u>26,462,375</u>
<b>Licenses, Permits, and Fees</b>			
Licenses and Permits	1,390,800	1,595,391	1,723,015
Public Safety Service Fees	859,240	816,682	822,285
Total Licenses, Permits, and Fees	<u>2,250,040</u>	<u>2,412,073</u>	<u>2,545,300</u>
<b>Charges for Services</b>	<u>1,232,504</u>	<u>1,161,553</u>	<u>1,260,538</u>
<b>Fines and Forfeitures</b>	<u>1,400,917</u>	<u>1,342,037</u>	<u>1,199,880</u>
<b>Reimbursements from Outside Agencies</b>	<u>1,235,211</u>	<u>1,010,361</u>	<u>610,433</u>
<b>Interest and Investment Income (Loss)</b>	<u>184,000</u>	<u>123,000</u>	<u>214,072</u>
<b>Miscellaneous</b>	<u>156,923</u>	<u>105,045</u>	<u>89,107</u>
<b>Total Revenues</b>	<u>\$ 67,188,337</u>	<u>\$ 66,103,423</u>	<u>\$ 66,809,729</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Expenditures -  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>General Government</b>			
Mayor and Council	\$ 201,430	\$ 199,830	\$ 185,136
City Manager's Office	1,086,615	1,101,647	1,105,446
Legal	891,256	940,088	860,486
Finance	2,143,566	2,296,323	1,893,853
Human Resources	1,104,948	780,158	629,274
Risk Management	2,912,373	2,915,006	2,915,006
Planning	2,323,667	2,409,719	1,654,564
Neighborhood Services	669,377	558,043	505,703
Information Technologies	2,341,753	1,714,871	1,528,114
Total General Government	<u>13,674,985</u>	<u>12,915,685</u>	<u>11,277,582</u>
<b>Public Safety</b>			
Police	21,314,489	20,018,561	19,798,681
Fire	16,868,260	16,911,263	16,512,340
Emergency Services Disaster Agency	44,430	42,607	27,567
Total Public Safety	<u>38,227,179</u>	<u>36,972,431</u>	<u>36,338,588</u>
<b>Public Works</b>	<u>7,458,551</u>	<u>7,416,070</u>	<u>6,789,882</u>
<b>Public Health and Welfare</b>	<u>364,144</u>	<u>454,780</u>	<u>386,201</u>
<b>Culture and Recreation</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 59,724,859</u>	<u>\$ 57,758,966</u>	<u>\$ 54,792,253</u>

**OTHER SUPPLEMENTARY INFORMATION –  
INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS**

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

**Fleet Services Fund**

The Fleet Services Fund is used to account for the goods and services provided by the City's municipal garage to other departments of the City on a cost-reimbursement basis. The Fleet Services Fund is a non-major fund.

**Retained Risk Fund**

The Retained Risk Fund is used to account for the City's self-insured general liability program. The Retained Risk Fund is a non-major fund.

**Workers Compensation Fund**

The Workers Compensation Fund is used to account for the City's self-insured workers compensation program. The Workers Compensation Fund is a non-major fund.

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2014

	<u>Fleet Services</u>	<u>Retained Risk</u>	<u>Workers' Compensation</u>	<u>Totals</u>
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ -	\$ 3,796,617	\$ 1,982,780	\$ 5,779,397
Receivables - Net of Allowances:				
Accounts	-	6,336	1,749	8,085
Accrued Interest	(117)	1,726	945	2,554
Inventory	259,871	-	-	259,871
Prepays	-	273,971	64,766	338,737
Total Current Assets	<u>259,754</u>	<u>4,078,650</u>	<u>2,050,240</u>	<u>6,388,644</u>
Non-Current Assets:				
Capital Assets:				
Depreciable Capital Assets	11,254,266	-	-	11,254,266
Accumulated Depreciation	<u>(8,370,684)</u>	<u>-</u>	<u>-</u>	<u>(8,370,684)</u>
Total Non-Current Assets	<u>2,883,582</u>	<u>-</u>	<u>-</u>	<u>2,883,582</u>
Total Assets	<u>3,143,336</u>	<u>4,078,650</u>	<u>2,050,240</u>	<u>9,272,226</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	17,760	6,500	-	24,260
Accrued Payroll	20,185	-	-	20,185
Due to Other Fund	272,070	-	-	272,070
Claims Payable	-	672,032	2,928,967	3,600,999
Compensated Absences Payable	<u>27,734</u>	<u>-</u>	<u>-</u>	<u>27,734</u>
Total Current Liabilities	<u>337,749</u>	<u>678,532</u>	<u>2,928,967</u>	<u>3,945,248</u>
Non-Current Liabilities:				
Compensated Absences Payable	<u>110,935</u>	<u>-</u>	<u>-</u>	<u>110,935</u>
Total Liabilities	<u>448,684</u>	<u>678,532</u>	<u>2,928,967</u>	<u>4,056,183</u>
<b>Net Position</b>				
Net Investment in Capital Assets	2,883,582	-	-	2,883,582
Unrestricted	<u>(188,930)</u>	<u>3,400,118</u>	<u>(878,727)</u>	<u>2,332,461</u>
Total Net Position	<u>\$ 2,694,652</u>	<u>\$ 3,400,118</u>	<u>\$ (878,727)</u>	<u>\$ 5,216,043</u>

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2014

	Fleet Services	Retained Risk	Workers' Compensation	Totals
<b>Operating Revenues</b>				
Charges for Services	\$ 1,812,768	\$ 988,820	\$ 2,288,562	\$ 5,090,150
<b>Operating Expenses</b>				
Personnel Services	869,525	33,528	571,123	1,474,176
Contractual Services	191,407	903,670	2,237,063	3,332,140
Commodities	724,848	-	-	724,848
Depreciation	943,196	-	-	943,196
Total Operating Expenses	<u>2,728,976</u>	<u>937,198</u>	<u>2,808,186</u>	<u>6,474,360</u>
Operating Income (Loss)	<u>(916,208)</u>	<u>51,622</u>	<u>(519,624)</u>	<u>(1,384,210)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Reimbursements from Outside Agencies	11,966	113,749	343,720	469,435
Interest and Investment Income (Loss)	(3,091)	47,053	26,316	70,278
Miscellaneous Income	2,596	-	-	2,596
Total Non-Operating Revenues (Expenses)	<u>11,471</u>	<u>160,802</u>	<u>370,036</u>	<u>542,309</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(904,737)</u>	<u>212,424</u>	<u>(149,588)</u>	<u>(841,901)</u>
<b>Capital Contributions</b>	2,234,906	-	-	2,234,906
<b>Transfers Out</b>	<u>(12,482)</u>	<u>-</u>	<u>(73,500)</u>	<u>(85,982)</u>
<b>Change in Net Position</b>	1,317,687	212,424	(223,088)	1,307,023
<b>Net Position, Beginning of Year</b>	<u>1,376,965</u>	<u>3,187,694</u>	<u>(655,639)</u>	<u>3,909,020</u>
<b>Net Position, End of Year</b>	<u>\$ 2,694,652</u>	<u>\$ 3,400,118</u>	<u>\$ (878,727)</u>	<u>\$ 5,216,043</u>

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2014

	Fleet Services	Retained Risk	Workers' Compensation	Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 1,815,364	\$ 988,820	\$ 2,288,562	\$ 5,092,746
Payments to Employees	(829,970)	(33,528)	(571,123)	(1,434,621)
Payments to Suppliers	(1,007,459)	(613,832)	(1,493,400)	(3,114,691)
Net Cash Provided by (Used in) Operating Activities	<u>(22,065)</u>	<u>341,460</u>	<u>224,039</u>	<u>543,434</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Advances from Other Fund	272,070	-	-	272,070
Payments to Other Fund	(237,487)	-	-	(237,487)
Transfers Out	(12,482)	-	(73,500)	(85,982)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>22,101</u>	<u>-</u>	<u>(73,500)</u>	<u>(51,399)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Sales of Capital Assets	-	-	-	-
Purchase of Capital Assets	-	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	(36)	47,108	26,301	73,373
<b>Net Change in Cash and Cash Equivalents</b>	-	388,568	176,840	565,408
<b>Cash and Cash Equivalents, Beginning of Year</b>	-	3,408,049	1,805,940	5,213,989
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ -</u>	<u>\$ 3,796,617</u>	<u>\$ 1,982,780</u>	<u>\$ 5,779,397</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ (916,208)	\$ 51,622	\$ (519,624)	\$ (1,384,210)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation Expense	943,196	-	-	943,196
(Gain) Loss on Disposal of Equipment	-	-	-	-
Other Income	11,471	113,749	343,720	468,940
(Increase) Decrease in Assets	(85,728)	(16,802)	10,563	(91,967)
Increase (Decrease) in Liabilities	25,204	192,891	389,380	607,475
Net Cash Provided by (Used in) Operating Activities	<u>\$ (22,065)</u>	<u>\$ 341,460</u>	<u>\$ 224,039</u>	<u>\$ 543,434</u>
<b>Supplemental Disclosure of Non-Cash Capital and Related Financing Activity</b>				
Depreciable Capital Assets Contributed	<u>\$ 2,234,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,234,906</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Fleet Services - Internal Service Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 1,846,527	\$ 1,843,315	\$ 1,812,768
<b>Operating Expenses</b>			
Personnel Services	879,828	849,626	869,525
Contractual Services	164,917	193,594	191,407
Commodities	783,557	754,534	724,848
Capital Outlay	91,781	-	-
Depreciation	-	-	943,196
Total Operating Expenses	<u>1,920,083</u>	<u>1,797,754</u>	<u>2,728,976</u>
Operating Income (Loss)	<u>(73,556)</u>	<u>45,561</u>	<u>(916,208)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	-	-	11,966
Interest and Investment Income (Loss)	(652)	(652)	(3,091)
Miscellaneous Income	-	-	2,596
Total Non-Operating Revenues (Expenses)	<u>(652)</u>	<u>(652)</u>	<u>11,471</u>
Income (Loss) Before Capital Contributions and Transfers	(74,208)	44,909	(904,737)
<b>Capital Contributions</b>	-	-	2,234,906
<b>Transfers Out</b>	<u>(12,482)</u>	<u>(12,482)</u>	<u>(12,482)</u>
<b>Change in Net Position</b>	<u>\$ (86,690)</u>	<u>\$ 32,427</u>	1,317,687
<b>Net Position, Beginning of Year</b>			<u>1,376,965</u>
<b>Net Position, End of Year</b>			<u>\$ 2,694,652</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Retained Risk - Internal Service Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 978,133	\$ 985,664	\$ 988,820
<b>Operating Expenses</b>			
Personnel Services	44,704	33,528	33,528
Contractual Services	1,180,890	989,798	903,670
Total Operating Expenses	<u>1,225,594</u>	<u>1,023,326</u>	<u>937,198</u>
Operating Income (Loss)	<u>(247,461)</u>	<u>(37,662)</u>	<u>51,622</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	66,165	74,767	113,749
Interest and Investment Income (Loss)	<u>170,811</u>	<u>170,811</u>	<u>47,053</u>
Total Non-Operating Revenues (Expenses)	<u>236,976</u>	<u>245,578</u>	<u>160,802</u>
Income (Loss) Before Transfers	(10,485)	207,916	212,424
<b>Transfers Out</b>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ (55,485)</u>	<u>\$ 162,916</u>	212,424
<b>Net Position, Beginning of Year</b>			<u>3,187,694</u>
<b>Net Position, End of Year</b>			<u>\$ 3,400,118</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Workers Compensation - Internal Service Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services	\$ 2,288,562	\$ 2,288,562	\$ 2,288,562
<b>Operating Expenses</b>			
Personnel Services	271,848	271,848	571,123
Contractual Services	1,745,822	1,922,864	2,237,063
Total Operating Expenses	<u>2,017,670</u>	<u>2,194,712</u>	<u>2,808,186</u>
Operating Income (Loss)	<u>270,892</u>	<u>93,850</u>	<u>(519,624)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	350,621	350,621	343,720
Interest and Investment Income (Loss)	10,715	10,715	26,316
Total Non-Operating Revenues (Expenses)	<u>361,336</u>	<u>361,336</u>	<u>370,036</u>
Income (Loss) Before Transfers	632,228	455,186	(149,588)
<b>Transfers Out</b>	<u>(73,500)</u>	<u>(73,500)</u>	<u>(73,500)</u>
<b>Change in Net Position</b>	<u>\$ 558,728</u>	<u>\$ 381,686</u>	(223,088)
<b>Net Position, Beginning of Year</b>			<u>(655,639)</u>
<b>Net Position, End of Year</b>			<u>\$ (878,727)</u>

**OTHER SUPPLEMENTARY INFORMATION –  
MAJOR PROPRIETARY FUNDS**

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Parking - Enterprise Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Parking Fees	\$ 2,823,558	\$ 2,808,500	\$ 2,992,840
<b>Operating Expenses</b>			
Personnel Services	1,800,853	1,701,139	1,566,530
Contractual Services	1,470,415	1,568,340	548,023
Commodities	180,787	77,328	51,477
Capital Outlay	1,607,140	1,578,935	18,171
Depreciation and Amortization	(22,156)	(22,156)	458,382
Total Operating Expenses	<u>5,037,039</u>	<u>4,903,586</u>	<u>2,642,583</u>
Operating Income (Loss)	<u>(2,213,481)</u>	<u>(2,095,086)</u>	<u>350,257</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	-	9,058	9,058
Interest and Investment Income (Loss)	50,000	25,000	67,561
Interest Expense	(502,369)	(502,369)	(502,369)
Disposal of Capital Assets	3,940,000	2,000,000	3,762,148
Total Non-Operating Revenues (Expenses)	<u>3,487,631</u>	<u>1,531,689</u>	<u>3,336,398</u>
Income (Loss) Before Transfers	1,274,150	(563,397)	3,686,655
<b>Transfers In</b>	255,507	200,000	200,000
<b>Transfers Out</b>	<u>(46,303)</u>	<u>(46,303)</u>	<u>(196,303)</u>
<b>Change in Net Position</b>	<u>\$ 1,483,354</u>	<u>\$ (409,700)</u>	3,690,352
<b>Net Position, Beginning of Year</b>			<u>10,390,279</u>
<b>Net Position, End of Year</b>			<u>\$ 14,080,631</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Sewer - Enterprise Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Sewer Charges	\$ 2,081,986	\$ 2,081,987	\$ 2,061,465
<b>Operating Expenses</b>			
Personnel Services	809,672	688,741	645,299
Contractual Services	676,453	634,257	505,972
Commodities	118,167	78,780	71,751
Capital Outlay	336,646	707,973	27,096
Depreciation	-	-	677,944
Total Operating Expenses	<u>1,940,938</u>	<u>2,109,751</u>	<u>1,928,062</u>
Operating Income (Loss)	<u>141,048</u>	<u>(27,764)</u>	<u>133,403</u>
<b>Non-Operating Revenues (Expenses)</b>			
Reimbursements from Outside Agencies	10,000	25,455	19,147
Interest and Investment Income (Loss)	2,851	2,499	2,779
Interest Expense	-	-	(17,796)
Total Non-Operating Revenues (Expenses)	<u>12,851</u>	<u>27,954</u>	<u>4,130</u>
Income (Loss) Before Transfers	153,899	190	137,533
<b>Transfers Out</b>	<u>(247,413)</u>	<u>(247,413)</u>	<u>(247,413)</u>
<b>Change in Net Position</b>	<u>\$ (93,514)</u>	<u>\$ (247,223)</u>	(109,880)
<b>Net Position, Beginning of Year</b>			<u>36,940,739</u>
<b>Net Position, End of Year</b>			<u>\$ 36,830,859</u>

**OTHER SUPPLEMENTARY INFORMATION –  
NON-MAJOR PROPRIETARY FUND**

**NON-MAJOR ENTERPRISE FUND**

**Environmental Services Fund**

The Environmental Services Fund is used primarily to account for the revenues and expenses related to the City's multi-family recycling program, as well as other sustainability programs.

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenues, Expenses, and Changes in Net Position -  
 Budget and Actual  
 Environmental Services - Enterprise Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Operating Revenues</b>			
Charges for Services:			
Recycling Fee	\$ 557,000	\$ 538,996	\$ 551,567
<b>Operating Expenses</b>			
Personnel Services	139,242	95,211	75,788
Contractual Services	349,234	456,986	300,447
Commodities	8,750	1,050	486
Total Operating Expenses	<u>497,226</u>	<u>553,247</u>	<u>376,721</u>
Operating Income (Loss)	<u>59,774</u>	<u>(14,251)</u>	<u>174,846</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest and Investment Income (Loss)	<u>(614)</u>	<u>250</u>	<u>2,449</u>
Total Non-Operating Revenues (Expenses)	<u>(614)</u>	<u>250</u>	<u>2,449</u>
Income (Loss) Before Transfers	59,160	(14,001)	177,295
<b>Transfers Out</b>	<u>(3,596)</u>	<u>(3,596)</u>	<u>(3,596)</u>
<b>Change in Net Position</b>	<u>\$ 55,564</u>	<u>\$ (17,597)</u>	173,699
<b>Net Position, Beginning of Year</b>			<u>59,098</u>
<b>Net Position, End of Year</b>			<u>\$ 232,797</u>

**OTHER SUPPLEMENTARY INFORMATION –  
FIDUCIARY FUNDS**

**TRUST AND AGENCY FUNDS**

**PENSION TRUST FUNDS**

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments.

**Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

**Firefighters' Pension Fund**

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Fiduciary Net Position  
Pension Trust Funds  
June 30, 2014

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 106,346	\$ 2,519,448	\$ 2,625,794
Due from Treasury Fund	-	251,786	251,786
Investments:			
U.S. Government and Agency Securities	21,379,195	-	21,379,195
State and Local Obligations	1,672,552	-	1,672,552
Mutual Funds	22,240,487	-	22,240,487
Corporate Equity Securities	36,384,770	-	36,384,770
Fixed Income	-	26,056,060	26,056,060
U.S. Equities	-	25,905,989	25,905,989
Non-U.S. Equities	-	9,595,114	9,595,114
Core Real Estate and REITs	-	6,543,904	6,543,904
Global Tactical Asset Allocation	-	3,585,898	3,585,898
Corporate Bonds	3,725,319	-	3,725,319
Receivables:			
Accrued Interest	163,804	127,828	291,632
Contributions from Plan Members	35,112	-	35,112
Prepays	6,472	-	6,472
Total Assets	85,714,057	74,586,027	160,300,084
<b>LIABILITIES</b>			
Accounts Payable	60,880	20,203	81,083
<b>PLAN NET POSITION</b>			
Plan Net Position Held in Trust for Pension Benefits	\$ 85,653,177	\$ 74,565,824	\$ 160,219,001

CITY OF CHAMPAIGN, ILLINOIS  
Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Year Ended June 30, 2014

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ 4,642,152	\$ 3,842,882	\$ 8,485,034
Contributions - Plan Members	882,629	696,369	1,578,998
Other Income	92,757	305	93,062
Total Contributions	<u>5,617,538</u>	<u>4,539,556</u>	<u>10,157,094</u>
Investment Income:			
Interest Earned	1,743,478	1,530,022	3,273,500
Net Change in Fair Value of Investment	<u>8,875,921</u>	<u>7,343,659</u>	<u>16,219,580</u>
Total Investment Income	10,619,399	8,873,681	19,493,080
Less: Investment Expenses	<u>(401,407)</u>	<u>(167,691)</u>	<u>(569,098)</u>
Net Investment Income	<u>10,217,992</u>	<u>8,705,990</u>	<u>18,923,982</u>
Total Additions	<u>15,835,530</u>	<u>13,245,546</u>	<u>29,081,076</u>
<b>Deductions</b>			
Administrative Expenses	158,402	39,479	197,881
Benefits and Refunds	<u>5,086,992</u>	<u>4,391,631</u>	<u>9,478,623</u>
Total Deductions	<u>5,245,394</u>	<u>4,431,110</u>	<u>9,676,504</u>
<b>Change in Plan Net Position</b>	10,590,136	8,814,436	19,404,572
<b>Plan Net Position, Beginning of Year</b>	<u>75,063,041</u>	<u>65,751,388</u>	<u>140,814,429</u>
<b>Plan Net Position, End of Year</b>	<u>\$ 85,653,177</u>	<u>\$ 74,565,824</u>	<u>\$ 160,219,001</u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Changes in Fiduciary Net Position -  
 Budget and Actual  
 Police Pension - Pension Trust Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 4,638,234	\$ 4,525,159	\$ 4,642,152
Contributions - Plan Members	-	-	882,629
Other Income	-	-	92,757
Total Contributions	<u>4,638,234</u>	<u>4,525,159</u>	<u>5,617,538</u>
Investment Income:			
Interest Earned	-	-	1,743,478
Net Change in Fair Value	-	-	8,875,921
Total Investment Income	-	-	10,619,399
Less: Investment Expenses	-	-	(401,407)
Net Investment Income	<u>-</u>	<u>-</u>	<u>10,217,992</u>
Total Additions	<u>4,638,234</u>	<u>4,525,159</u>	<u>15,835,530</u>
<b>Deductions</b>			
Administrative Expenses	-	-	158,402
Benefits and Refunds	4,638,234	4,525,159	5,086,992
Total Deductions	<u>4,638,234</u>	<u>4,525,159</u>	<u>5,245,394</u>
<b>Change in Plan Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	10,590,136
<b>Plan Net Position, Beginning of Year</b>			<u>75,063,041</u>
<b>Plan Net Position, End of Year</b>			<u><u>\$ 85,653,177</u></u>

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Changes in Fiduciary Net Position -  
 Budget and Actual  
 Firefighters' Pension - Pension Trust Fund  
 For the Year Ended June 30, 2014

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 3,818,392	\$ 3,743,040	\$ 3,842,882
Contributions - Plan Members	700,000	725,000	696,369
Other Income	-	-	305
Total Contributions	<u>4,518,392</u>	<u>4,468,040</u>	<u>4,539,556</u>
Investment Income:			
Interest Earned	1,250,000	1,250,000	1,530,022
Net Change in Fair Value	2,500,000	2,500,000	7,343,659
Total Investment Income	<u>3,750,000</u>	<u>3,750,000</u>	<u>8,873,681</u>
Less: Investment Expenses	<u>(200,000)</u>	<u>(200,000)</u>	<u>(167,691)</u>
Net Investment Income	<u>3,550,000</u>	<u>3,550,000</u>	<u>8,705,990</u>
Total Additions	<u>8,068,392</u>	<u>8,018,040</u>	<u>13,245,546</u>
<b>Deductions</b>			
Administrative Expenses	36,150	20,854	39,479
Benefits and Refunds	<u>4,300,000</u>	<u>4,655,000</u>	<u>4,391,631</u>
Total Deductions	<u>4,336,150</u>	<u>4,675,854</u>	<u>4,431,110</u>
<b>Change in Plan Net Position</b>	<u>\$ 3,732,242</u>	<u>\$ 3,342,186</u>	8,814,436
<b>Plan Net Position, Beginning of Year</b>			<u>65,751,388</u>
<b>Plan Net Position, End of Year</b>			<u>\$ 74,565,824</u>

**STATISTICAL SECTION**  
**(Unaudited)**

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

**Financial Trend Schedules - Schedule 40 through Schedule 43**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

**Revenue Capacity Schedules - Schedule 44 through Schedule 52**

These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.

**Debt Capacity Schedules - Schedule 53 through Schedule 56**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information Schedules - Schedule 57 and Schedule 58**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information Schedules - Schedule 59 through Schedule 62**

These schedules contain service and infrastructure information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

*Sources – Unless otherwise noted on the Schedules, the information in these Schedules is derived from the comprehensive annual financial reports for relevant years.*

CITY OF CHAMPAIGN, ILLINOIS  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Unaudited)  
 Accrual Basis of Accounting

	2005	2006	2007	2008	2009	2010	2011	2012	(1) 2013	2014
<b>Governmental Activities</b>										
Net Investment in										
Capital Assets	\$ 62,593,414	\$ 287,896,301	\$ 301,573,900	\$ 306,786,895	\$ 315,565,419	\$ 316,864,651	\$ 312,109,692	\$ 306,167,963	\$ 299,054,577	\$ 293,270,586
Restricted	20,254,221	26,241,714	28,357,405	33,290,768	34,068,087	37,896,845	29,228,834	31,795,116	25,269,121	23,975,609
Unrestricted	17,577,206	20,778,318	20,976,283	22,308,092	17,725,715	18,697,531	35,555,990	38,770,974	46,922,526	50,771,795
Total Governmental Activities, Net Position	<u>\$ 100,424,841</u>	<u>\$ 334,916,333</u>	<u>\$ 350,907,588</u>	<u>\$ 362,385,755</u>	<u>\$ 367,359,221</u>	<u>\$ 373,459,027</u>	<u>\$ 376,894,516</u>	<u>\$ 376,734,053</u>	<u>\$ 371,246,224</u>	<u>\$ 368,017,990</u>
<b>Business-Type Activities</b>										
Net Investment in										
Capital Assets	\$ 16,488,071	\$ 40,740,067	\$ 41,323,953	\$ 46,156,247	\$ 42,266,662	\$ 42,201,436	\$ 43,150,685	\$ 42,383,871	\$ 42,389,079	\$ 42,872,605
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	886,566	1,693,698	2,262,863	122,127	4,893,647	5,144,409	4,905,953	5,880,892	5,001,037	8,271,682
Total Business-Type Activities, Net Position	<u>\$ 17,374,637</u>	<u>\$ 42,433,765</u>	<u>\$ 43,586,816</u>	<u>\$ 46,278,374</u>	<u>\$ 47,160,309</u>	<u>\$ 47,345,845</u>	<u>\$ 48,056,638</u>	<u>\$ 48,264,763</u>	<u>\$ 47,390,116</u>	<u>\$ 51,144,287</u>
<b>Primary Government</b>										
Net Investment in										
Capital Assets	\$ 79,081,485	\$ 328,636,368	\$ 342,897,853	\$ 352,943,142	\$ 357,832,081	\$ 359,066,087	\$ 355,260,377	\$ 348,551,834	\$ 341,443,656	\$ 336,143,191
Restricted	20,254,221	26,241,714	28,357,405	33,290,768	34,068,087	37,896,845	29,228,834	31,795,116	25,269,121	23,975,609
Unrestricted	18,463,772	22,472,016	23,239,146	22,430,219	22,619,362	23,841,940	40,461,943	44,651,866	51,923,563	59,043,477
Total Primary Government, Net Position	<u>\$ 117,799,478</u>	<u>\$ 377,350,098</u>	<u>\$ 394,494,404</u>	<u>\$ 408,664,129</u>	<u>\$ 414,519,530</u>	<u>\$ 420,804,872</u>	<u>\$ 424,951,154</u>	<u>\$ 424,998,816</u>	<u>\$ 418,636,340</u>	<u>\$ 419,162,277</u>

Notes:

- (1) 2004 through 2012 present debt issuance costs under pre GASB 65 format and include the Town of the City of Champaign as a blended component unit. In 2013 debt issuance costs are expensed and the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (Unaudited)

Accrual Basis of Accounting

	2005	2006	2007	2008	2009	2010	2011	(1) 2012	(2) 2013	2014
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 10,117,659	\$ 26,643,673	\$ 26,967,534	\$ 27,470,878	\$ 28,374,127	\$ 25,053,945	\$ 11,908,847	\$ 12,005,620	\$ 10,966,280	\$ 12,378,559
Public Safety	25,816,784	27,953,689	28,928,846	30,859,387	32,445,764	33,518,572	34,675,122	34,868,337	34,047,633	36,070,103
Public Works	10,669,018	14,043,056	13,377,570	15,182,509	14,608,311	10,361,197	28,106,711	36,180,015	36,883,136	35,604,217
Public Health and Welfare	2,764,797	3,218,608	3,286,854	3,455,929	3,570,883	3,116,510	5,652,333	4,256,322	3,632,531	3,632,085
Culture and Recreation	6,107,887	5,393,791	5,720,914	6,977,674	8,727,487	8,100,600	8,211,390	8,099,384	8,307,345	8,137,450
Interest on Long-Term Debt	989,594	2,002,350	1,978,522	2,003,464	1,997,004	1,937,398	2,547,854	2,580,612	2,333,208	2,558,973
Total Governmental Activities	56,465,739	79,255,167	80,260,240	85,949,841	89,723,576	82,088,222	91,102,257	97,990,290	96,170,133	98,381,387
Business-Type Activities:										
Parking	1,169,294	1,228,843	1,346,506	1,237,600	2,052,596	2,482,144	3,305,432	3,176,006	3,285,006	3,144,952
Sewer	1,491,549	1,643,878	2,022,687	2,334,841	2,069,803	2,007,743	1,712,616	1,947,803	2,207,155	1,945,858
Environmental Services	-	-	-	-	-	21,305	429,440	381,176	399,330	376,721
Total Business-Type Activities	2,660,843	2,872,721	3,369,193	3,572,441	4,122,399	4,511,192	5,447,488	5,504,985	5,891,491	5,467,531
Total Primary Government Expenses	59,126,582	82,127,888	83,629,433	89,522,282	93,845,975	86,599,414	96,549,745	103,495,275	102,061,624	103,848,918
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	3,338,242	4,217,665	5,001,025	4,647,907	5,359,733	2,989,633	3,533,997	3,703,660	4,502,141	4,436,347
Public Safety	1,656,062	1,891,465	1,862,730	1,789,122	1,795,972	2,010,723	2,290,542	2,296,558	2,143,246	2,164,285
Public Works	505,228	1,719,611	1,130,618	1,316,934	145,364	2,615,881	2,703,356	1,159,277	673,770	2,869,200
Public Health and Welfare	281,720	98,435	187,411	30,213	40,708	147,126	62,943	161,708	418,818	241,780
Culture and Recreation	291,708	216,909	225,647	238,550	301,117	307,097	375,358	394,785	362,977	391,688
Operating Grants and Contributions	2,353,369	2,707,652	1,825,637	1,349,429	1,106,851	2,382,305	2,428,744	991,419	1,308,357	1,544,946
Capital Grants and Contributions	312,836	139,200	12,171,448	12,530,729	13,301,529	6,521,242	10,308,912	13,990,073	5,564,307	3,681,256
Total Governmental Activities	8,739,165	10,990,937	22,404,516	21,902,684	22,051,274	16,974,007	21,723,279	22,678,053	14,973,616	15,329,502
Business-Type Activities:										
Charges for Services:										
Parking	2,520,077	2,605,048	2,359,053	2,523,646	2,935,263	2,879,411	2,803,093	2,837,241	2,867,094	3,001,898
Sewer	1,950,699	2,233,306	2,232,610	2,256,737	1,613,004	2,043,484	2,042,869	2,133,379	1,959,663	2,080,612
Environmental Services	-	-	-	-	-	-	286,388	521,234	533,866	551,567
Operating Grants and Contributions	563,563	-	689,566	-	-	-	434,802	6,000	-	-
Capital Grants and Contributions	-	-	-	1,688,811	447,420	-	506,751	408,839	99,060	-
Total Business-Type Activities	5,034,339	4,838,354	5,281,229	6,469,194	4,995,687	4,922,895	6,073,903	5,906,693	5,459,683	5,634,077
Total Primary Government Program Revenues	13,773,504	15,829,291	27,685,745	28,371,878	27,046,961	21,896,902	27,797,182	28,584,746	20,433,299	20,963,579
<b>Net (Expense) Revenue</b>										
Governmental Activities	(47,726,574)	(68,264,230)	(57,855,724)	(64,047,157)	(67,672,302)	(65,114,215)	(69,378,978)	(75,312,237)	(81,196,517)	(83,051,885)
Business-Type Activities	2,373,496	1,965,633	1,912,036	2,896,753	873,288	411,703	626,415	401,708	(431,808)	166,546
Total Primary Government Net (Expense) Revenue	(45,353,078)	(66,298,597)	(55,943,688)	(61,150,404)	(66,799,014)	(64,702,512)	(68,752,563)	(74,910,529)	(81,628,325)	(82,885,339)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	14,513,612	16,135,528	18,382,602	20,056,963	21,895,060	22,897,278	23,710,716	23,596,172	23,013,015	22,734,630
Home Rule Sales Taxes	-	-	-	-	-	-	-	14,589,041	14,755,821	15,911,703
Hotel/Motel Taxes	1,035,297	1,045,992	1,185,373	1,403,567	1,452,562	1,425,198	1,491,306	1,621,938	1,677,045	1,819,069
Food and Beverage Taxes	920,500	994,347	1,028,984	1,090,962	1,098,374	606,686	620,163	1,212,132	1,229,223	1,413,873
Telecommunications Taxes	2,289,458	2,762,936	2,721,309	2,729,475	2,776,705	2,716,397	2,532,760	2,595,279	2,404,207	2,410,268
Utility Taxes	2,909,424	3,328,903	3,121,319	3,208,575	3,291,675	3,100,689	3,256,595	3,141,430	3,447,290	3,571,097
Local Motor Fuel Taxes	-	-	-	-	-	-	-	219,569	1,223,010	1,190,528
Foreign Fire Insurance Taxes	-	-	-	-	-	-	-	106,073	102,057	112,647
Intergovernmental:										
Sales Taxes and Use Taxes	26,345,124	29,282,829	30,058,556	30,742,138	29,642,446	29,154,241	30,218,339	16,570,642	16,933,670	17,285,575
Income Taxes	5,588,823	6,240,629	7,151,328	8,161,593	7,262,288	6,593,639	6,905,954	7,844,998	8,512,203	8,649,490
Motor Fuel Taxes	2,001,675	2,004,147	2,071,621	2,138,538	1,980,616	1,937,243	1,936,006	2,077,334	2,024,893	2,761,371
Other Taxes	361,834	335,118	308,132	333,768	366,221	848,583	888,324	247,679	221,186	401,435
Interest and Investment Income (Loss)	521,468	1,692,504	2,896,269	2,486,470	1,541,276	960,673	624,958	794,728	(173,585)	787,049
Miscellaneous	1,330,981	1,090,705	2,423,231	2,679,118	1,068,426	640,612	650,294	423,833	945,528	527,604
Disposal of Capital Assets	-	-	-	-	-	-	-	12,196	-	-
Internal Activity - Transfers	634,843	826,891	658,418	494,157	270,119	332,782	(20,948)	98,730	421,366	247,312
Total Governmental Activities	58,453,039	65,740,529	72,007,142	75,525,324	72,645,768	71,214,021	72,814,467	75,151,774	76,736,929	79,823,651
Business-Type Activities:										
Taxes:										
Property Taxes	643,333	300,174	(212,534)	-	-	-	-	-	-	-
Interest and Investment Income (Loss)	28,459	41,156	111,967	288,962	315,410	106,615	63,430	78,935	(21,523)	72,789
Miscellaneous	390,417	-	-	-	(36,644)	-	-	-	50	-
Disposal of Capital Assets	-	-	-	-	-	-	-	(173,788)	-	3,762,148
Internal Activity - Transfers	(634,843)	(826,891)	(658,418)	(494,157)	(270,119)	(332,782)	20,948	(98,730)	(421,366)	(247,312)
Total Business-Type Activities	427,366	(485,561)	(758,985)	(205,195)	8,647	(226,167)	84,378	(193,583)	(442,839)	3,587,625
Total Primary Government General Revenues and Other Changes in Net Position	58,880,405	65,254,968	71,248,157	75,320,129	72,654,415	70,987,854	72,898,845	74,958,191	76,294,090	83,411,276
<b>Change in Net Position</b>										
Governmental Activities	10,726,465	(2,523,701)	14,151,418	11,478,167	4,973,466	6,099,806	3,435,489	(160,463)	(4,459,588)	(3,228,234)
Business-Type Activities	2,800,862	1,480,072	1,153,051	2,691,558	881,935	185,536	710,793	208,125	(874,647)	3,754,171
Total Change in Net Position	\$ 13,527,327	\$ (1,043,629)	\$ 15,304,469	\$ 14,169,725	\$ 5,855,401	\$ 6,285,342	\$ 4,146,282	\$ 47,662	\$ (5,334,235)	\$ 525,937

Notes: (1) Sales Taxes and Use Taxes for 2004-2011 includes Home Rules Taxes. Other Taxes for 2004-2011 includes Foreign Fire Insurance Taxes. Local Motor Fuel Taxes began in 2012.

(2) 2004 through 2012 present debt issuance costs under pre GASB 65 format and include the Town of the City of Champaign as a blended component unit. In 2013 debt issuance costs are expensed and the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)  
Modified Accrual Basis of Accounting

	2005	2006	2007	2008	2009	(1) 2010	2011	2012	(2) 2013	2014
<b>PRE-GASB 54 CONVERSION</b>										
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,134	\$ -	\$ -	\$ -	\$ -
Unreserved	16,615,018	18,698,999	18,460,497	19,408,702	17,550,062	15,139,247	-	-	-	-
Total General Fund	<u>\$ 16,615,018</u>	<u>\$ 18,698,999</u>	<u>\$ 18,460,497</u>	<u>\$ 19,408,702</u>	<u>\$ 17,550,062</u>	<u>\$ 15,157,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 2,963,957	\$ 22,149,457	\$ 10,613,560	\$ 5,620,783	\$ 4,533,016	\$ 21,472,480	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	5,923,940	8,971,716	10,597,404	10,704,511	11,920,440	15,102,368	-	-	-	-
Capital Projects Funds	11,665,872	13,985,807	15,198,901	19,231,249	17,881,539	17,433,134	-	-	-	-
Total All Other Governmental Funds	<u>\$ 20,553,769</u>	<u>\$ 45,106,980</u>	<u>\$ 36,409,865</u>	<u>\$ 35,556,543</u>	<u>\$ 34,334,995</u>	<u>\$ 54,007,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>POST-GASB 54 CONVERSION</b>										
General Fund										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,966	\$ 84,928	\$ 6,936	\$ 7,840
Committed	-	-	-	-	-	-	-	5,929,744	5,948,495	4,782,422
Unassigned	-	-	-	-	-	-	18,892,865	15,752,744	16,959,305	18,825,634
Total General Fund	<u>\$ -</u>	<u>\$ 18,904,831</u>	<u>\$ 21,767,416</u>	<u>\$ 22,914,736</u>	<u>\$ 23,615,896</u>					
All Other Governmental Funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940	\$ -	\$ -	\$ 904
Restricted	-	-	-	-	-	-	28,100,740	27,782,905	22,525,215	23,651,274
Committed	-	-	-	-	-	-	18,249,898	13,542,973	16,484,170	17,983,469
Unassigned	-	-	-	-	-	-	(1,004,699)	(1,335,033)	(8,933)	(1,264)
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 45,346,879</u>	<u>\$ 39,990,845</u>	<u>\$ 39,000,452</u>	<u>\$ 41,634,383</u>					

Notes: Prior to Fiscal Year 2011, fund balance information in the GASB 54 format is not readily available.

(1) Prior to Fiscal Year 2011, fund balance information in the GASB 54 format is not readily available.

(2) 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
 Changes in Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (Unaudited)  
 Modified Accrual Basis of Accounting

	2005	2006	2007	2008	2009	2010	2011	(1) 2012	(2) 2013	2014
<b>Revenues</b>										
Taxes	\$ 55,965,747	\$ 62,130,429	\$ 66,029,224	\$ 69,865,579	\$ 69,765,947	\$ 69,279,954	\$ 71,560,163	\$ 47,081,634	\$ 47,851,668	\$ 49,163,815
Intergovernmental	2,666,205	2,846,852	2,024,846	2,237,721	2,101,218	5,260,527	7,870,080	38,945,527	36,150,885	36,744,548
Licenses, Permits, and Fees	1,604,430	1,894,778	1,893,676	2,017,250	1,732,653	1,744,435	1,977,598	2,246,450	2,729,502	5,115,136
Charges for Services	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033	1,488,166	1,379,330
Fines and Forfeitures	1,356,510	1,571,115	1,549,510	1,436,495	1,401,466	1,590,640	1,900,865	1,870,090	1,631,882	1,614,896
Interest and Investment Income (Loss)	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249	(164,202)	716,771
Miscellaneous	3,135,037	4,302,866	4,181,606	5,700,991	3,932,089	3,850,283	3,999,546	2,219,038	2,672,955	2,058,459
Total Revenues	65,985,154	75,138,414	79,222,331	84,500,367	81,306,062	83,776,414	89,190,883	94,465,021	92,360,856	96,792,955
<b>Expenditures</b>										
General Government	9,695,717	10,372,876	11,595,038	11,543,107	12,007,990	12,555,079	11,119,970	11,326,473	11,347,102	11,756,913
Public Safety	24,884,237	26,727,479	28,522,105	30,566,526	32,250,638	32,900,497	33,839,760	35,201,783	35,388,151	36,550,234
Public Works	12,616,994	13,613,298	12,903,067	16,692,612	13,326,716	11,475,962	12,558,433	11,146,743	11,310,904	11,807,033
Public Health and Welfare	2,762,144	3,200,406	3,271,874	3,442,950	3,727,077	3,220,880	5,642,467	4,254,972	3,625,974	3,603,569
Culture and Recreation	5,501,586	4,953,318	5,320,934	6,127,030	6,668,037	6,498,950	6,342,081	6,174,125	6,435,257	6,302,083
Capital Outlay	9,088,295	11,774,994	25,056,339	17,788,740	14,345,840	21,888,965	18,929,824	24,221,572	18,044,785	17,581,341
Debt Service:										
Principal	1,555,000	1,640,000	1,725,000	4,970,000	2,080,000	2,780,000	2,935,000	2,595,000	3,440,000	4,084,756
Interest and Fiscal Charges	978,391	1,978,168	1,944,690	2,003,464	2,005,237	1,850,598	2,969,447	2,601,211	2,279,090	2,179,733
Bond Issuance Costs	-	-	-	-	-	-	-	-	127,570	124,114
Total Expenditures	67,082,364	74,260,539	90,339,047	93,134,429	86,411,535	93,170,931	94,336,982	97,521,879	91,998,833	93,989,776
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>(1,097,210)</b>	<b>877,875</b>	<b>(11,116,716)</b>	<b>(8,634,062)</b>	<b>(5,105,473)</b>	<b>(9,394,517)</b>	<b>(5,146,099)</b>	<b>(3,056,858)</b>	<b>362,023</b>	<b>2,803,179</b>
<b>Other Financing Sources (Uses)</b>										
Disposal of Capital Assets	75,311	372,665	1,929,143	479,920	808,103	98,722	145,529	264,737	54,937	74,503
Proceeds from IEPA Loan	-	-	-	-	-	-	-	107,499	-	-
Debt Issuance	4,900,000	24,015,000	-	7,025,000	9,280,000	25,620,000	-	-	9,900,000	8,835,000
Debt Issuance Premium	-	-	-	139,957	114,923	-	-	-	188,917	663,077
Payment to Escrow Agent	-	-	-	-	(9,060,000)	-	-	-	(10,081,042)	(9,373,962)
Transfers In	18,124,024	21,409,947	31,747,555	25,938,910	18,423,126	25,437,333	29,009,545	22,069,394	19,066,306	18,217,094
Transfers Out	(16,189,863)	(20,038,295)	(30,651,210)	(24,854,842)	(17,540,867)	(24,481,232)	(28,922,628)	(21,878,221)	(18,559,072)	(17,883,800)
Total Other Financing Sources (Uses):	6,909,472	25,759,317	3,025,488	8,728,945	2,025,285	26,674,823	232,446	563,409	570,046	531,912
<b>Net Change in Fund Balances</b>	<b>\$ 5,812,262</b>	<b>\$ 26,637,192</b>	<b>\$ (8,091,228)</b>	<b>\$ 94,883</b>	<b>\$ (3,080,188)</b>	<b>\$ 17,280,306</b>	<b>\$ (4,913,653)</b>	<b>\$ (2,493,449)</b>	<b>\$ 932,069</b>	<b>\$ 3,335,091</b>
<b>Debt Service as a Percent of Non-Capital Expenditures</b>	<b>4.37%</b>	<b>5.79%</b>	<b>6.91%</b>	<b>11.13%</b>	<b>7.27%</b>	<b>6.08%</b>	<b>7.77%</b>	<b>6.22%</b>	<b>6.71%</b>	<b>7.25%</b>

Notes:

(1) - Prior to 2012, the Taxes Revenue line included the City's share of state mandated taxes. For 2012, state mandated taxes that are shared with the City are included in the Intergovernmental Revenue line.

(2) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
 General Government Revenues by Source  
 Last Ten Fiscal Years  
 (Unaudited)  
 Modified Accrual Basis of Accounting

Source	2005	2006	2007	2008	2009	2010	2011	(1) 2012	(2) 2013	2014
Taxes	\$ 55,965,747	\$ 62,130,429	\$ 66,029,224	\$ 69,865,579	\$ 69,765,947	\$ 69,279,954	\$ 71,560,163	\$ 47,081,634	\$ 47,851,668	\$ 49,163,815
Intergovernmental	2,666,205	2,846,852	2,024,846	2,237,721	2,101,218	5,260,527	7,870,080	38,945,527	36,150,885	36,744,548
Licenses, Permits, and Fees	1,604,430	1,894,778	1,893,676	2,017,250	1,732,653	1,744,435	1,977,598	2,246,450	2,729,502	5,115,136
Charges for Services	772,514	777,796	771,750	872,119	917,506	1,159,820	1,290,356	1,371,033	1,488,166	1,379,330
Fines and Forfeitures	1,356,510	1,571,115	1,549,510	1,436,495	1,401,466	1,590,640	1,900,865	1,870,090	1,631,882	1,614,896
Interest and Investment Income (Loss)	484,711	1,614,578	2,771,719	2,370,212	1,455,183	890,755	592,275	731,249	(164,202)	716,771
Miscellaneous	3,135,037	4,302,866	4,181,606	5,700,991	3,932,089	3,850,283	3,999,546	2,219,038	2,672,955	2,058,459
<b>Total</b>	<b>\$ 65,985,154</b>	<b>\$ 75,138,414</b>	<b>\$ 79,222,331</b>	<b>\$ 84,500,367</b>	<b>\$ 81,306,062</b>	<b>\$ 83,776,414</b>	<b>\$ 89,190,883</b>	<b>\$ 94,465,021</b>	<b>\$ 92,360,856</b>	<b>\$ 96,792,955</b>

## Notes:

(1) - Prior to 2012, the Taxes Source line included the City's share of state mandated taxes. For 2012, state mandated taxes that are shared with the City are included in the Intergovernmental Source line.

(2) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
 General Government Expenditures By Function  
 Last Ten Fiscal Years  
 (Unaudited)  
 Modified Accrual Basis of Accounting

Function	2005	2006	2007	2008	2009	2010	2011	2012	(1) 2013	2014
General Government	\$ 9,695,717	\$ 10,372,876	\$ 11,595,038	\$ 11,543,107	\$ 12,007,990	\$ 12,555,079	\$ 11,119,970	\$ 11,326,473	\$ 11,347,102	\$ 11,756,913
Public Safety	24,884,237	26,727,479	28,522,105	30,566,526	32,250,638	32,900,497	33,839,760	35,201,783	35,388,151	36,550,234
Public Works	12,616,994	13,613,298	12,903,067	16,692,612	13,326,716	11,475,962	12,558,433	11,146,743	11,310,904	11,807,033
Public Health and Welfare	2,762,144	3,200,406	3,271,874	3,442,950	3,727,077	3,220,880	5,642,467	4,254,972	3,625,974	3,603,569
Culture and Recreation	5,501,586	4,953,318	5,320,934	6,127,030	6,668,037	6,498,950	6,342,081	6,174,125	6,435,257	6,302,083
Capital Outlay	9,088,295	11,774,994	25,056,339	17,788,740	14,345,840	21,888,965	18,929,824	24,221,572	18,044,785	17,581,341
Debt Service:										
Principal Retirement	1,555,000	1,640,000	1,725,000	4,970,000	2,080,000	2,780,000	2,935,000	2,595,000	3,440,000	4,084,756
Interest and Fiscal Charges	978,391	1,978,168	1,944,690	2,003,464	2,005,237	1,850,598	2,969,447	2,601,211	2,279,090	2,179,733
Bond Issuance Costs	-	-	-	-	-	-	-	-	127,570	124,114
<b>Total</b>	<b>\$ 67,082,364</b>	<b>\$ 74,260,539</b>	<b>\$ 90,339,047</b>	<b>\$ 93,134,429</b>	<b>\$ 86,411,535</b>	<b>\$ 93,170,931</b>	<b>\$ 94,336,982</b>	<b>\$ 97,521,879</b>	<b>\$ 91,998,833</b>	<b>\$ 93,989,776</b>

## Notes:

(1) - 2004 through 2012 present the Town of the City of Champaign as a blended component unit. In 2013 the Town of the City of Champaign is a discrete component unit.

CITY OF CHAMPAIGN, ILLINOIS  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (Unaudited)

Tax Levy Year	Fiscal Year	Residential Property	Farm	Commercial Property	Industrial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate	Actual Value	Assessed Value as a Percent of Actual Value
2013	2013/2014	\$ 847,340,982	\$ 592,580	\$ 630,793,322	\$ 12,509,040	\$ 1,491,235,924	\$ 920,989	\$ 1,492,156,913	1.3152	\$ 4,476,470,739	33.33%
2012	2012/2013	865,569,902	1,576,320	636,365,774	12,924,540	1,516,436,536	928,108	1,517,364,644	1.3152	4,552,093,932	33.33%
2011	2011/2012	884,706,072	557,110	626,671,114	12,351,850	1,524,286,146	907,361	1,525,193,507	1.3084	4,575,580,521	33.33%
2010	2010/2011	902,553,042	515,170	624,502,192	13,537,720	1,541,108,124	807,525	1,541,915,649	1.2942	4,625,746,947	33.33%
2009	2009/2010	904,749,950	472,480	620,905,933	13,330,860	1,539,459,223	747,330	1,540,206,553	1.2942	4,620,619,659	33.33%
2008	2008/2009	914,636,140	538,130	604,280,501	12,940,420	1,532,395,191	608,574	1,533,003,765	1.2942	4,599,011,295	33.33%
2007	2007/2008	879,192,204	457,210	554,431,171	13,121,150	1,447,201,735	511,677	1,447,713,412	1.2942	4,343,140,236	33.33%
2006	2006/2007	798,244,474	323,850	513,119,952	12,438,140	1,324,126,416	474,016	1,324,600,432	1.2659	3,973,801,296	33.33%
2005	2005/2006	711,817,507	463,300	466,974,314	11,127,730	1,190,382,851	437,157	1,190,820,008	1.3120	3,572,460,024	33.33%
2004	2004/2005	586,361,596	614,590	433,511,282	10,814,070	1,031,301,538	462,928	1,031,764,466	1.3120	3,095,293,398	33.33%

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Fiscal Years  
 (Unaudited)

	Levy Year Fiscal Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
		2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
City of Champaign											
Corporate		0.1680	0.1409	0.1259	0.1324	0.2071	0.1678	0.1062	0.0902	0.0788	0.0667
Library		0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3940	0.3903	0.3940	0.3940
Library Capital		0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0282	0.0279	0.0282	0.0282
Fire Pension		0.1372	0.1774	0.1878	0.1855	0.1890	0.1941	0.2221	0.2321	0.2206	0.2075
Police Pension		0.2464	0.2383	0.2280	0.2168	0.1933	0.2099	0.2326	0.2560	0.2676	0.2873
IMRF and Social Security		0.1649	0.1705	0.1493	0.1434	0.1422	0.1545	0.1610	0.1602	0.1735	0.1771
Capital Improvement		0.1733	0.1627	0.1527	0.1939	0.1404	0.1457	0.1501	0.1517	0.1525	0.1544
Total Direct Tax Rate		<u>1.3120</u>	<u>1.3120</u>	<u>1.2659</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.2942</u>	<u>1.3084</u>	<u>1.3152</u>	<u>1.3152</u>
County		0.7981	0.7801	0.7616	0.7389	0.7426	0.7487	0.7688	0.7841	0.8138	0.8511
Forest Preserve		0.0839	0.0818	0.0800	0.0779	0.0783	0.0790	0.0817	0.0843	0.0880	0.0931
Township		0.0380	0.0368	0.0357	0.0350	0.0350	0.0357	0.0371	0.0385	0.0404	0.0405
Park		0.6782	0.6597	0.6414	0.6190	0.6157	0.6300	0.6529	0.6789	0.7088	0.7645
Public Health		0.1126	0.1087	0.1060	0.1049	0.1052	0.1071	0.1075	0.1102	0.1163	0.1259
Parkland College		0.4847	0.4776	0.4720	0.4688	0.5115	0.5082	0.5064	0.5120	0.5191	0.5253
School Unit 4		3.9271	3.8288	3.7273	3.6296	3.6554	3.6546	3.7238	3.8805	4.1185	4.3014
Mass Transit		<u>0.2677</u>	<u>0.2623</u>	<u>0.2592</u>	<u>0.2544</u>	<u>0.2575</u>	<u>0.2619</u>	<u>0.2725</u>	<u>0.2831</u>	<u>0.2966</u>	<u>0.3198</u>
Total		<u><u>7.7023</u></u>	<u><u>7.5478</u></u>	<u><u>7.3491</u></u>	<u><u>7.2227</u></u>	<u><u>7.2954</u></u>	<u><u>7.3194</u></u>	<u><u>7.4449</u></u>	<u><u>7.6800</u></u>	<u><u>8.0167</u></u>	<u><u>8.3368</u></u>

Note: Tax rates per \$100 of assessed value

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS  
Principal Property Taxpayers  
Current Tax Levy Year and Nine Years Ago  
(Unaudited)

Name of Company	2013			2004		
	Taxable Assessed Valuation	Rank	Percent of Total City Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total City Assessed Valuation
Champaign Market Place, LLC	\$ 23,508,390	1	1.58%	\$ 20,494,270	1	1.99%
Campus Property Management	19,135,820	2	1.28%	16,529,410	2	1.60%
Bankier Family	12,991,030	3	0.87%	8,398,300	4	0.81%
Shapland Realty, LLC	10,068,810	4	0.67%	8,946,150	3	0.87%
Regency Consolidated	9,404,570	5	0.63%			
Nadbol	8,243,390	6	0.55%			
Dan Hamelburg	7,741,620	7	0.52%			
Baytowne Apartments, LLC	7,247,410	8	0.49%	5,739,070	6	0.56%
Pickus Companies	6,925,510	9	0.46%			
Christie Management Co Inc	6,528,130	10	0.44%			
Peter Holstein				7,117,730	5	0.69%
Jeffrey R. Hartman				5,464,360	7	0.53%
Christie Building, Inc.				5,419,180	8	0.53%
Royse & Brinkmeyer Apts.				4,930,240	9	0.48%
Campus Investors, LLC				4,786,580	10	0.46%
<b>Total</b>	<u>\$111,794,680</u>		<u>7.49%</u>	<u>\$87,825,290</u>		<u>8.52%</u>

Source: Champaign County Clerk

CITY OF CHAMPAIGN, ILLINOIS  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Years Ended June 30	Total Tax Levy for Fiscal Years	Collected Within the First Listed Fiscal Year		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percent Levy		Amount	Percent Levy
2013/2014	\$ 19,624,848	\$ 10,473,408	53.37%	N/A	\$ 10,473,408	53.37%
2012/2013	19,956,380	10,153,014	50.88%	9,652,010	19,805,024	99.24%
2011/2012	19,955,632	10,263,484	51.43%	9,654,576	19,918,060	99.81%
2010/2011	19,955,472	10,142,608	50.83%	9,751,085	19,893,693	99.69%
2009/2010	19,933,353	10,004,754	50.19%	9,796,232	19,800,986	99.34%
2008/2009	19,840,134	9,880,397	49.80%	9,844,355	19,724,752	99.42%
2007/2008	18,736,307	9,402,062	50.18%	9,218,966	18,621,028	99.38%
2006/2007	16,768,114	8,505,840	50.73%	8,213,314	16,719,154	99.71%
2005/2006	15,623,559	8,052,571	51.54%	7,563,454	15,616,025	99.95%
2004/2005	13,536,750	6,941,680	51.28%	6,539,186	13,480,866	99.59%

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS  
Sales Tax Received by Category  
Last Ten Calendar Years  
(Unaudited)

Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Merchandise	\$ 2,502,149	\$ 2,556,632	\$ 2,712,306	\$ 2,645,843	\$ 2,609,122	\$ 2,571,836	\$ 2,592,147	\$ 2,488,434	\$ 2,681,530	\$ 2,590,028
Food	1,217,106	1,282,699	1,260,553	1,311,379	1,388,213	1,409,871	1,453,832	1,499,005	1,490,672	1,499,354
Drinking & Eating Places	1,590,035	1,710,172	1,832,619	1,932,476	1,986,909	2,022,982	2,009,411	2,042,900	2,168,354	2,296,178
Apparel	762,798	835,275	850,095	891,122	889,434	799,113	811,156	975,565	845,987	809,728
Furniture, HH, & Radio	1,028,829	1,077,986	1,130,574	1,225,704	1,260,810	1,006,897	1,154,011	1,096,111	1,144,328	1,085,959
Lumber, Building and Hardware	1,028,982	1,131,500	1,163,972	1,104,908	1,096,510	1,077,637	1,052,656	1,041,389	1,134,468	1,168,866
Automobile and Filing Stations	2,204,273	2,238,156	2,129,923	2,022,836	1,944,948	1,566,039	1,918,715	2,063,443	2,127,087	2,260,116
Drugs & Miscellaneous Retail	1,596,053	1,654,470	1,806,329	1,920,129	1,950,469	1,975,840	1,880,667	2,046,349	2,186,632	2,256,731
Agriculture and All Others	1,485,536	1,631,805	1,713,452	1,751,189	1,835,078	1,707,077	1,755,000	1,629,123	1,582,576	1,637,618
Manufacturers	117,889	100,103	117,136	106,084	108,629	119,401	140,445	128,876	131,022	140,159
Total	<u>\$ 13,533,650</u>	<u>\$ 14,218,798</u>	<u>\$ 14,716,959</u>	<u>\$ 14,911,670</u>	<u>\$ 15,070,122</u>	<u>\$ 14,256,693</u>	<u>\$ 14,768,040</u>	<u>\$ 15,011,195</u>	<u>\$ 15,492,656</u>	<u>\$ 15,744,737</u>

Source: Illinois Department of Revenues

Note: Information available for calendar year only

CITY OF CHAMPAIGN, ILLINOIS  
Home Rule Sales Tax Received by Category  
Last Ten Calendar Years  
(Unaudited)

Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Merchandise	\$ 2,115,689	\$ 2,638,610	\$ 2,738,362	\$ 2,584,447	\$ 2,527,719	\$ 2,486,242	\$ 2,527,660	\$ 2,406,416	\$ 2,528,109	\$ 2,405,867
Food	487,070	666,221	671,676	695,265	802,416	761,275	835,709	932,175	854,100	843,764
Drinking & Eating Places	1,567,839	2,102,548	2,259,913	2,363,441	2,459,686	2,492,659	2,470,599	2,509,983	2,661,957	2,817,779
Apparel	762,150	1,040,613	1,062,085	1,113,577	1,111,564	996,992	1,013,729	1,143,061	1,057,267	1,012,001
Furniture, HH, & Radio	1,018,404	1,324,648	1,401,138	1,526,105	1,569,067	1,250,897	1,425,124	1,360,107	1,420,943	1,344,492
Lumber, Building and Hardware	1,026,102	1,408,780	1,450,428	1,375,467	1,361,480	1,338,120	1,309,623	1,294,313	1,410,299	1,452,687
Automobile and Filing Stations	700,774	902,243	863,470	882,116	803,351	756,238	848,242	921,020	966,496	839,285
Drugs & Miscellaneous Retail	1,271,011	1,583,401	1,676,420	1,745,305	1,762,437	1,785,076	1,782,879	1,826,640	1,927,733	1,977,709
Agriculture and All Others	1,298,741	1,753,691	1,826,513	1,845,210	1,937,254	1,705,600	1,751,901	1,722,071	1,722,713	1,748,319
Manufacturers	89,070	93,532	113,117	98,901	102,978	128,327	158,273	145,061	147,441	159,695
Total	<u>\$ 10,336,850</u>	<u>\$ 13,514,287</u>	<u>\$ 14,063,122</u>	<u>\$ 14,229,834</u>	<u>\$ 14,437,952</u>	<u>\$ 13,701,426</u>	<u>\$ 14,123,739</u>	<u>\$ 14,260,847</u>	<u>\$ 14,697,058</u>	<u>\$ 14,601,598</u>
City Home Rule Sales Tax Rate	<u>1.00%</u>	<u>1.25%</u>								

Source: Illinois Department of Revenues

Note: Information available for calendar year only

CITY OF CHAMPAIGN, ILLINOIS  
 Direct and Overlapping Sales Tax Rates  
 Last Ten Fiscal Years  
 (Unaudited)

Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Direct Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
City Home Rule Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.50%
County Direct Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
County Public Safety	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
County School Facility Tax	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
State Rate	<u>5.00%</u>									
Total	<u><u>7.75%</u></u>	<u><u>7.75%</u></u>	<u><u>7.75%</u></u>	<u><u>7.75%</u></u>	<u><u>7.75%</u></u>	<u><u>8.75%</u></u>	<u><u>8.75%</u></u>	<u><u>8.75%</u></u>	<u><u>8.75%</u></u>	<u><u>9.00%</u></u>

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Source: Illinois Department of Revenues

CITY OF CHAMPAIGN, ILLINOIS  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	Population	Personal Income	Percentage of Personal Income	Per Capita
	General Obligation Bonds	IEPA Loans	IEPA Loans	General Obligation Bonds							
2014	\$ 56,567,619	\$ 413,619	\$ 1,082,826	\$ 11,828,545	\$ 69,892,609	\$ 1,492,156,913	4.68%	83,424	\$ 3,260,710,464	2.14%	\$ 837.80
2013	59,884,673	433,375	1,201,009	12,485,702	74,004,759	1,517,364,644	4.88%	82,517	3,225,259,462	2.29%	896.84
2012	62,291,355	107,499	1,316,623	12,992,857	76,708,334	1,525,193,507	5.03%	81,055	3,018,974,530	2.54%	946.37
2011	64,906,954	-	346,486	13,015,013	78,268,453	1,541,915,649	5.08%	81,055	2,788,129,890	2.81%	965.62
2010	67,862,553	-	410,424	13,037,169	81,310,146	1,540,206,553	5.28%	75,254	2,623,279,186	3.10%	1,080.48
2009	45,076,647	-	472,556	13,059,325	58,608,528	1,533,003,765	3.82%	75,254	2,613,044,642	2.24%	778.81
2008	46,829,957	-	532,933	13,081,481	60,444,371	1,447,713,412	4.18%	75,254	2,478,264,728	2.44%	803.20
2007	44,635,000	-	591,605	-	45,226,605	1,324,600,432	3.41%	75,254	2,331,444,174	1.94%	600.99
2006	46,360,000	-	648,620	-	47,008,620	1,190,820,008	3.95%	72,140	2,140,538,080	2.20%	651.63
2005	23,985,000	-	704,024	-	24,689,024	1,031,764,466	2.39%	71,426	2,198,206,576	1.12%	345.66

Source: Champaign County Clerk

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CHAMPAIGN, ILLINOIS  
Ratio of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Less Amount Available in Debt Service Funds	Net General Bonded Debt	Percent of Estimated Actual Taxable Property Value	Per Capita
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds				
2014	\$ 56,567,619	\$ 11,828,545	\$ 68,396,164	\$ 4,210,000	\$ 64,186,164	4.30%	\$ 769.40
2013	59,884,673	12,485,702	72,370,375	4,700,000	67,670,375	4.46%	820.08
2012	62,291,355	12,992,857	75,284,212	3,915,000	71,369,212	4.68%	880.50
2011	64,906,954	13,015,013	77,921,967	2,595,000	75,326,967	4.89%	929.33
2010	67,862,553	13,037,169	80,899,722	2,510,000	78,389,722	5.09%	1,041.67
2009	45,076,647	13,059,325	58,135,972	2,530,000	55,605,972	3.63%	738.91
2008	46,829,957	13,081,481	59,911,438	2,080,000	57,831,438	3.99%	768.48
2007	44,635,000	-	44,635,000	1,820,000	42,815,000	3.23%	568.94
2006	46,360,000	-	46,360,000	1,725,000	44,635,000	3.75%	618.73
2005	23,985,000	-	23,985,000	1,640,000	22,345,000	2.17%	312.84

Note: Demographic information for population is presented in Schedule 57.  
Actual taxable property value is presented in Schedule 46.

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS  
 Direct and Overlapping Governmental Activities Debt  
 General Obligation Debt  
 June 30, 2014  
 (Unaudited)

Governmental Unit	Bonded Debt Outstanding	Percentage of Debt Applicable to the City	Amount Applicable to the City (2)
Champaign County	\$ 41,748,020	42.88%	\$ 17,901,551
Champaign Park District	1,068,000	99.23%	1,059,776
Champaign School District Unit #4	7,785,000	78.52%	6,112,782
Champaign Urbana Public Health District	1,952,271	76.23%	1,488,216
Parkland College	64,115,000	31.10%	19,939,765
Champaign County Forest Preserve	<u>855,600</u>	42.50%	<u>363,630</u>
Subtotal, Overlapping Debt (1)	117,523,891		46,865,720
City of Champaign	<u>56,981,238</u>	100.00%	<u>56,981,238</u>
Total Direct and Overlapping Debt	<u>\$ 174,505,129</u>		<u>\$ 103,846,958</u>

Source: City of Champaign and overlapping government records

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This estimate produces a schedule that recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.
- (2) Computed by dividing the City's assessed value by the assessed value of the overlapping governments and multiplying this rate by the overlapping governments' outstanding debt. An overlapping government unit is any that levies a tax on a citizen of the City. This schedule does not include revenue-supported debt.

CITY OF CHAMPAIGN, ILLINOIS  
 Schedule of Revenue Supported Bond Coverage  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Revenue	Expense	Available for Debt Service	Principal	Interest	Total	Coverage
2014	Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. The City has						
2013	not had revenue bonds outstanding for any of the last ten fiscal years.						
2012							
2011	Source: City of Champaign						
2010							
2009							
2008							
2007							
2006							
2005							

CITY OF CHAMPAIGN, ILLINOIS  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	(1) Population	Personal Income Expressed in Thousands	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2014	83,424	\$ 3,260,710	\$ 39,086	26	9,477	8.5%
2013	82,517	3,225,259	39,086	26	9,362	9.3%
2012	81,055	3,018,975	37,246	25	9,496	9.0%
2011	81,055	2,788,130	34,398	26	9,421	9.0%
2010	75,254	2,623,279	34,859	24	9,497	9.5%
2009	75,254	2,613,045	34,723	24	9,400	8.4%
2008	75,254	2,478,265	32,932	25	9,329	6.5%
2007	75,254	2,331,444	30,981	25	9,342	4.8%
2006	72,140	2,140,538	29,672	25	9,346	4.2%
2005	71,426	2,198,207	30,776	25	9,382	4.7%

Notes: (1) Population for 2013-2014 is a census estimate. Population for 2011-2012 is from the 2010 census. Population for 2007 - 2010 is from a special census. 2005 - 2006 population is calculated by adding 1 percent per annum to the 2000 census.

(2) U.S. Department of Commerce Bureau of Economic Analysis

(3) U.S. Census Bureau

(4) Champaign Unit 4 School District

(5) U.S. Department of Labor, Bureau of Labor Statistics

CITY OF CHAMPAIGN, ILLINOIS  
Principal Employers  
Current Fiscal Year and Nine Fiscal Years Earlier  
(Unaudited)

Name of Company	2014			2005 (3)		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
University of Illinois at Urbana-Champaign (1)	10,349	1	25.6%	10,500	1	28.5%
Champaign Unit 4 School District	1,814	2	4.5%	1,000	3	2.7%
Kraft Foods, Inc. (2)	1,350	3	3.3%	1,500	2	4.1%
Parkland College	950	4	2.4%	882	4	2.4%
PlastiPak Packaging, Inc. (2)	810	5	2.0%	550	7	1.5%
Christie Clinic Association	750	6	1.9%	725	5	2.0%
Hobbico, Inc.	700	7	1.7%	700	6	1.9%
Busey Bank	524	8	1.3%			
City of Champaign	516	9	1.3%	500	8	1.4%
Horizon Hobby, Inc.	396	10	1.0%			
U.S. Army Corps of Engineering CERL				450	9	1.2%
U.S. Postal Service				409	10	1.1%
Total	<u>18,159</u>		<u>45.0%</u>	<u>17,216</u>		<u>46.8%</u>

Source: Economic Development Commission and Bureau of Labor Statistics.

Note: (1) The University of Illinois is located in both Champaign and Urbana.

Note: (2) Located in an unincorporated area adjacent to the City.

Note: (3) Employer data is not available for 6/30/05. Data as of 6/30/99 was used.

CITY OF CHAMPAIGN, ILLINOIS  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Administration	12	12	12	11	12	9	8	8	10	10
Economic Development	-	1	1	2	2	2	2	2	-	-
Legal	10	10	10	10	10	10	8	9	9	9
Finance	15	15	16	16	16	16	16	15	15	15
Human Resources	6	6	6	6	6	6	6	5	5	6
Risk Management	2	2	2	2	2	2	2	1	1	1
Planning	11	11	12	12	12	12	10	10	10	11
Neighborhood Services	10	11	11	11	11	12	10	10	10	11
Information Technology	8	8	8	10	10	10	10	9	10	9
UC2B	-	-	-	-	-	-	-	-	3	-
Public Safety:										
Police:										
Sworn	113	115	117	119	119	118	120	120	120	120
Civilian	38	38	37	37	37	37	33	31	31	31
Fire:										
Sworn	93	105	108	108	108	108	107	107	107	107
Civilian	13	14	14	15	15	14	13	12	12	12
Public Works:										
Engineering	21	21	23	23	24	22	19	20	20	20
Transportation	15	15	15	15	15	14	14	13	13	14
Other	43	43	44	45	45	44	39	39	40	38
Public Health & Welfare	7	7	7	7	7	7	6	6	5	5
Culture & Recreation	67	68	81	82	82	82	82	74	74	72
Parking	16	16	15	15	15	15	15	15	15	15
Sewer	10	10	10	10	10	10	8	8	8	8
Environmental Services	-	-	-	-	-	-	1	2	2	2
<b>Total</b>	<b>510</b>	<b>528</b>	<b>549</b>	<b>556</b>	<b>558</b>	<b>550</b>	<b>529</b>	<b>516</b>	<b>520</b>	<b>516</b>

Source: City of Champaign

CITY OF CHAMPAIGN, ILLINOIS  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Fire (1):										
Number of Fire Calls	327	301	334	288	289	228	274	250	241	319
Number of EMS/Rescue Calls	2,938	2,954	3,115	3,421	3,388	3,532	3,518	3,680	4,027	4,286
ISO Rating	2	2	2	2	2	2	2	2	2	2
Police:										
Arrests	6,972	6,691	6,769	7,153	6,823	6,151	6,185	5,439	6,352	5,090
Parking Violations	2,240	1,854	1,617	1,285	970	1,621	1,563	740	780	691
Traffic Violations (1)	11,300	11,059	11,590	10,848	11,672	8,186	8,486	6,709	5,587	5,219
Public Works:										
Street Resurfacing Miles	N/A	13.54	12.30	4.20	4.60	10.40	11.00	12.50	6.00	6.00
Potholes Repaired	12,752	19,213	13,103	17,703	18,208	17,768	22,401	18,854	21,015	28,561
Street Lights Maintained (2)	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513	3,578	3,589
Community Development:										
Number of Building Permits Issued	962	1,112	873	638	507	505	494	534	485	560
Number of Building Inspections	3,134	4,503	3,697	3,261	3,191	2,837	2,735	2,781	2,868	3,024
Culture & Recreation:										
Total Circulation	1,536,847	1,668,652	1,786,773	1,980,259	2,492,033	2,640,627	2,495,499	2,260,836	2,236,736	2,040,502
Materials (Print and Non-Print)	250,860	246,709	256,533	355,129	396,906	374,005	373,054	409,458	429,943	448,363
Library Cards Issued	5,828	5,631	5,129	8,808	7,441	6,316	5,840	5,478	5,300	4,587
Library Visits - Main Library/Bookmobile	553,316	578,604	585,059	626,342	760,137	804,424	912,582	967,997	999,651	904,111
Library Visits - Douglass Branch	74,914	61,717	69,568	70,920	59,092	61,210	61,404	48,470	50,655	49,329

N/A: Not Available

Source: City of Champaign

Notes: Indicators are not available for the general government functions.

(1) 2005-2014 are traffic tickets only.

(2) The number of street lights maintained have included City owned and IP leased, but should have included City owned only. The number of IP leased street lights has been approximately 1,330 since at least 2000. Subtract 1,330 from total through 2005 to estimate City owned street lights. Actual numbers used for 2006-2014.

CITY OF CHAMPAIGN, ILLINOIS  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	N/A									
Fire Stations	5	5	6	6	6	6	6	6	6	6
Public Works:										
Streets (Miles) (1)	598	642	642	685	684	696	696	718	718	720
Sidewalks (Miles)	N/A									
Streetlights (2)	3,020	3,278	3,368	3,312	3,225	3,367	3,470	3,513	3,578	3,589
Sewer:										
Sanitary Sewers (Miles)	193	193	195	205	209	209	211	213	214	214
Manholes	4,825	4,825	4,875	5,128	5,215	5,216	5,275	5,325	5,350	5,350

N/A: Not Available

Source: City of Champaign

Notes:

- (1) lane miles were reported starting in 2004.
- (2) The number of street lights maintained have included City owned and IP leased, but should have included City owned only. The number of IP leased street lights has been approximately 1,330 since at least 2000. Subtract 1,330 from total through 2005 to estimate City owned street lights. Actual numbers used for 2006-2014.

CITY OF CHAMPAIGN, ILLINOIS  
 City Awards Received  
 Fiscal Year Ended June 30, 2014  
 (Unaudited)

Award Received	Awarded By
Distinguished Budget Presentation Award	Government Finance Officers Association
Certificate of Achievement for Excellence in Financial Reporting	Government Finance Officers Association
Public Works Project of the Year (2013) - (Transportation, \$5 Million Division) "North Market Street Improvements"	American Public Works Association (APWA)
Tree City USA Award	National Arbor Day Foundation
The Champaign Public Library was named among America's top libraries with a 4-star rating	<i>Library Journal</i> magazine
John Cotton Dana Award for "Show Some Library Love" campaign	H.W. Wilson Foundation